

NEW ENGLAND COALITION FOR

AFFORDABLE ENERGY

**Insights from a New England Business Survey
on Energy Issues**

A web-based research survey conducted in May 2016

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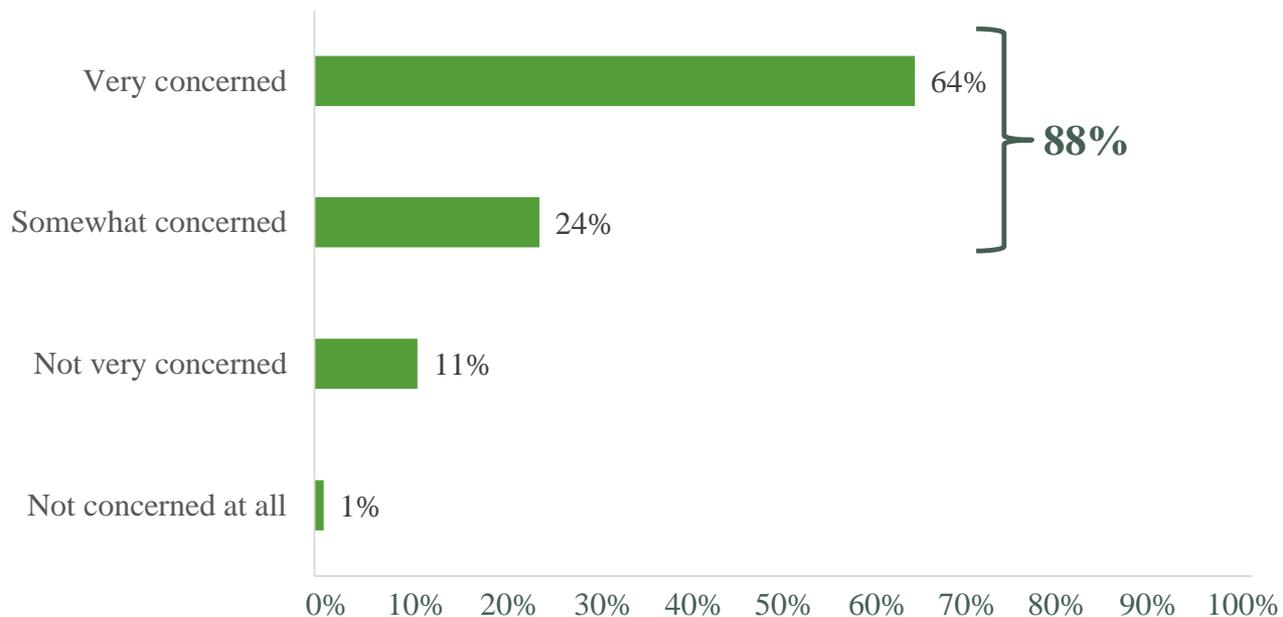
Overview: Important insight on the concerns of New England businesses about energy affordability and reliability

- ❑ Questionnaire developed using Survey Monkey
- ❑ Coalition members distributed the survey link during the month of May 2016
- ❑ 175 businesses* located throughout New England representing manufacturing, retail, lodging, financial services, among other sectors responded
- ❑ Results included:
 - An overwhelming number of respondents are concerned about energy costs and reliability in New England
 - Most believe their Governors and state legislatures are doing either a “fair” or “poor” job of addressing energy affordability
 - Majority of respondents voiced strong support for new energy infrastructure
 - The findings coincide with those of a statistically valid Coalition-sponsored consumer survey (also conducted in May 2016)

