

New England Energy Alliance Gubernatorial Candidate Survey

The New England Energy Alliance (NEEA) is committed to providing the voters of New England with an accurate and fair assessment of candidate positions on a range of energy-related issues as they pertain to electricity and natural gas.

As part of that effort, the Alliance retained the services of Opinion Dynamics Corporation (a national public opinion research firm based in Cambridge, Massachusetts) to design and administer the following candidate survey.

The survey should only take a short time to complete and is intended to offer each candidate a full opportunity to outline his or her *specific policy positions* on each topic. We encourage each candidate to provide *detailed, action-oriented responses* that will have a real impact on the energy situation in New England.

NEEA intends to compile the survey results and make them available to the voters through a variety of venues, including our web-site, through selected reporters from daily newspaper publications and our e-newsletter.

PLEASE LIMIT YOUR ANSWERS TO ABOUT 100 WORDS FOR EACH QUESTION.

1. Decision-Making

What is the single *toughest* decision you anticipate having to make as a leader over the next several years regarding the cost, supply and/or delivery of electricity and natural gas within your state? Please be specific as to the problem, the reasons for its difficulty and the policy steps you would undertake to mitigate or solve the problem.

2. Infrastructure Regulatory and Public Review Process

A key focus of recent discussion and debate is the status of the region's electricity and natural gas infrastructure — the network of generating plants (including renewable facilities, coal and nuclear power plants), electric transmission lines, natural gas pipelines and LNG terminals. Much of the region's infrastructure is aging and there is growing concern about the ability to site and build new infrastructure both to meet growth and to replace older facilities.

Please indicate the actions, if any, you will take to encourage investments and to assure that the regulatory and public review process for upgrading and maintaining this vital infrastructure is predictable and reasonable.

3. Diversity of Fuel Supply for Electricity Generation

There is a general consensus that New England needs to diversify the mix of fuels that are used to generate electricity. There are a range of possible options, but as a practical matter, the most realistic sources for New England over the next decade are: ¹

- large-scale wind (renewable) generating facilities, both off-shore and on-shore
- natural gas generating plants, and liquid natural gas (LNG) facilities for supply
- next-generation nuclear generating plants
- “clean coal” technology coal generating plants

Of these four fundamental choices (assuming that additional supplies are needed even with increased conservation and efficiency programs), which ONE would be your first choice and which ONE would be your last? Please explain the basis of your position.

4. Regional Cooperation

It’s clear that for public policy options to really work, they need to be fully coordinated across the entire New England region where electricity and natural gas supplies have, over the past decade, become fully integrated and interdependent. As a leader in the region, *specifically* how would you work with your fellow governors and the New England congressional delegation to overcome regional differences and forge a united front on electricity and natural gas infrastructure and supply issues?

5. Conservation and Economic Growth

New England has a long history of using conservation programs to improve energy efficiency and slow growth in electricity and natural gas demand. Nevertheless, economic growth and energy demand have increased in lockstep. Given that there are long lead times involved in siting and constructing generating plants and natural gas pipelines and LNG facilities, a series of important decisions on whether to build or conserve need to be made in the next several years.

By 2020, electricity and gas demand are projected to increase by at least 15%. Do you believe that more aggressive energy efficiency programs could substantially reduce the rate of demand growth without jeopardizing economic growth? If so, how much of this projected growth do you believe could be confidently off-set by new mandated and publicly funded conservation programs?

¹ ‘The New England Energy Roundtable’, seven critical questions and answers from the experts conducted by the New England Energy Alliance, April 12, 2006.

6. Electricity Industry Restructuring

Over the past decade, every New England state (with the exception of Vermont) has restructured its retail electricity market. Accordingly, utilities sold their generating assets and became distribution companies and consumers now have the option of choosing their supplier of electricity. Under federal oversight, a competitive wholesale electricity market was established to serve the entire region (even in Vermont).

