



Carl Gustin: Citizens are looking for action -- New Englanders must face energy reality

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DESPITE serious warnings of impending problems, the energy outlook for New England this winter remains bleak. One concern is the potential for rolling blackouts, due to a shortage of natural gas, the fuel for many of the region's power plants and households. And even greater energy-supply challenges are looming in the next few years.

One of the country's top energy regulators, Nora Brownell, of the Federal Energy Regulatory Commission, has warned that major investments must be made in the next few years to ensure that New England's energy systems can deliver the power needed to keep the region's economy moving forward.

Brownell is not alone in expressing this concern. A recent report by The Analysis Group for the New England Energy Alliance (energy providers, business organizations, organized labor, and others concerned about energy shortages) warns that within the next two years there are plausible scenarios of demand exceeding available supplies and delivery capacity, for both electricity and natural gas. The report also cautions that by 2010 "at the latest," the region could be severely short of energy resources.

Except for some limited renewable resources, such as wind and water, New England has virtually no indigenous energy resources. However, no major new power plants are currently planned for the region other than the Cape Wind project, in Nantucket Sound. And every proposal to bring in additional supplies of liquefied natural gas (LNG) has met strong community and political opposition.

Despite warnings of potential blackouts from the regional organization responsible for managing the New England electric grid, few political leaders have shown a willingness to advocate new energy projects.

When it comes to concerns about energy-supply shortages and what to do about them, voters appear to be ahead of the politics. A regional survey for the New England Energy Alliance by Opinion Dynamics found that voters consider energy supplies and prices among the top three issues facing New England. The two other issues, jobs and health care, are getting plenty of attention. So is energy, but too often that attention is fragmented and short-lived.

According to the survey, voters are looking for action, and they see energy solutions as the joint responsibility of government and the energy industry. Overwhelmingly, when presented with the need for new facilities, they support building LNG terminals, transmission lines, power plants, and other facilities. They also favor maintaining existing facilities.

Although new investment in the region's energy infrastructure is clearly needed, it is not happening. Why? Investors don't like uncertainty, which is what they see in New England's energy markets and regulatory environment. Other reasons include community and political opposition to proposed projects; lack of credible debate about the regional importance of these projects; and unwillingness of political leaders to make difficult (perhaps unpopular) decisions about needed facilities and related energy policies.

The industry that produces, markets, transmits, and delivers electricity today is very different from the one of just a decade ago. It is more fragmented, with no single company responsible for everything from power production to delivery. And even as the energy industry has become more fragmented and competitive, its systems have become more interdependent. This is especially true for electricity transmission and natural gas.

For a number of reasons -- including energy-industry restructuring and its environmental advantages -- natural gas has become the dominant fuel for generating electricity. A decade ago, natural gas was used primarily in homes and offices and by manufacturers; almost none was used to produce electricity.

Today, natural gas fuels nearly 40 percent of New England's electric-power plants.

What's needed? A secure energy future for New England certainly requires aggressive efficiency programs. But it also requires support for renewable-energy projects, such as large-capacity wind projects; prompt approval of important LNG terminals; construction of electricity-transmission lines; and coordinated consideration and resolution of issues standing in the way of new investment in our energy infrastructure. According to the Opinion Dynamics survey, the voters are looking for the same thing.

As The Analysis Group report states, there's no "silver bullet" for meeting either near- or long-term energy needs in New England. The region must pursue all available energy options. Energy planners, political leaders, policymakers, and developers must evaluate the tradeoffs, address the tensions, and increase regulatory and market certainty.

And they must act quickly, so that developers can develop, investors can invest, and New England consumers can avoid future energy forecasts that might be even gloomier than what they may face this winter.

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