

NEW ENGLAND COALITION FOR **AFFORDABLE ENERGY**

For Immediate Release:

Coalition Expresses Concern About Baker Administration Energy Strategy Statement

Boston, MA – 3/7/16 - Recent testimony by Matthew Beaton, MA Secretary of Energy and Environmental Affairs, implying that Federal regulators are more likely to approve natural gas pipelines in MA if state lawmakers fail to take legislative action to procure hydropower from Canada presents a shortsighted and unrealistic view of New England's energy situation.

It's shortsighted to assume that action in MA requiring electric utilities to purchase power from Canada solves a problem that affects the entire New England region. It's unrealistic to think that legislation in MA will influence Federal approval of natural gas pipelines designed to meet needs throughout the region.

ISO New England, the organization that oversees the region's interconnected bulk electric power system, has warned that by 2019, 4,200 megawatts of electricity generation will retire, with another 6,000 at risk of retirement by 2020. The total – over 10,000 megawatts – represents nearly one-third of the region's electricity supply.

Several thousand megawatts of natural gas-fired and wind generation have been proposed to make up for this deficit. And, yes, one or two thousand megawatts of Canadian hydro as proposed by the Baker Administration will help, but more energy supplies are needed.

The problem is that the region's natural gas pipeline system is maxed out. It is so dire that ISO New England recently warned that 4,200 megawatts of existing natural gas generation is at risk of not being able to get fuel during the winter when natural gas electricity generation competes with residential and business heating demands. Fortunately, this winter has been unseasonably warm. But that in no way changes the longer range outlook.

The Federal Energy Regulatory Commission has specific obligations under the Natural Gas Act and the National Environmental Policy Act. It is the lead federal agency that is ultimately responsible for determining if a pipeline project is needed. With input from stakeholders and other agencies, it determines if a project is in the public interest and meets safety and environmental requirements.

The process begins with an "open season" during which companies in need of natural gas bid for capacity services on the pipeline. Projects that are well along in development in New England have all undergone "open seasons." The need for additional supplies is apparent and growing. It changes little by adding Canadian hydropower imports, or

even wind power from remote areas of the region, as proposed by the Baker Administration. Substantial amounts of wind energy – at least 1,300 megawatts – are needed by 2020 just to avoid paying penalties for not meeting renewable portfolio standards.

It should also be noted that the most talked about transmission project likely to meet the proposed requirement for utility purchases faces strong opposition, especially in New Hampshire, making the hydropower the Baker administration wants uncertain at best, even if legislation enabling it passes the MA House and Senate.

The bottom line is that Secretary Beaton’s suggestion that we may be able to avoid, or even minimize, the need for pipelines through Massachusetts if we can get more hydropower from Canada seems to ignore the broader realities of regional energy needs.

The New England Coalition for Affordable Energy was formed last year out of concern by the business community about rising energy costs, resulting primarily from energy infrastructure constraints. The cost to the region over the next four years could easily top \$5.4 billion, according to a study done for the Coalition by La Capra Associates (now Daymark Energy Advisors) and the Economic Development Research Group. The study also found that New England could see the loss of nearly 170,000 jobs and \$12.5 billion in disposable income if energy infrastructure is not built in the region by 2020.

To avoid those consequences, the region needs an all-resource strategy. New England needs new and expanded pipelines to bring lower cost natural gas from the west, the construction of large-scale wind projects, additional natural gas-fired power plants, and new transmission lines to bring hydropower and large amounts of wind energy from the north. This is on top of continuing the region's aggressive pursuit of energy efficiency and solar. We need them all if the region's energy prices are to become more affordable and energy supplies more reliable.

Pitting one energy source against another, and arguing that any one state can address its needs without full and open consideration of the regional impacts is not helpful and not productive.

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The New England Coalition for Affordable Energy was formed to advocate for the expansion of all types of energy infrastructure in New England to lower energy costs, protect jobs and grow the economy. Founding members from all six New England states include prominent business and labor groups, representing tens of thousands of employers in the region.