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New England must invest in energy infrastructure

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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 over the next five years as policymakers instead focus on climate change-driven options that extend well into the future.

A recent survey conducted by the New England Coalition for Affordable Energy found that 80 percent of New England consumers remain concerned about the affordability of electricity and natural gas despite a warm winter and sharp drops in energy prices. A separate Coalition survey found New England businesses equally concerned about energy costs.

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 to the survey rated state government performance as either "poor" or "fair." Almost half of consumers don't think their governor and state legislature are doing enough to make energy more affordable — a somewhat better rating, but certainly no vote of confidence.

These surveys follow a study last year by the Coalition cautioning that inaction on infrastructure projects — pipelines, transmission, 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 was conducted following reports that the region had already been hit with \$7.5 billion in higher energy costs over previous winters because of natural gas pipeline constraints.

The study also found that there were enough projects planned and underway at the time to avoid or at least mitigate those impacts by 2020. 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 a delay on a major electric transmission line to bring hydroelectric power from Canada; 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" while pointing out that "By 2020, resources representing about 30 percent of regional capacity have committed to cease operation, or are at risk of retirement."

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 natural gas infrastructure to provide fuel for power plants and to heat homes and businesses. Support for energy infrastructure among businesses surveyed was similarly strong.

In both surveys, respondents voiced 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 essential to attaining 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 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.

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