Regulatory and market uncertainties, coupled with world-wide increases in the prices of natural gas and oil, are increasingly putting pressure on both the cost and availability of electricity in the region. Based on the performance of wholesale and retail restructuring so far, and taking into account fluctuations in world energy markets that affect the region, what changes, if any, would you propose to the restructuring statutes in your state?

Thank you for taking the time to complete this important survey.

Response of Rhode Island Governor Donald L. Carcieri

1. Decision-Making

The single most difficult decision regarding Rhode Island's energy supply in the next several years will involve the siting of new energy generation and transport facilities. While I have long recognized that Rhode Island needs increased access to affordable energy supplies, I also understand that decisions regarding new facilities must be balanced with environmental and security concerns. As Governor, I have worked to collaborate with Rhode Island's neighboring New England states and nearby Canadian provinces to develop a regional approach to the siting of new energy facilities. A regional approach will enable the siting of these facilities in areas that do not pose environmental or security concerns, while providing Rhode Island and our neighbors with the energy supplies we need.

2. Infrastructure Regulatory and Public Review Process

There is no doubt that Rhode Island and its neighbors in New England must encourage the development of new, secure and environmentally-safe energy facilities. That is why I have worked to develop a regional approach to our energy needs. Earlier this year, I hosted a conference in Newport of Governors and Premiers – as well as their top energy officials – from New England and the Eastern Canadian provinces to discuss the siting and construction of new energy facilities. A meeting of energy officials from throughout our region is scheduled to occur in February to continue those discussions. Working together as a region, I believe we can develop a streamlined, predictable regulatory and public oversight process that encourages the development of new energy facilities while ensuring they meet all necessary environmental and security standards.

3. Diversity of Fuel Supply for Electricity Generation

As part of my 5-point energy agenda for Rhode Island, I have advocated the diversification of our state's energy supplies, especially in terms of the development of new sources of renewable energy. Renewable sources of energy are the clear first choice for meeting the growth of Rhode Island's energy needs. In that light, I recently announced plans to use wind and hydro-electric sources to meet 20 percent of Rhode Island's electricity needs by 2011.

Rhode Island already relies too heavily on natural gas to heat our homes and to generate electricity. As a result, any effort to diversify our energy sources will require us to look at the expansion of sources other than natural gas. That said, natural gas will continue to play a critical role in meeting Rhode Island's growing demand for energy.

4. Regional Cooperation

As I noted above, I have been working for the past three years to develop a regional approach to New England's growing energy needs. The premise of a regional approach is simple: We do not need to site new energy facilities in each individual state when we can site them regionally to meet all our needs. This will also enable us to site these facilities in locations that pose the least environmental or security concerns.

I first proposed a regional approach in a December 2004 letter to New England's other Governors. Earlier this year, we took a significant step towards achieving this goal during a meeting of New England Governors and Eastern Canadian Premiers that I hosted in Newport. At my behest, a meeting of top energy officials from across the region will be held in February.

5. Conservation and Economic Growth

My 5-point energy agenda envisions the use of conservation and renewable energy sources to reduce Rhode Island's future energy needs, while also providing the supplies necessary to fuel robust economic growth. During my administration, Rhode Island has been a leader in energy efficiency. This month, the state will sign contracts with energy services companies that will reduce energy usage within four state facilities by 22%, simultaneously allowing the state to replace aging equipment paid for out of the energy savings.

I also signed executive orders requiring the state vehicle fleet and new or upgraded state buildings to meet strict new energy conservation standards and authorized Rhode Island to adopt California's tough auto emissions standards, which have the added benefit of reducing gasoline consumption.

6. Electricity Industry Restructuring

Competition in the electricity market is good for Rhode Island consumers. Unfortunately, the current market system is clearly not optimal for either consumers or electricity generators. We need to find ways to streamline the market process to encourage the development of new generating capacity and to provide stable energy supplies and prices to consumers. I have made this point repeatedly in testimony to the Federal Energy Regulatory Commission and to the Rhode Island Public Utilities Commission. Ultimately, we must work with our regional neighbors to implement a system that will work for generators and consumers throughout New England.