*Not a statistically valid sample. Insights are provided as information only

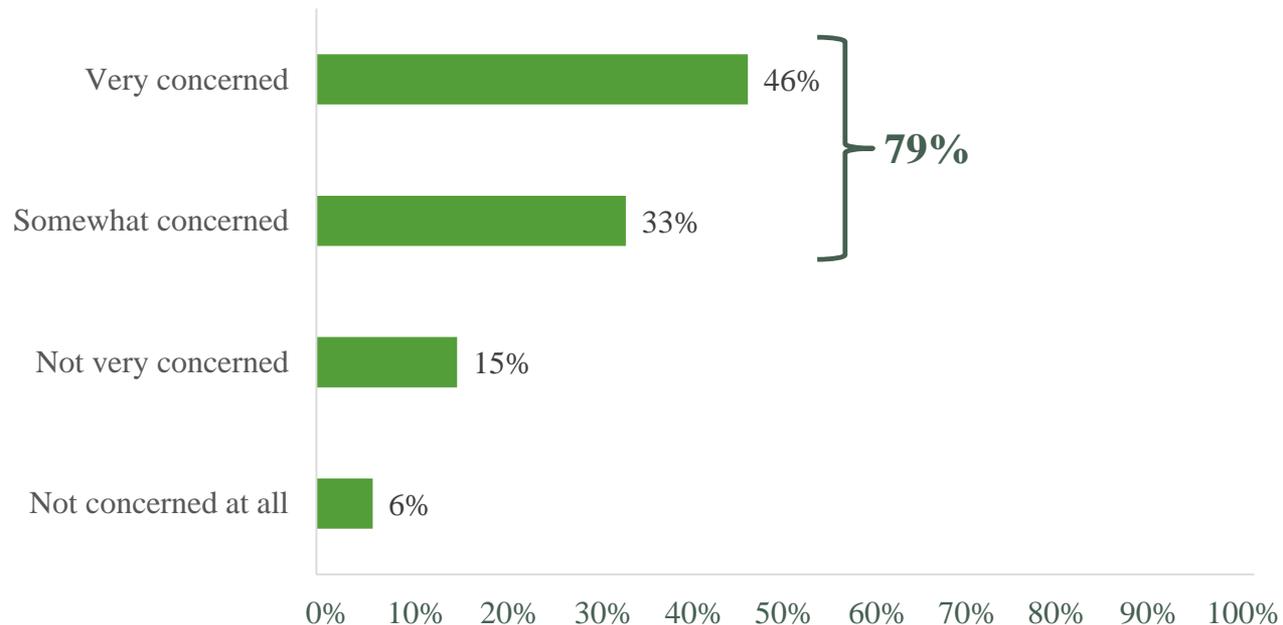
Most respondents said they are concerned about energy costs in New England

How concerned is your company about the affordability of energy here in New England?



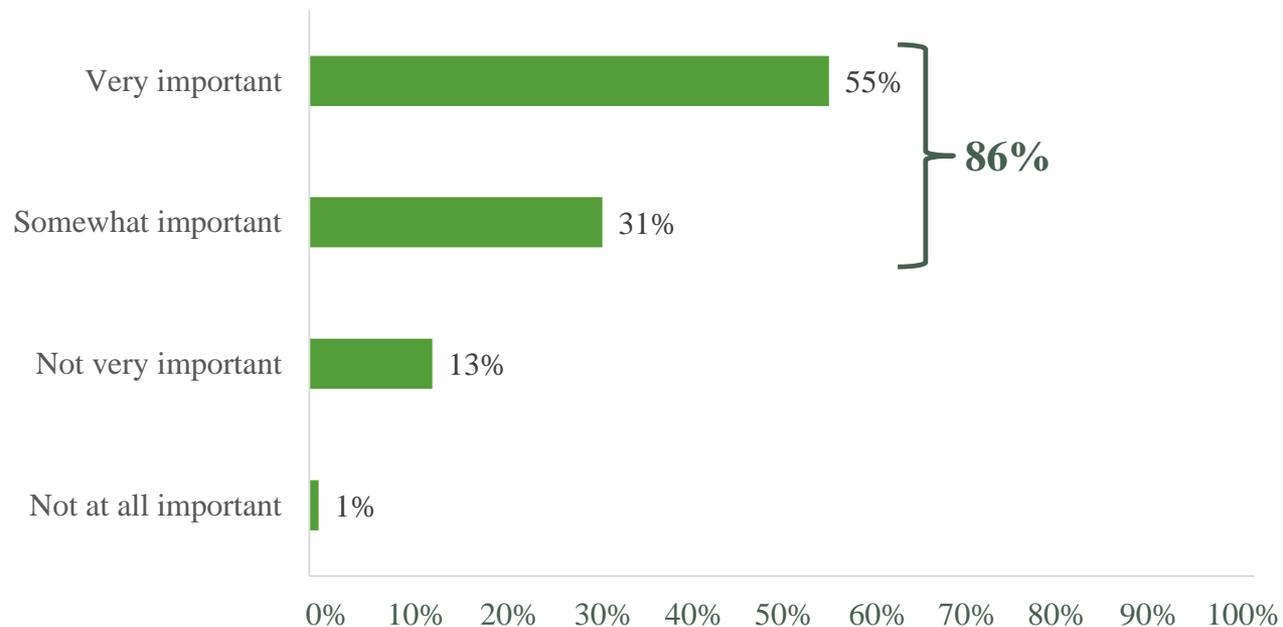
A very large number of respondents also said they are concerned about the reliability of energy in New England

How concerned is your company about the reliability of energy here in New England? By reliability of energy, we mean having enough energy to meet the needs of the region on the hottest or coldest days.



