



February 7, 2017

His Excellency Charles D. Baker
Governor of the Commonwealth
State House, Boston

The Hon. Robert A. DeLeo
Speaker of the House
State House, Boston

The Hon. Harriette Chandler
Acting Senate President
State House, Boston

Governor Baker, Speaker DeLeo and Acting President Chandler,

As business and civic leaders from across the Commonwealth, we are writing to share our perspective on a pressing public policy matter that is vital to our economy and our efforts to protect our environment: the existing and rapidly increasing shortfall of reliable and affordable energy in New England.

While we have made great progress jumpstarting clean sources of energy for the future, failure to address our need for reliable and affordable sources of energy generation makes us extremely vulnerable economically while calling into question our ability to meet our ambitious greenhouse gas emission reduction goals. ISO-New England, our region's grid operator, has noted previously that addressing this issue is "the region's highest priority challenge," and failure to do so means "the region should expect significant energy market price volatility," and increased use of "older, expensive, and higher-emitting" power plants to meet electricity demand. More recently, it has warned that the inability for power plants to get the fuel they need could result in "frequent use of emergency actions" including rolling blackouts and controlled power outages.

It is well established that our region's energy mix is in transition. The closure of Brayton Point Station and Pilgrim Nuclear Power Station alone will remove 2,200 MW of generation and increase our need for access to affordable sources of energy. In addition, an additional 5,500 MW of additional oil and coal generation is likely to retire in coming years, while ongoing uncertainty surrounds the 3,300 MW generated by our region's remaining nuclear plants.

To be clear, we support these retirements as they will further reduce the region's greenhouse gas emissions. Further, Massachusetts is committed to procuring homegrown wind, solar and hydropower over the next decade through your leadership in passing the landmark energy legislation in 2016. But even as we adopt these cleaner sources of energy, significant near-term demands need to be addressed. The region is still "decades away" from complete independence from fossil fuels according to ISO-New England, and even the arsenal of renewable energy sources outlined in the 2016 legislation will not be fully operational for another decade.



In addition to having the highest electricity prices in the continental United States—costing New Englanders an estimated \$1 billion in increased energy costs during a normal winter—our region is also faced with serious reliability concerns. ISO-New England’s 2017 Regional Electricity Outlook warned that a “perfect storm” of problems could force them to request that the public conserve electricity or, in extreme cases, order controlled power outages. At a time we are hoping to attract businesses that are seeking to grow and locate in Massachusetts, these costs and concerns have already caused some companies to leave the Commonwealth.

We believe that the best way to address the significant energy challenges we are facing and ensure a sustainable energy future—one that meets both our energy needs and environmental goals—is to enact policies that will result in increasing our access to natural gas as we increase deployment of renewable technologies.

Natural gas is currently the most widely used form of electricity production in Massachusetts, powering most of our buildings and heating more than half of our homes with nearly 100% reliability. By expanding our natural gas supply, we can stabilize and reduce our energy costs and add enough electricity to power more than 5 million homes each day within 5 years.

While some are arguing against adding natural gas pipeline capacity on environmental grounds, we believe there are three reasons such a decision is critical to the Commonwealth’s ability to transition to renewable electricity generation.

First, adding natural gas capacity will directly result in less use of dirtier fossil fuels. For example, coal and oil represented more than one-fifth of our region’s energy in the winter of 2014-15. This increased New England’s carbon emissions by 3.4 million tons, the equivalent of adding 650,000 cars to New England’s road annually. And in the absence of stable, reliable alternatives this trend is only growing. On some days during the recent cold snap, oil represented more than 30 percent of the region’s energy mix.

Second, natural gas remains the only reliable energy source that will continue our progress toward reducing emissions in the decades ahead – and an essential part of our fuel mix in the near-term as we transition toward renewables. Already, natural gas is the single biggest contributor to a long-term decline in regional emissions. According to the Massachusetts Office of Energy and Environmental Affairs, carbon emissions from electric generating stations plummeted by 63 percent even as our consumption of electricity grew by 21 percent from 1990 to 2014 and our use of natural gas has more than tripled since 2000.

Third, expanding natural gas supply will not only allow us to continue climate progress, but pave the way for more aggressive steps to reduce emissions. As the *Boston Globe* recently noted, our transportation system is currently responsible for nearly 40 percent of state emissions. Given that Massachusetts already leads the nation in energy efficiency, there is no plausible path for the Commonwealth to meet its ambitious greenhouse gas reduction thresholds absent the electrification of our vehicle fleet. Increasing our natural gas-powered electricity generation would allow Massachusetts to replace the vast majority of our estimated 5 million vehicles with electric cars and meet 25 percent of our emissions commitments decades ahead of schedule.



In so many ways, Massachusetts is well positioned for the future – both economically and environmentally. By boosting our supply of natural gas, we can stabilize energy prices, reduce costs to ratepayers and attract jobs and businesses to our state, while also speeding our transition to renewable energy and advancing our position as a climate change leader.

We believe this sustainable energy future is possible for Massachusetts. And we look forward to working with you to make it a reality.

Sincerely,

Rick Lord
President and CEO
Associated Industries of Massachusetts

James E. Rooney
President and CEO
Greater Boston Chamber of Commerce

JD Chesloff
Executive Director
Massachusetts Business Roundtable

Jon Hurst
President
Retailers Association of Massachusetts

Chris Carlozzi
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Jack Lank
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