Response of Connecticut Governor Jodi Rell

1. Decision-Making

Over the next few years Connecticut faces a number of critical challenges in improving its energy delivery system. Administrative actions taken over the past few years coupled with my leadership and that of the legislature, have allowed the state to identify and implement action steps that are currently underway to improve and upgrade the state's transmission system. The multi-million dollar investments we have made in transmission and delivery upgrade statewide, and particularly in southwestern Connecticut, coupled with my energy plan for Connecticut's future, will dramatically improve the state's transmission system and directly lower costs to ratepayers.

2. Infrastructure Regulatory and Public Review Process

As a state leader and as Governor, I have long worked on making certain that our electricity system is continually upgraded and improved. In 2005, with the passage of the Energy Independence Act in Connecticut, Connecticut created a series of new incentives for structural improvement and new capacity. The state just released its first formal bid process aimed at the construction of new facilities in Connecticut to accommodate its future energy needs. In addition, the state remains the regional leader in demand response (conservation) savings and commitment, through my energy plan, to renewable energy. As Governor, I am committed to getting this critical infrastructure on line expeditiously.

3. Diversity of Fuel Supply for Electricity Generation

As Governor, I am forced to deal with real decisions on this issue, not hypothetical situations. That is why I have proposed a new energy vision for our state. Under my plan, by 2020, 20% of all energy used and sold in Connecticut must come from clean and renewable resources. In addition, and by the same date, the state will achieve a 20% reduction in electric-peak consumption. This plan, coupled with new funding for biofuel stock production and fuel processing and the substantial existing state resources for distributed generation and alternative energy production, provide the critical component pieces to providing for the state's energy needs and we are going to meet that need.

4. Regional Cooperation

Connecticut has long been an active member in regional organizations whose aim is to work cooperatively to achieve regional solutions. As Governor, I have, and will continue to, actively have the state participate in the New England Governors Conference, where we regularly work cooperatively on energy issues. I will also continue to work closely on initiatives with New England governors and our delegations, as we most recently have on obtaining a waiver from federal E-85 fuel requirements until supply meets the available fleet capacity. Connecticut is

also actively participating in the formation of the New England State Committee on Energy, which is before FERC for approval. As Governor, I have seen the success of regional cooperation, and if re-elected I will continue on that course.

5. Conservation and Economic Growth

As the leader in energy conservation for the region, Connecticut can take credit for over two thirds of the demand response (conservation savings) for all of New England. I absolutely believe that more aggressive energy efficiency can, will and must be a significant part of our states energy vision. Last year's investments by the state in conservation will have a lifetime value of \$550,000,000. I know we can continue to do better. That is why I have proposed restoring the millions raided from the Energy Efficiency Fund in 2003, mandated the use of energy star products for state agencies and provided tax incentives and subsidies for residential and commercial energy efficiency choices. Connecticut will continue to lead in conservation, partnering with businesses and families to guarantee our economic stability and our energy needs.

6. Electricity Industry Restructuring

It is uncontested that world events over the past few years from wars to natural disasters have had an enormous impact on the price and availability of fuels. Our reliance on these sources of energy leaves us susceptible to unexpected swings and enormous price escalations. That is why in my energy plan state resources and focus are being directed toward making Connecticut less dependent on foreign sources of energy. My energy vision for Connecticut places our state on a path that dramatically reduces its reliance on foreign sources of energy, which will, over time, reduce the impact of such price swings on consumers. Connecticut must move in this direction and as Governor I am committed to leading us there.

Response of John DeStefano, Jr.
Democratic Gubernatorial Candidate in Connecticut

1. Decision-Making

The toughest decision I will have to make as Governor about energy issues will be about energy generation. Simply put, there is not enough energy scheduled to be produced in Connecticut in the coming years. There will be tremendous local opposition to locating any new generation because of the tremendous distrust of the industry and, more damaging, its regulators that has grown up as a result of failed energy policies that I will have to help overcome. I will be very aggressive in promoting conservation and renewable energy, but I understand the need for new generation and transmission.