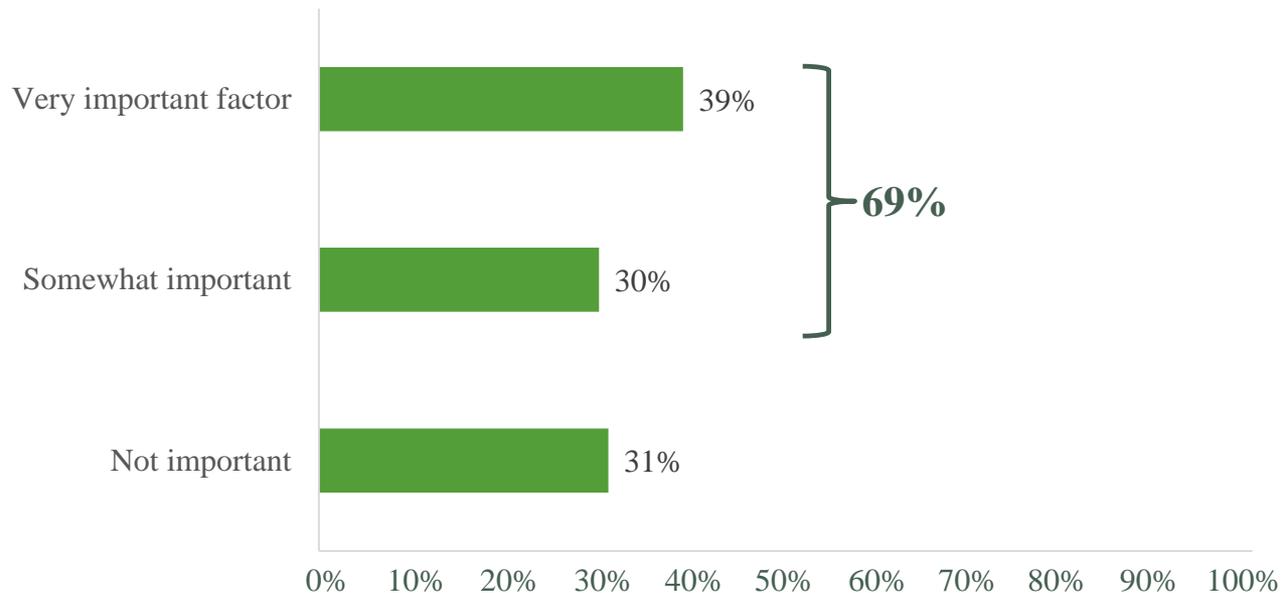
Clearly, energy costs are important to the success of the companies that responded

How important are energy costs (electricity and natural gas) to your company's success?



