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COLUMNISTS

Carl Gustin: Don't block regulators from doing their jobs

By Carl Gustin

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BOSTON >> In Massachusetts, in mid-July, opponents of a natural gas pipeline walked 43 miles along the proposed route of the line to protest planned construction. As well-intentioned as they may be, they're not helping consumers and businesses in Western Massachusetts concerned about high and increasingly volatile energy prices where both Berkshire Gas and Columbia Gas have moratoriums on new hookups because of natural gas pipeline constraints.

In Maine, a day after the pipeline opponents arrived in Boston, the Maine Public Utilities Commission unanimously approved a plan that would allow utilities to seek permission to help fund a pipeline by recovering costs through rates. A Maine newspaper reported that "Mark Vannoy, PUC chairman said in an interview after the vote that the region's heavy and growing reliance on natural gas leaves the state at risk for future price spikes.

Without more pipeline capacity, he said, future prices will be higher." But for the Maine decision to have any impact, other New England states, including Massachusetts, will have to take similar action, which today remains highly uncertain.

In the meantime, local gas distribution companies can no longer allow customers to convert from oil to natural gas for space heating and other end-uses. The future of electricity supplies may also be jeopardized without new gas pipelines as nearly one-third of New England's older oil, coal and nuclear generating capacity faces shutdowns and retirements in coming years. That capacity will need to be replaced. That is if New England consumers and businesses really want a reliable and relatively affordable electricity supply system, which they do as shown below.

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Electricity rates in New England already are at least 50 percent higher than the national average with rates for manufacturers nearly twice that. Residential and commercial consumers of natural

gas don't fare much better — if they have access to it — and manufacturers see rates that are more than twice the national average.

To gauge real consumer and business concerns, the New England Coalition for Affordable Energy conducted two region-wide surveys a couple of months ago that tell a very different story than the one told by those who oppose new pipelines and any expansion in natural gas usage.

What the coalition found is that four out of five consumers (79 percent) are concerned about the affordability of energy and about half think state governments are doing nothing or not much to address those concerns. For businesses surveyed, the findings are similar with 88 percent expressing concern about energy prices in the region and three-quarters of respondents rated government performance in this area poor or fair.

Business respondents were offered a chance to leave a comment. "Our policy makers don't appear to care about the high costs of operations (we may be) forced to move to lower cost environments" wrote a Massachusetts company. A Connecticut manufacturer said "the cost of energy may make us move." And a New Hampshire company representative wrote this: "We compete against manufacturers in other states. High electricity costs put us at a competitive disadvantage ."

So those protesting new pipelines and those concerned about energy affordability are heading in different directions. The vast majority of consumers and businesses surveyed support an all-resource strategy — one that includes natural gas along with renewables and energy efficiency.

Unfortunately, some government leaders are moving to take away regulatory authority over options that may help make energy more affordable and reliable in New England. But blocking consideration by regulatory agencies of standard and widely used funding mechanisms, such as tariffs used to fund energy efficiency and renewables, to support needed natural gas and electric transmission facilities, would be setting a bad precedent.

More importantly, such action could be sending the region down a path to higher costs, less reliable supplies of both electricity and natural gas and ultimately to an economy that is even less competitive with fewer jobs in segments such as manufacturing, trade and construction. Apparently Maine regulators share that concern and the concerns of consumers and businesses throughout New England. Legislation that would block the legitimate role of regulators in other states, including Massachusetts, should neither be encouraged nor implemented.

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. Among them is the Economic Development Council of Western Massachusetts.

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