



Time For An Energy Reality Check If Region Is To Meet Future Needs

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Energy policy is full of mixed messages. Nowhere is that more evident than in Connecticut where state policies that led to sharply increased use of natural gas have been undercut by opposition to new supplies.

The latest examples include the governor's support for legislation to strip the federal government of authority to approve LNG terminals to meet regional supply needs and the often stated assumption that projects in other states will take care of Connecticut's needs.

For many years, federal, regional and state policies promoted strongly the use of natural gas, especially to generate electricity, for environmental and economic reasons. In fact, use of natural gas in Connecticut to produce electricity has tripled over the past decade. The state now generates about one-third of its electricity from natural gas, and the region nearly half.

Global warming is also a concern. Connecticut seeks to reduce greenhouse emissions to below 1990 levels, a goal that few states can claim. It is a goal that can only be met by using low carbon natural gas and continued strong performance from the state's nuclear plants, as well as conservation and increased use of renewables.

The Regional Greenhouse Gas Initiative supported by Connecticut and other New England states, as well as New York, will push natural gas demand substantially higher. It should encourage innovation and development of renewable resources and large scale wind projects. But by their actions, the states are likely discouraging more than encouraging potential developers from making such energy infrastructure investments.

In Connecticut and other New England states, increasing demand for natural gas has not been accompanied by sufficient increases in supply. It's not for lack of interest from the gas industry, where companies are willing to invest billions of dollars in projects in anticipation of market demand. Two such projects are Broadwater, a joint venture of Shell Oil and TransCanada, and Islander East Pipeline, a joint venture between KeySpan and Spectra Energy. Many government and private interests agree that there is a need for new natural gas supplies; the need can be met by the market if the market is allowed to work; the proposed projects can deliver natural gas safely; and the regional benefits would be substantial.

These projects were each subject to a stringent regulatory review process requiring numerous studies, responses to critics' allegations, and appearances before various regulatory bodies. In Broadwater's case, it received a positive and unanimous decision from a bipartisan regulatory agency, the Federal Energy Regulatory Commission. Islander East also received favorable rulings from the FERC, as well as the Federal Commerce Commission.

Yet political leaders in Connecticut railed against the federal agencies, including the Coast Guard, even calling the Broadwater decision and the process a disgrace. Islander East's decision was appealed first to the FERC commissioners and then to the courts, where the project was effectively halted. Now comes the

latest effort to stop Broadwater, this time from New York Gov. David Patterson who announced his opposition.

All during this time, natural gas demand to generate electricity has been increasing, and so has the cost to consumers throughout the region. These examples exemplify the contradictory nature of energy policy -- use more natural gas, but don't increase supply.

Unfortunately, opposition to large- scale energy projects to provide a fuel source that public policy encourages puts the region at risk of not having enough reliable and affordable energy. It discourages investors, undermines economic development, and puts our citizens and businesses at an economic disadvantage. And it's not limited to natural gas policy. Wind development in New England faces the same challenges with policies that encourage its use followed by actions that discourage project development.

New England would benefit if the states would adopt energy plans that send consistent messages - messages that align goals, policies and actions - and perhaps recognize the value of reciprocity when multiple states are involved. A good place to start would be to at least acknowledge that achieving current environmental and economic goals, not just for one state, but across state lines and for the region, requires some tough decisions favoring new natural gas supplies, such as from Broadwater and Islander East, as well as new transmission lines, wind projects, and even consideration of nuclear and coal projects.

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