2. Infrastructure Regulatory and Public Review Process

Many in the industry are skeptical of my candidacy because I have proposed a windfall tax on profits exceeding 20%, but I am the only candidate who will stand up for the public interest and combat NIMBY-opposition to needed infrastructure. I do not blame the public for thinking the worst of any energy proposal because that has been their experience far too often, but real leadership will need to change that perception. I will expect energy companies to be environmentally responsible and pay their fair share in taxes, but I will give them something much more valuable in return – a leader who will stand up for necessary improvement and create a predictable investment climate.

3. Diversity of Fuel Supply for Electricity Generation

I agree that generation diversification is necessary. All options have their pluses and minuses, but large-scale wind is the most attractive option and more natural gas facilities are the least. Wind presents challenges for migratory birds and sight-lines, but adds a significant renewable energy supply to the mix of generation. Natural gas, on the other hand, is already well represented in the generation of Connecticut and will not add renewable energy, a price hedging effect, or a truly safe and secure source of electricity.

4. Regional Cooperation

The first contrast with the current and recent Connecticut administrations is that I would be *engaged*. I understand this is a critical issue facing my state, and I would go to regional meetings or to DC to work and lobby on behalf of my state's interests. Connecticut has split loyalties between the Red Sox and the Yankees (plus my Mets), and is similarly dealing with energy issues for New England competing for attention with those influenced strongly by New York. I would work with my colleagues and our congressional delegation to turn what is becoming a contentious source of fights into opportunities for cooperation in those broader but ever more intermingled energy markets.

5. Conservation and Economic Growth

I do believe that aggressive energy conservation programs can substantially reduce the rate of demand growth for electricity without jeopardizing economic growth. That does not mean that we will have enough generation, however. The amount of projected demand growth that can be diminished through conservation depends entirely upon leadership – the same quality that will determine whether NIMBYism and political pandering will prevent the locating of new generation (and transmission, for that matter). Although the promise of conservation may be used as a bludgeon against the energy industry, it is a false bogeyman. The real threat to the industry's interests and the public's interest is a do-nothing administration. We need really aggressive conservation programs. We also need more generation. We're going to get neither in any sufficient measure, however, under the current administration.

6. Electricity Industry Restructuring

Connecticut has one of the highest electricity costs in the nation. That is a problem, and a governor that exhibits leadership would act to find solutions. I believe that Connecticut's relative energy costs are a result of many factors – insufficient transmission capacity, insufficient generation, and flaws in our restructuring. I have proposed a windfall profit tax because I think that is in the best interests of Connecticut consumers. I do not believe, however, that the problem will be solved by that measure. We need leadership that will expect everyone to contribute their fair share –which means equitable taxes from energy companies, acceptance that electricity does not work without transmission line and generation plants, and political leadership that understands the issues and forges solutions that will ultimately benefit everyone.

Response of New Hampshire Governor John Lynch

1. Decision-Making

I am advocating increasing the amount of renewable energy produced in New Hampshire to ensure long-term improvements in energy price stability, diversity, reliability, and security. We will be considering a number of ways of meeting that goal, including implementing a Renewable Portfolio Standard.

2. Infrastructure Regulatory and Public Review Process

New Hampshire, unlike some states, has a strong record of siting plants that have served the region's needs in recent years. Every facility, whether renewable or fossil fuel, has characteristics that are unique and need to be addressed in the state and local processes developed for siting energy and transmission infrastructure. While some aspects of our siting process may be appropriately expedited, we must make sure that the processes are transparent, inclusive and fair to all stakeholders. Regional cooperation is essential to providing reliable energy, however, I believe that states' regulatory agencies must maintain primacy in permitting decisions.

3. Diversity of Fuel Supply for Electricity Generation

As Governor, I have proposed setting a goal of receiving 25 percent of New Hampshire's power from renewable sources by 2025. To meet that goal, we must consider all forms of renewable energy including wood, wind and water. The siting and scale of these projects needs to be addressed through appropriate state and local permitting processes.

