



Energy Insights -- May 2013

Monthly Briefing on Energy Issues and Trends

Energy Efficiency and Conservation Expected to Help Reduce Summer Electricity Demand

The Northeast Power Coordinating Council, Inc. (NPCC) released the results of its annual summer reliability assessment which forecasts adequate electricity supplies for the region which includes the six New England states, New York State, Ontario, Quebec, New Brunswick and Nova Scotia.

The forecast NPCC coincident peak electricity demand for the summer, which is the simultaneous peak demand for the entire region, is only about 0.3% higher than last summer's forecast, despite a rebounding economy. This slight increase in peak demand is primarily due to the effectiveness of ongoing conservation, efficiency and demand response programs, despite a rebounding economy.

NPCC's assessment also projects the region to have approximately the same amount of net generating resources as compared to last year's summer peak period.

The NPCC assessment uses probabilistic methods to evaluate thousands of simulated weather and system conditions including the consideration of unexpected and random events.

Source: Northeast Power Coordinating Council, www.npcc.org

New England's Wholesale Electricity Markets Operated Competitively in 2012

The \$6.1 billion wholesale electricity market in New England operated efficiently and competitively in 2012, according to an independent report released by ISO New England, the operator of the region's bulk power system and wholesale electricity markets.

The report examined the operation of the wholesale electricity markets to determine whether the markets are operating efficiently, competitively, and in line with market fundamentals. Factors reviewed included electric energy prices, fuel costs, consumption levels, transmission congestion, cost to run power plants to maintain system reliability, market design, system operations and participants' bidding and selling behavior. Key 2012 highlights include:

- wholesale electricity costs dropped 20%

In This Issue:

Energy Efficiency and Conservation Expected to Help Reduce Summer Electricity Demand

New England's Wholesale Electricity Markets Operated Competitively in 2012

Annual Energy Outlook Identifies Factors that Shape the U.S. Energy System

ISO New England Agrees to State Budget Review

MA Urges Nuclear Storage Resolution

Ernest Moniz Confirmed as Energy Secretary

FERC Chairman to Step Down

- the average price of natural gas fell 19.5%, which produced 52% of the region's electricity and set the market clearing price of electricity 81% of the time
- demand for electricity was 0.9% lower than in 2011
- demand-side resources participating in the forward capacity market declined by 11%

The report was conducted by the Internal Market Monitor (IMM) of ISO New England which reports directly to ISO New England's Board of Directors. The report is submitted simultaneously to the ISO and Federal Energy Regulatory Commission.

Source: ISO New England, Inc. "New England's Wholesale Power Markets Operated Competitively in 2012. According to Annual Review" May 15, 2013.

Annual Energy Outlook Identifies Factors that Shape U.S. Energy System

The U.S. Energy Information Administration released results of its Annual Energy Outlook 2013 which examines energy production, consumption, technology and market trends. Key results include

- Continued strong growth in domestic crude oil production is expected over the next decade from improvements in advanced crude oil production technologies and increased domestic production of natural gas.
- Evolving markets will spur increased use of natural gas for electric power generation and transportation and an expanding natural gas export market
- A decline in motor gasoline consumption will result from the effects of more stringent corporate average fuel economy (CAFE) standards as well as growth in diesel fuel consumption and increased use of natural gas to power heavy-duty vehicles
- Lower electricity demand growth is expected with continued increases in electricity generation capacity fueled by natural gas and renewable energy, which when combined with environmental regulations, will put downward pressure on coal use in the electric power sector

Source: U.S. Energy Information Administration, Annual Energy Outlook 2013 www.eia.gov

ISO New England Agrees to State Budget Review

ISO New England agreed to cut spending in a settlement filed with federal regulators in response to concerns from the Connecticut Attorney General and Consumer Counsel as well as state regulatory agencies from Maine, New Hampshire and Rhode Island

Under the agreement, which requires approval from the Federal Energy Regulatory Commission, the 2013 administrative and capital budget for ISO New England will be reduced by \$2.85 million. In addition, new procedures will be established to allow Connecticut's Public Utilities Regulatory Authority (PURA), its five New England counterparts, and other state agencies in New England review and provide feedback when ISO proposes its annual budget

ISO agreed to better explain budget details when necessary and highlight items with increases of more than 5%. ISO also agreed to switch to a defined contribution retirement plan such as a 401(k) from a pension plan for employees who begin to work in 2014. As in the past, ISO's budget will continue to require review and approval from generators, utilities, transmission owners and other stakeholders.

