

By Marcy Reed

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Natural gas pipelines must be part of the energy portfolio

How would you feel if you knew you and your fellow electric customers across New England overpaid for electricity to the tune of \$7 billion over the past three winters? Sadly, it's true.

That's the premium customers paid because we can't get enough natural gas into the region to fuel about half the region's electric power generating plants, particularly on the coldest days of the year, and it translates to hundreds of dollars per customer -- or more -- over the course of the past three winters.

To make matters worse, in order to keep the lights on many of those gas-fueled plants paid an environmental premium by reverting to using oil or coal when their gas supply was constrained.

There's plenty of domestic natural gas available -- we just don't have a way to get it here. There are two pipelines proposed that would alleviate these constraints. Building them is the fastest, most cost-effective way to lower electricity bills for New England customers -- who by the way pay among the highest prices in the country -- while helping maintain our region's excellent record of reducing greenhouse gas emissions from power plants.

New England is also one of the last bastions of widespread use of oil for heating. As natural gas prices have fallen for residential and commercial customer use, there has been a rush to convert to natural gas. We need the pipelines to ensure that customers who want to switch to this cleaner, affordable alternative are able to do so. Some gas companies in the region already have halted new customer hook-ups because they simply don't have access to enough gas to support them.

Many customers have been asking why electric bills will remain relatively high this winter when natural gas bills are dropping. It comes back to those capacity constraints. Gas companies, including National Grid, are able to sign firm contracts for their supply, so gas customers are guaranteed that their homes and businesses will be warm and toasty when temperatures drop. Gas-fired electric-power generators don't enter into contracts for the gas they need. Rather, they purchase it on the open market, and when the supply is constrained because demand for gas heat is high, wholesale electric prices spike. Those spikes eventually translate into price increases for customers. And that's what has happened for the past three winters.

The good news is that the Massachusetts Department of Public Utilities recently issued an order allowing electric companies in the state to submit for review contracts similar to those used by the gas companies that would lock in gas capacity to the benefit of electric customers -- so their supply would be guaranteed and their bills would be lower. Regulators in several other New England states have either approved similar arrangements or are actively investigating their merits. The only catch is that we still need the increased pipeline capacity to bring in enough supply for these contracts.

Make no mistake -- simply adding more natural gas won't secure our energy future. We need to develop a significant amount of new clean energy resources (and new transmission to deliver them) to diversify our energy supply and meet state clean energy requirements. We also need to continue our leadership in energy efficiency -- Massachusetts has been number-one in the country for four straight years and customers have saved billions in energy costs since the inception of National Grid's efficiency programs 30 years ago.

But natural gas does need to be an important part of the energy equation. Half the region's generators run on it and until there is more supply, wholesale electricity prices will continue to spike and customers will feel the pain. We don't yet have enough renewable energy to meet the needs of New England's seven million electricity customers, and it will be a long time before we do. In the meantime, we need the existing generating fleet to keep the lights on. And renewables march to their own beat -- it's not always sunny or windy. Gas-fueled plants, which can power up very quickly, are necessary to back stop these intermittent resources.

The developers of both proposed natural gas pipelines are aiming for their projects to be in service in 2018. Let's hope they are successful so we don't have to watch another \$7 billion go up in smoke.

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