I do not believe we should consider a new generation of nuclear plants until the problem of permanent long-term storage has been addressed.

4. Regional Cooperation

There is ample opportunity for regional cooperation. The NEG/ECP (New England Governors/Eastern Canadian Premiers), NECPUC (New England Conference of Public Utility Commissions), CONEG (Coalition of Northeast Governors) and the proposed NESCOE (New England State Committee on Electricity). The May 2006 NEG/ECP meeting resulted in a significant agenda advancing regional cooperation. I have directed my Office of Energy and Planning and the Public Utilities Commission to fully participate in this work.

5. Conservation and Economic Growth

New Hampshire should continue to invest in improving the efficiency of existing infrastructure to decrease transmission congestion that raises prices. We should also be taking steps to reduce Peak Demand in order to address the need to provide additional generation for a few days a year.

Under the new Forward Capacity Market energy efficiency, load management and Distributed Generation can compete with traditional generation to deliver capacity. This new transmission market will give us valuable data regarding the ability of energy efficiency to offset the need for additional generation capacity in New England.

6. Electricity Industry Restructuring

As a result of deregulation, New Hampshire has large companies such as Dominion Energy, Constellation Energy, and Consolidated Edison supplying major portions of our customers' electricity needs. We have small energy marketers packaging electric supply to meet the individual needs of customers and buying clubs that aggregate small accounts to get a better price. And we have innovative new ways to measure and control electric usage, with sophisticated new technologies that allow customers to take control of their energy usage. These changes are the result of the new interest in energy supply that competition creates.

Additionally, we have mechanisms in place to bring costs down. For years utilities could pass along any reasonable cost they incurred, even if market conditions changed. Unitil and Granite State Electric Company now award their supply contracts to the lowest priced bidder, and lock them into rates even if market conditions change. For PSNH, a different mechanism is in place, and PSNH has brought down their rates as old "stranded costs" have been paid off.

The Legislature required our utilities to sell off their generation assets, but in 2003, after much debate, the Legislature changed the requirements, so that PSNH was required to sell its share of Seabrook Station and other nuclear interests, but hold the rest of its generation at least until 2006 (RSA 369-B:3-a). For that reason, our utilities now operate under different rules – Unitil and Granite State Electric sold their generation interests, PSNH has not (The NH Electric Cooperative did not own any generation).

When PSNH should be required to sell its remaining generation in New Hampshire is a complex question that should be answered on the basis of analysis and not emotionally charged arguments. That is why I welcome the study now underway by the Energy Policy Commission to evaluate whether PSNH should continue to own generation or sell its remaining generation assets. The ultimate goal must be to obtain safe, reliable and innovative electric supply at the lowest possible cost to our citizens.

Response of Christy Mihos Independent Gubernatorial Candidate in Massachusetts

1. Decision-Making

The toughest decision the state will confront over the next several years is how to handle the Liquefied Natural Gas facility located in Everett. The Everett facility is currently one of six plants in the entire United States, and it is the only terminal located in a city center in the entire country.

Former counter-terrorism official Richard Clarke and Boston Mayor Thomas Menino have warned other local and federal officials about the security threats posed by keeping the facility in a city. These threats are amplified in a post-9/11 world, and we must make sure we are making our cities and our residents as safe as possible.

Therefore, my administration will immediately work to relocate the facility offshore. Specifically, we are encouraged by two separate proposals to build offshore facilities 13 miles from land. These offshore sites are not only safer, but if both are approved, they would manufacture about 100 million more cubic feet of natural gas every day than the Everett depository.

2. Infrastructure Regulatory and Public Review Process

My administration would support relocating the Everett LNG facility offshore, and we would work with the federal Department of Homeland Security to identify proper funding that will enable us to use offshore locations for LNG terminals.

We believe the regulatory process can be improved and we will welcome suggestions from numerous organizations, including the New England Energy Alliance, on how to best proceed with upgrading the aging infrastructure. The pipelines, transmission lines and plants that provide energy to our businesses and residents must be kept up to date so we do not have brownouts and blackouts.

