

May 3, 2006

Senator Pete V. Domenici  
328 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Domenici:

The New England Energy Alliance was established because of concerns among major energy companies about impediments to development of new, and preservation of existing, energy infrastructure in the region. A study sponsored by the Alliance late last year concluded that there are "plausible scenarios" under which demand for both electricity and natural gas in the region could exceed supply by the end of 2007. Separately, a public opinion survey conducted for the Alliance revealed that New England voters identify energy concerns among the three most important issues in the region.

Additional electricity generating facilities must be constructed to keep pace with the demand for this vital commodity. Likewise, additional liquefied natural gas (LNG) facilities are required to supplement the region's pipeline supply of natural gas – to match consumption by home heating, manufacturing as well as the generation of electricity. The Alliance neither supports nor opposes specific energy projects in the region. Rather we advocate the need for additional energy infrastructure and that each project should be fairly and expeditiously judged on its merits and ability to comply with environmental and safety standards.

The federal government has well established siting and environmental requirements that must be met by proposed energy projects as well as a clear process for public participation in the review process. Indeed, the rigor for obtaining an approval for the construction of an electricity generating plant or LNG facility can take several years of effort and require the project's owner to incur significant financial risk.

The Alliance is therefore concerned with recent actions in Congress to bypass regulatory review processes by inserting special-interest language in legislation to create formidable and unwarranted barriers to successful permitting. While these actions have been aimed at specific projects, they send a clear and unequivocal message to the developers of other projects that the review process is uncertain and even arbitrary. In the end, it can only mean fewer proposals for energy facilities and additional costs for New England's consumers and businesses.

Through the years, there have been several examples where Congressional action has been aimed at circumventing an established regulatory review and approval process because a specific project had become politicized. It was the hope of many,

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that the well debated Energy Policy Act of 2005 would have forged a consensus that such actions were inconsistent with the nation's and region's need to have a reliable and economic energy supply. Indeed, the Act includes important provisions to streamline processes for siting and permitting energy projects. Therefore, it is disappointing that Congress has stepped in to circumvent the process on two highly viable regional energy projects.

First, the Conference Report in Section 414 of H.R. 889, the Coast Guard and Maritime Transportation Act of 2006, contains a provision that would give a governor veto power over a wind renewable electricity generating plant to be built in federal waters even if the project satisfies all regulatory requirements and is approved by regulators. Notwithstanding the merits of a particular project, this action, and the uncertainty it creates, will have a chilling effect on future energy projects.

Second, action in a recent transportation bill prevents the long planned demolition of an out-of-date and unneeded bridge in Fall River, Massachusetts, in an attempt to block permitting of a proposed LNG facility in that city. Like the action cited above, this legislation undermines the siting review and approval process at a time when regulatory certainty is important if the region is going to attract needed investment in energy infrastructure.

Given the long lead times to plan, site and build capital intensive energy infrastructure projects, whether they be wind farms, LNG terminals, power plants or transmission lines, the New England Energy Alliance believes that decision makers and those who influence their actions through policy making should adhere to, and look for opportunities to streamline, siting processes. Action to arbitrarily delay and even derail permitting decisions on needed infrastructure projects are costly and impose further risk to the reliability and affordability of energy supplies, and therefore, should be rejected.

Therefore, we urge Congress to avoid legislation that has the effect of undermining existing siting and permitting processes and adds further uncertainty to New England's efforts to develop needed energy infrastructure.

Sincerely,

Carl Gustin  
President