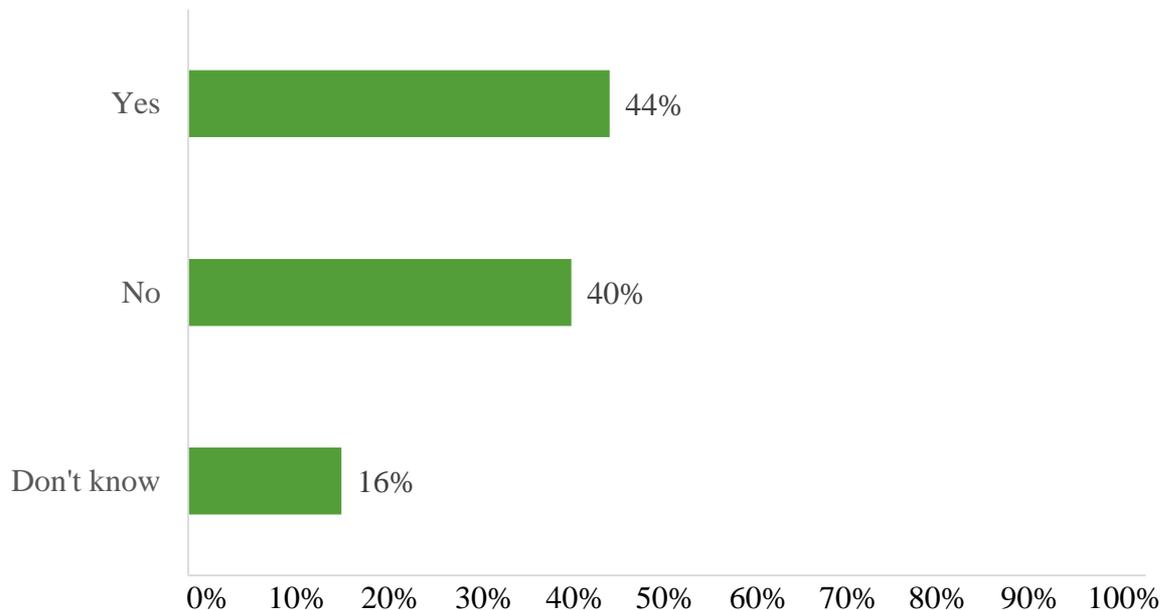
Many companies responding said energy costs will be an important factor when deciding to expand or relocate

Going forward, how important do energy costs factor into decision-making to expand or relocate?



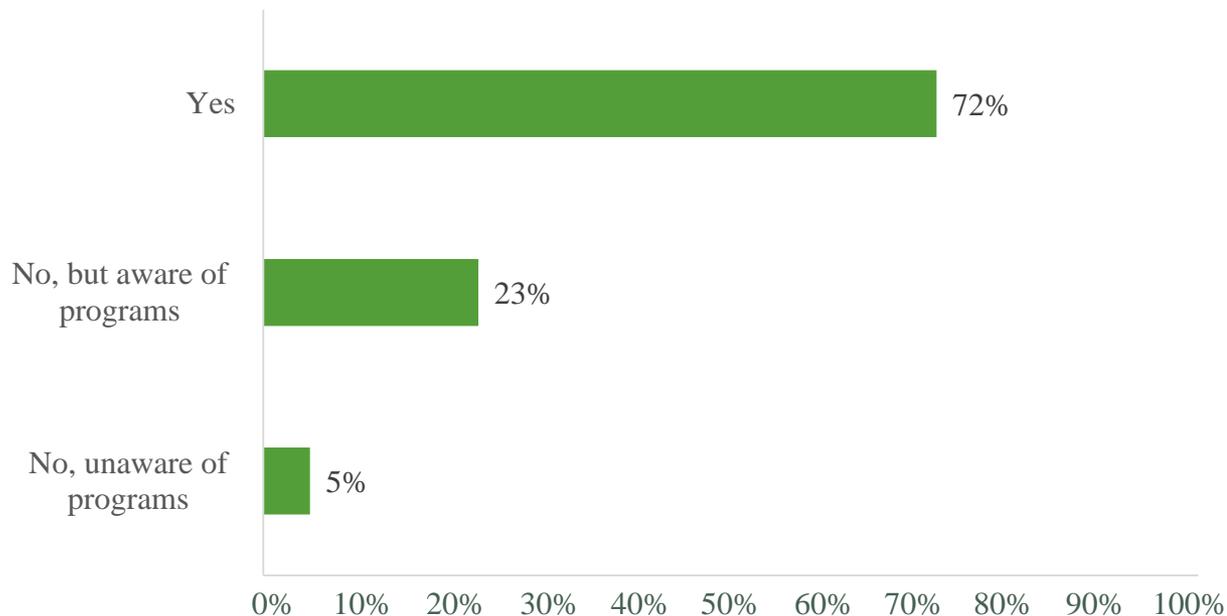
Using Massachusetts as an example, respondents were split on whether subsidies to fund renewables and energy efficiency are too burdensome

If you knew that subsidies to fund renewable energy and energy efficiency programs could potentially comprise up to 25 percent of a company's electric bill (based on Energy Experts, LLC for Associated Industries of MA), would that influence your company's decision-making to expand or relocate?