Source: Connecticut Department of Energy & Environmental Protection, "Action Against ISO New England Budget Resolved as CT and Other New England States Sign Settlement Agreement", May 13, 2013.

Massachusetts Urges Nuclear Storage Resolution

Massachusetts Attorney General Martha Coakley and Senate President Therese Murray are calling on Congress to pass a bill establishing a process for creating permanent storage facilities for spent nuclear fuel from commercial nuclear plants.

In 1982, Congress passed the Nuclear Waste Policy Act and the Department of Energy (DOE) entered into contracts with commercial nuclear plant licensees to take the spent fuel beginning in 1998 in exchange for fees. But DOE has not fulfilled that requirement as a permanent repository has still not been constructed. As a result, power plants continue to store the spent fuel on-site in either spent fuel pools or in dry cask storage.

In a letter to Congress, Coakley and Murray raised concerns about potential environmental and public safety issues associated with on-site storage along with added costs for ratepayers.

In New England, three decommissioned power plants -- Yankee Rowe, Connecticut Yankee and Maine Yankee -- filed a multi-million dollar lawsuit against the federal government because while dismantlement of the plants is complete, the spent fuel remains stored on-site. It was recently announced that some New England ratepayers will receive electric bill reductions as the result of a settlement from the first phase of litigation from the lawsuit.

Source: Dowling, Brian. (2013, May 24). AGs Tell Feds to Look at More Options for Spent Nuclear Fuel. *The Hartford Courant*.

Ernest Moniz Confirmed as Energy Secretary

MIT Physicist Ernest Moniz won unanimous Senate confirmation as the nation's new energy secretary. Moniz who served as an energy undersecretary in the Clinton Administration replaces Dr. Steven Chu.

One of his first challenges may be to decide whether to approve a major expansion of U.S. natural gas exports that could create thousands of jobs, spur economic growth and help offset the nation's trade deficit. Increased exports could also further increase hydraulic fracturing which has raised concerns about alleged groundwater contamination and even earthquakes.

Secretary Moniz said he will delay final decisions on applications to export liquefied natural gas until he reviews studies by the Energy Department and others on what impact the exports would have on domestic natural gas supplies and prices.

Source: Daly, Matthew. (2013, May 21). Moniz: LNG Exports on Hold until Data Reviewed. Associated Press.

FERC Chairman to Step Down

John Wellinghoff, Chairman of the Federal Energy Regulatory Commission submitted his resignation letter to President Obama. He will remain at the commission until a replacement is nominated and confirmed by the Senate. He will continue as chairman and vote on matters before the commission.

Wellinghoff, a former Nevada utility regulator, has served as chairman since 2009 and has been a commission member since 2006. FERC is an independent agency that regulates the interstate transmission of electricity, natural gas and oil

Source: Daly, Matthew (2013, May 29). Obama Administration Energy Official Stepping Down. Associated Press.

About the New England Energy Alliance, Inc.

The New England Energy Alliance is a coalition of energy companies advocating to ensure the availability, reliability and affordability of future energy supplies which are vital to the region's economic growth and prosperity. Formed in 2005, the Alliance works to balance public debate about solutions to New England's energy infrastructure by providing information on the region's energy needs and the resources, technologies and policies needed to meet those needs.

Please visit www.newenglandenergyalliance.org for more information on the Alliance.

 **SafeUnsubscribe**

This email was sent to vgeba@newenglandenergyalliance.org by vgeba@newenglandenergyalliance.org | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

New England Energy Alliance, Inc. | 77 Franklin Street | Suite 507 | Boston | MA | 02110



Try it FREE today.