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My View: Expanding energy infrastructure: Looking behind -- and beyond -- the numbers

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Carl Gustin -- My View

New England could lose more than 167,000 jobs, either temporarily or permanently, over the next five years if sufficient new energy infrastructure is not built to meet regional needs for more affordable energy. That's according to a recent study by the economic consulting team of LaCapra Associates and Economic Development Research Group, which was commissioned by the New England Coalition for Affordable Energy.

Based on regional economic modeling, the construction industry would be hit hardest, accounting for nearly one-half of those losses resulting from under-investment. Other sectors hit hard by not investing include manufacturing, retail trade and even health care and social assistance. Sectors hit hardest as a result of the resulting higher energy prices include retail trade, wholesale trade, transportation, financial services, education and, of course, construction.

According to the LaCapra/EDRG study, the job losses reflect a $12.5 billion reduction in disposable personal income, including a $5.4 billion increase in energy costs.

Those are real job losses and higher costs effecting real consumers and real businesses. And they come during a prolonged period during which household incomes have not budged and thousands of employees have stopped looking for work. For seniors, the bad news is that there will be no cost of living adjustment this year. The reason is largely due to lower gasoline prices that kept inflation low. But seniors, like everyone else, have seen other prices continue to climb -- and that includes the cost of electricity and natural gas in New England.

Despite clear and compelling evidence that additional natural gas supplies, new transmission lines and new electric generation from traditional and renewable sources would help to lower costs, making energy more affordable, opposition to many projects remains intense. Much of that opposition reflects tensions between those who advocate for one form of energy over a more balanced, all-resource strategy. Yet, an all-resource strategy would provide greater flexibility and recognize that transitions in markets characterized by large capital investments take time -- usually decades.

New England has the resources to take such an approach -- lower-cost natural gas to the west, hydropower to the north, vast amounts of on-shore wind energy in remote areas and offshore wind off the southern coast. And it will continue its aggressive pursuit of energy efficiency and solar energy.

A decade ago environmental advocates, such as the Conservation Law Foundation, advocated for natural gas as the fuel of choice for new power plants. This advocacy was influential in energy restructuring legislation that led to a dramatic increase in the number of plants operated by natural gas and more stable prices. The demand for natural gas skyrocketed. Today, 50 percent of New England generation is powered by natural gas, compared to just 15 percent in 2000.

Unfortunately, pipeline capacity did not keep pace with that growth. Instead of reaping the benefits of stable, low cost gas to the west, New England has been exposed to price volatility resulting from pipeline constraints. That led New England's governors, other public officials, consumers and businesses throughout the region to grow increasingly concerned about the affordability of energy. Businesses are threatening to locate outside the region and consumers, already strained by household incomes that have not grown in years, increasingly have to make payment arrangement with utilities.

Instead of advocating for the fuel that powers the plants they once favored, many environmental advocates are pushing renewable energy at the expense of all other sources. Instead of a balanced diet and integrated approach, many groups opposing infrastructure development seem to have a singular focus on renewables.

Renewables -- solar and wind -- are a small, but growing, part of the region's generation. But, at a minimum, their continuing success will place greater demand on natural gas generation to back up the intermittent generation.

It is important for energy planners and policy makers to recognize that between 10 and 20 percent of the region's older power plants are at risk of shutting down and will need to be replaced. That's on top of the 10 percent already scheduled to be shut down in the next few years for economic and environmental reasons. Recently, owners of the Pilgrim Nuclear Power Station announced that it would shut down by 2019.

Wind and solar can't replace that much capacity, and certainly not in the foreseeable future. Nor can even New England's aggressive and successful energy efficiency programs. Natural gas will be essential to replace the generating capacity of those units as they retire.

So why are so many organizations fighting expansion of natural gas pipelines that would bring down prices to make energy more affordable for those low and middle-income families who have not seen incomes rise in years? One argument is that energy storage and distributed solar, coupled with LNG, can meet the region's needs -- even this winter. But storage and solar are long-term solutions and the impact of high energy prices on residential consumers -- and businesses of all sizes -- is now.

In 1999, CLF's then-president Doug Foy and his co-author David Marshall hailed industry restructuring and the introduction of competition as they voiced strong support for natural gas. In the Boston Globe they wrote that opening utility monopolies to competition will help to cut demand and to increase supply. They went on to write, "This is one of those rare moments in which the forces of economics and environmentalism are in alignment."

Maybe now in 2015, we have another one of those rare moments. We should not let it pass.

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