3. Diversity of Fuel Supply for Electricity Generation

The most attractive option presented is natural gas generating plants and LNG facilities. This Commonwealth has the opportunity to produce about 800 million cubic feet of gas per day with minimal security concerns if these LNG facilities are sited offshore. If regulators approve plans put forward by Excelerate Energy LLC and Suez Energy, we can replace the hazardous Everett facility with ones that pose incredibly few security concerns.

While I do support on shore wind energy as a renewable energy source, constructing off shore wind farms would be my last choice as Governor. I am on the Board of Directors for the Alliance to Protect Nantucket Sound, and feel strongly that the Cape Wind Project is

environmentally damaging to our national seashore. Off shore turbines present significant obstacles to fishermen, as well as obstruct navigation, and would have a negative impact on the economy of the fishing industry.

4. Regional Cooperation

Since the entire region is interdependent, it is imperative that we find common cause in reducing power plant emissions of carbon dioxide to reduce global warming. It is unconscionable that the Romney/Healey administration pulled out of the Regional Greenhouse Gas Initiative in December 2005 (RGGI). The plan calls for a freeze of emissions at current levels and a 10 percent reduction of emissions within the next 14 years. It would have been good for the state and good for our residents, but it's something that hasn't concerned the current administration.

Our entire congressional delegation pressed the Romney/Healey administration to enter into the pact, but they refused. My administration would sign onto RGGI. Through working with other New England governors and the New England congressional delegation, Massachusetts will be a leader in helping to reduce global warming through its participation in RGGI.

5. Conservation and Economic Growth

Future economic growth and increased energy efficiency are intertwined, and we must work toward both goals. It is important for the Commonwealth to become a leader in each. Both are priorities on my campaign, and I will work toward each when elected. We must continue to encourage economic growth while investigating alternative sources of energy, including on-shore wind power, solar power and offshore LNG facilities.

I believe we can become a leader in energy production, but we will need the greatest minds from our universities and a skilled workforce to help us accomplish that goal. As governor, I will do everything in my power to bring the business and environmental communities together to work for the Commonwealth and help make our state both an economic and environmental leader.

6. Electricity Industry Restructuring

(No response provided)

Response of Vermont Governor Jim Douglas

Governor Douglas provided general comments on energy:

We've done a great deal to encourage renewable energy generation, increase energy efficiency, contain electric rates, block gas and diesel tax increases and plan for a responsible, affordable energy future. But there's more to do.

Working with the legislature, we've launched a far-reaching public input process that will offer Vermonters opportunities to express their preferences for our future energy portfolio and help to ensure support for the resulting choices. As this process moves forward, I will continue to pursue responsible, affordable and sustainable alternatives, and I'm pleased to report we've made significant progress.

We established a clean energy fund; expanded a system allowing Vermonters to self-generate renewable electricity; and instituted clean energy rates that allow us to purchase electricity solely from renewable sources. In addition, our Solar and Small Wind Incentive Program has invested nearly \$1.5 million in 345 systems and 200 more are expected to come online over the next year.

As a way to reduce energy consumption and property taxes, I've offered a program to help schools use existing funds to install solar, wind or other alternative energy generation systems.

Expanding the market for bio-fuels is also a priority. Already, we're using over 8,000 gallons of bio-fuel per year in state vehicles; we've been using bio-fuel in a Brattleboro state building since 2004; and a new bio-fuel manufacturing facility is opening in Franklin County.

Because greenhouse gas reductions cannot be achieved without major improvements in transportation, I proposed California car emissions standards last year. Vermont is defending these rules in a lawsuit brought by the car manufacturers, and I pledge to fight to protect these important standards. I will also remain committed to the Regional Greenhouse Gas Initiative, the work of my Climate Change Commission and our other efforts to combat global warming.

The important energy choices we face require a disciplined understanding of the facts, balance, commonsense and foresight in weighing alternatives. We can take a great deal of pride in the progress we've made in the last few years, and I look forward to making even more in the years ahead.