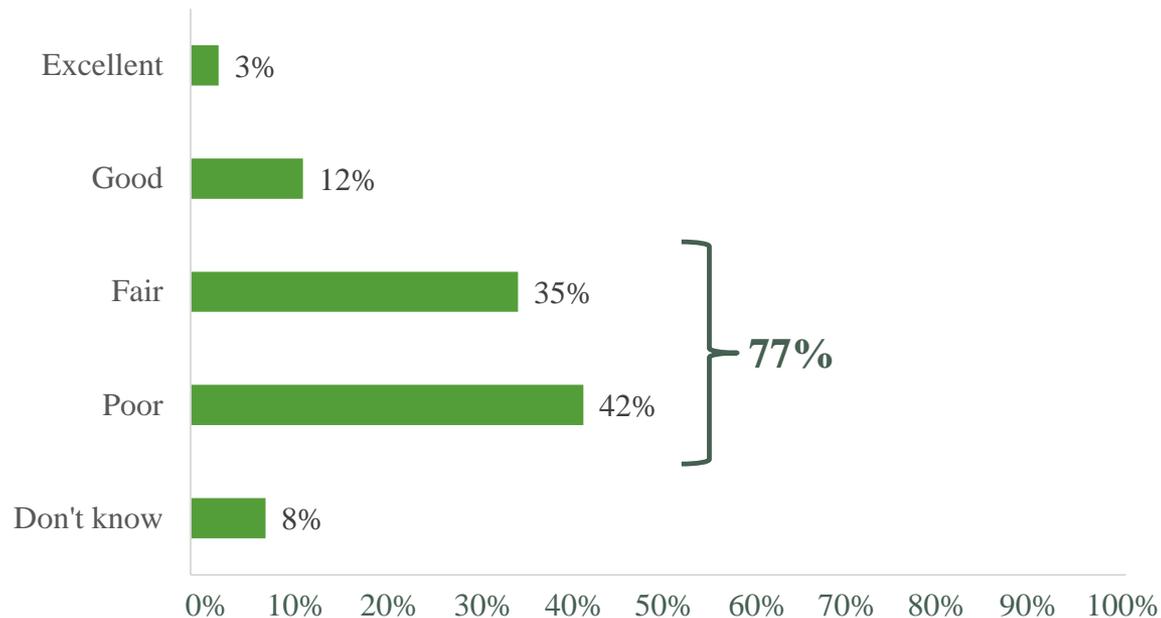
A large number of respondents have participated in utility energy efficiency programs to save energy and reduce costs

According to ISO New England, the region spends about a billion dollars a year on energy efficiency programs funded by ratepayers – and administered by local utilities – that provide rebates and incentives for making energy efficiency improvements. Has your company participated in these programs?



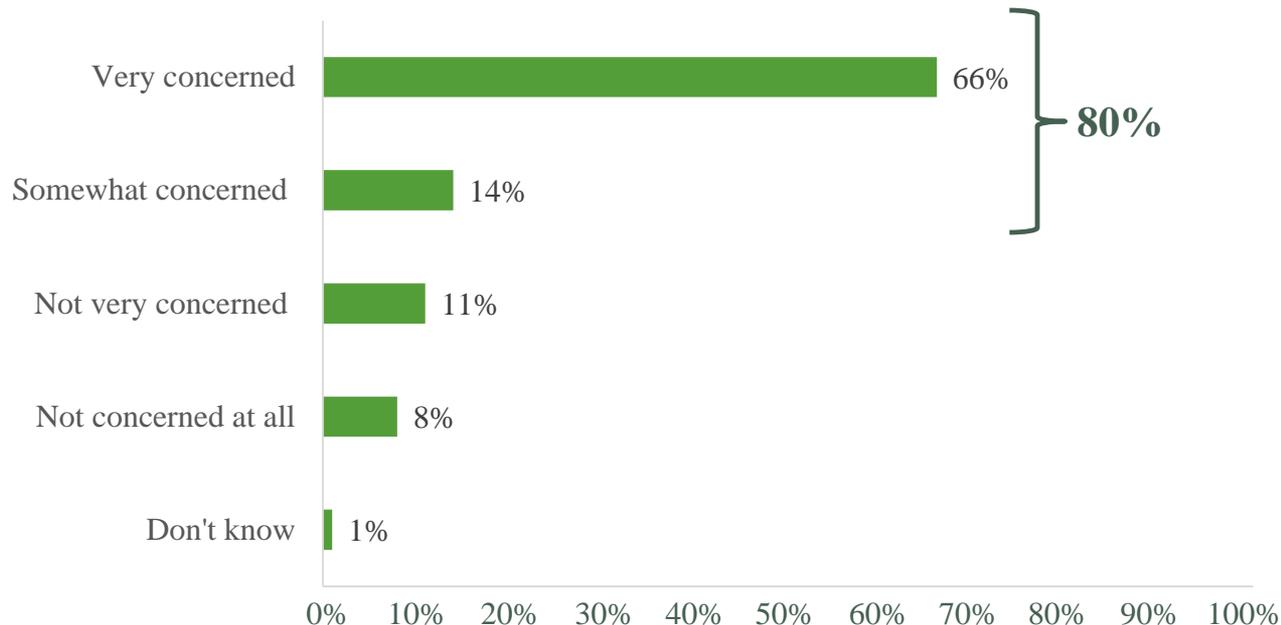
A significant number of respondents believe their Governor and state legislators are not doing enough to address energy affordability

