

Escalating Energy Cost is Real Problem, Needs Real Solutions

Throughout the past year the Berkshire Chamber has paid very close attention to the conversation regarding the proposed natural gas pipeline expansion. We have all heard different perspectives on this issue that come from good places, and each perspective can typically be traced back to an admirable desire to preserve and protect those things that we all agree make us the Berkshires. For our organization, the number one priority is to ensure that businesses can grow while balancing all of those factors. As a region, we need to determine the most appropriate solution that meets all of our greater needs.

Natural gas is currently used to generate most of the electricity in the state of Massachusetts – this is due much in part to our environmentally conscious efforts to become less reliant on fuel sources such as coal and nuclear power. As natural gas has come to represent a much larger percentage of our overall energy portfolio, this additional strain on natural gas capacity has escalated prices significantly during the winter months, driving up the cost of electricity throughout our state. The unintended consequence of this is the state of Massachusetts having become one of the most expensive places in the country to do business.

At this juncture in time – it is evident to us that something needs to be done immediately to address energy costs. This issue is about a lot of things, but we believe that we must look at the irreversible damage that is already being done to our economy and the impact on our local population if we continue without action. Increasing electric and utility costs have created an uneven playing field for our employers, forcing many to consider less expensive regions (some of which are only a short ride over the state border). As an example, Onyx Specialty Papers in Lee, have seen their electric costs increased by over \$1 million annually above what the company paid in 2009. That is a compelling figure for a local business that employs 155 people. The imbalance in the cost of doing business in our state and region is so daunting that opportunistic economic development organizations from outside the state have actually begun recruitment efforts to entice some of our larger businesses to leave the area.

Going one step further, these increased costs are putting a tremendous strain on working class families in the Berkshires. This alarms us in at least two ways; first, families have less expendable income to inject into our local economy and second, more and more families are forced to consider living outside the region.

The serious pressure placed on both our business and residential community further highlights the greatest challenge on which our organization is focused - population. The population of the Berkshires is down to 130,000 people, with projections to decline further in the coming decades unless we take real action to reverse these trends. We have a tremendous amount to offer in our region, but without a level playing field regarding energy costs we are at risk of losing more employers, more jobs and more residents who cannot afford to live in our beautiful region. All of these losses, commercial or residential, also impact our tax base, inevitably leading to an increase in our taxes and/or a decrease in our services.

There are currently two major pipeline proposals to increase natural gas capacity in Massachusetts – Northeast Utilities/Spectra Energy Pipeline Project and the Kinder Morgan Pipeline. The Berkshire Chamber is not endorsing a specific project. It is up to the energy experts – ISO New England, Federal Energy Regulatory Commission (FERC) and others – to determine both how much additional pipeline capacity is needed to address the electricity cost problem and how to install that capacity most cost effectively and with the minimum impact on our environment. It is, however, important for the business community to take the lead in advocating strongly for energy solutions that lower the cost of electricity in our region. It's time for some real solutions to a real challenge, the Berkshires simply cannot afford to ignore this problem any longer.

The author is Jonathan Butler, President & CEO of the Berkshire Chamber of Commerce