

New transmission lines, gas pipeline needed

Without them, prices will rise and jobs will be lost

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Recent cancellations and delays of proposed large-scale energy infrastructure projects, and results from two regional surveys suggest energy policy and consumer and business concerns in New England are heading in opposite directions. This split may be setting the stage for significant adverse economic consequences for the region over the next five years as policy makers instead focus on climate change-driven options that extend well into the future.

A recent region-wide telephone survey conducted by the New England Coalition for Affordable Energy (Public Opinion Strategies, May 1-5, 2016) found that 80 percent of New England consumers remain concerned today about the affordability of electricity and natural gas despite a warm winter and sharp drops in energy prices.

In a separate coalition survey of New England businesses (Survey Monkey, May 2016), 88 percent of the companies that responded said they are concerned about the cost of energy, with about 70 percent saying future energy costs will be an important factor in deciding whether to expand or relocate.

Government leaders should take note that neither businesses nor consumers in the region are impressed with actions taken so far to address energy price affordability. About three out of four companies responding rated state government performance either “poor” or “fair.” Fewer than half of consumers think their governor and state legislature are doing enough to make energy more affordable. Consumers in general may have a somewhat better view than businesses when rating government performance, but it is certainly no vote of confidence.

These surveys follow a study last year by the coalition cautioning that inaction on infrastructure projects – pipelines, transmission, and power generation, including large-scale wind – could increase energy costs through 2020 by some \$5.4 billion and result in the loss of 167,000 jobs in the region. The study, which specifically focused on the next five years, also found that there were enough projects planned and underway at the time to avoid or at least mitigate those impacts.

But this was before the announcement that the Pilgrim Nuclear Power Station would be shutting down. It was also before: Kinder Morgan cancelled a major natural gas pipeline project, New Hampshire state officials announced they would delay action on a major electric transmission line to bring hydroelectric power from Canada to New England, and before New York blocked the Constitution Pipeline that was to bring low cost natural gas to New England.

And it was before ISO New England, which is responsible for regional electricity reliability, warned that “natural gas constraints have led to grid reliability challenges, emission increases during winter, and

spikes in wholesale electricity prices.” The ISO also pointed out that “by 2020 resources representing about 30 percent of regional capacity have committed to cease operation or are at risk of retirement.”

Not surprisingly, a substantial majority of businesses surveyed expressed concerns about reliability of energy supplies. Nearly half said they are “very concerned” about reliability of supplies to power the New England economy, keep the lights on, fuel electric vehicles, and provide the energy that allows students to learn, patients to survive, and institutions to thrive day in and day out throughout the year.

Responses to both surveys leave little doubt that energy infrastructure is needed in the region. Roughly three out of four consumers polled favor construction of new electricity infrastructure. Nearly two-thirds support new gas infrastructure to provide fuel for power plants and to heat homes and businesses. Support for energy infrastructure among businesses participating in the survey was similarly strong.

In both surveys, respondents voice strong support for an “all-resource” approach that includes new natural gas power plants and pipelines – at least for the foreseeable future – as well as transmission lines, large-scale wind projects, imported hydropower from Canada, and solar power.

Renewable resources are needed to meet environmental goals, but natural gas is also needed. Those who argue against natural gas, who just say no to pipelines or natural gas-fired power plants, are not looking out for the near-term needs of consumers. They are certainly not looking out for businesses and institutions, large and small, that employ millions of New Englanders and who depend on electricity around the clock throughout the year. Even a report by the Massachusetts Attorney General’s office arguing that the region could get by without natural gas pipeline additions found that such pipelines “generate significant wholesale electricity price benefits.”

If government leaders want to gain the confidence of consumers and business leaders, they will need to step forward to support new energy infrastructure in all forms, including natural gas pipelines and electric transmission lines, subject to meeting safety, environmental, and economic criteria. Not to do so may lead the region to the higher costs and job losses within the next five years described in the coalition report noted above, an outcome that will benefit no one.

Carl Gustin is a consultant to the New England Coalition for Affordable Energy whose members include major business organizations and labor unions throughout New England.

NEW ENGLAND COALITION FOR
AFFORDABLE ENERGY

The New England Coalition for Affordable Energy was formed to advocate for the expansion of all types of energy infrastructure in New England to facilitate 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.

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