How would your company rate the job your Governor and state legislators are doing to address energy affordability in New England?



A large percentage of respondents were concerned that energy costs will increase by \$5.4 billion if energy infrastructure is not built by 2020 (based on a Coalition sponsored report)

Experts in a recently completed study say that if New England does not add new energy infrastructure in the region – including power plants, transmission lines and natural gas pipelines – the region will pay at least \$5.4 billion more in energy costs by 2020. How concerned would your company be about this increase?



While preferences are mixed, respondents expressed support for energy efficiency as well as new infrastructure of all types

Options to remedy New England's constrained infrastructure system	Completely Support	Somewhat Support	Neutral	Somewhat Oppose	Completely Oppose	Don't Know
Build one or more natural gas pipelines that would increase natural gas supplies to the region	57%	10%	5%	6%	21%	1%
Significantly expand energy efficiency programs offered by utilities	60%	17%	13%	6%	3%	1%
Increase amount of LNG that is imported by tankers using existing LNG facilities in the region to supplement pipeline natural gas supplies	23%	30%	19%	13%	13%	2%
Increase use of renewable resources like wind, solar and hydro to diversify the region's fuel mix by building new transmission lines either to Canada or to remote areas of the region	49%	20%	13%	11%	4%	3%
Pursue an all-resource strategy by implementing parts or all of the above options (new gas pipeline, increased energy efficiency programs, increase shipments of LNG, increase renewable resources with transmission lines)	42%	23%	13%	10%	9%	3%

Many respondents said cost was the biggest concern about energy they would like to convey to policymakers

- “Our competition is not China, but our southern states. Higher energy costs become a hidden tax that puts us at an unfair advantage to other regions of the country”
- “At twice my competition’s electricity cost, relocating or selling my business is becoming a much more serious consideration”
- “I currently walk a fine line between succeeding and just staying alive. Every month the energy bills wipe any hope of building up cash in my business”
- “The cost of electricity is a significant cost driver for us... we cannot effectively compete with folks in other parts of the country let alone other parts of the world”
- “As we fight to stay a viable entity in this cost challenging environment, we realize that energy costs continue to increase... any condition which can halt the increase in energy prices can translate into a better economy”
- “Our policymakers don’t appear to care about the high costs of operations (energy is just one of them). Eventually, the economy will get tough for manufacturers and they will be forced to move operations to lower cost environments”

Other respondents offered insight on energy policy with a common theme of balancing economic, reliability and environmental priorities

- ❑ “A strong economy with good jobs needs a reliable and affordable energy portfolio that is diversified”
- ❑ “Build out an infrastructure that allows for cost effective energy delivery”
- ❑ “Prioritize our energy policy to deal with climate change by pushing hard on solar, wind and energy efficiency”
- ❑ “We need natural gas to support the growth of businesses”
- ❑ “Mitigate the volatility in the marketplace – develop a longer term plan to address congested areas as current winter reliability and capacity costs have a major negative impact on a company’s bottom line”
- ❑ “The focus of (energy) policy should be on providing reliable and competitively priced energy to the populations needing it in a way which does not negatively affect our ability to grow both in terms of economic activity and population”
- ❑ “Don’t pick a winner, let all forms of supply compete in the market and encourage research in all forms of energy”