

January E-Newsletter

In this issue: Afonso and Gentleman to lead Alliance in 2007; Comments on LNG projects; Critical transmission projects completed; Cape Wind picks up major support; Nuclear favorability makes gains in Northeast; Alliance at Business NH Magazine forum.

Alliance names Executive Director and General Counsel: The New England Energy Alliance announces that Paul Afonso, former chairman of the Massachusetts Department of Telecommunications and Energy, will become Executive Director and Mary Beth Gentleman, who chairs the energy and regulated industries practice at the Boston law firm of Foley Hoag, will become General Counsel. Together, they will provide overall direction and program implementation for the Alliance. Paul is now co-leader of the government law and strategies group at Brown Rudnick and divides his time between the Northeast and Washington, D.C. Mary Beth is a former Massachusetts energy official responsible for developing energy policy. "The energy challenges facing New England are daunting and the challenges complex. Paul and Mary Beth bring years of experience and in-depth knowledge of the issues surrounding the affordability and reliability of electricity and natural gas. They will make important contributions to discussions and deliberations on the importance of adequate energy infrastructure to the region's economic growth and quality of life," according to Carl Gustin, president of the Alliance.

Romney approves LNG projects, Alliance comments: Governor Romney's approval on December 19 of the two LNG projects proposed off the coast of Gloucester, Massachusetts is a significant milestone in the development of the region's natural gas infrastructure. Additional supplies of LNG from terminals located near load centers in southern New England will enhance reliability, make natural gas more affordable and, to the extent natural gas replaces other fossil fuels, help the environment. The major commitments from the projects' sponsors to help the fishing industry and address other maritime concerns, and the timely action by the Governor, underscore the value of close cooperation between private sector energy developers and government officials on projects of this magnitude and importance to the region.

The Governor's action followed issuance of Final Environmental Impacts Statements for the two LNG projects. Also recently, a Draft Environmental Impact Statement was issued for the Broadwater LNG project in Long Island Sound. The Alliance recently sent letters on all three projects in which it

discussed the need for additional natural gas supplies. The two projects in Massachusetts are Northeast Gateway proposed by Exceleerate and Neptune LNG proposed by Suez. The Alliance believes each report provides "ample evidence to support the need for new natural gas facilities in the region." While demand for natural gas increased 70% in a decade, driven largely by new natural-gas fired electric power plants, "there has been little action in the past decade that has resulted in greater supply". Regarding imports from Canada as an alternative to the Gloucester and Long Island projects, the Alliance "believes that there are economic considerations that argue strongly for LNG facilities located in Southern New England," noting that demand for natural gas in Canada is likely to increase as that country shuts down coal plants and switches to natural gas for electric generation. The letters are available on the Alliance website.

Critical transmission projects completed: Construction of major transmission lines bringing power into urban areas has been completed recently in Connecticut and Eastern Massachusetts. Connecticut Light & Power recently completed a 345-kilovolt (kV), \$340 million, 21 mile Bethel-to-Norwalk transmission line which will allow an additional 600-megawatts of electricity to be delivered to southwest Connecticut and the region and is expected to save electric consumers about \$100 million annually in federally mandated congestion charges. The project is one of four major initiatives by CL&P to improve reliability and save consumers money. Construction of a 345-kV volt line from Southeastern Massachusetts into Boston was also completed recently by NSTAR. The \$220 million, 18-mile line will provide up to 1,800 megawatts of power when fully operational. ISO New England, operator of the region's transmission system, in its latest regional system plan issued in October, has identified the need for \$3.5 billion in additional transmission investments throughout the region to maintain reliability.

Massachusetts Governor Patrick give strong support to Cape Wind: Deval Patrick during his campaign for governor bucked many in his own party, as well as the Romney Administration, when he came out in favor of the controversial Cape Wind energy project in Nantucket Sound. Governor Patrick subsequently named Dr. Susan Tierney, managing principle of the Analysis Group, to co-chair his energy and environment transition team and selected Ian Bowles, president of the Massachusetts Institute for a New Commonwealth, as the Energy and Environmental Affairs Secretary. Both Tierney and Bowles have spoken out in favor of Cape Wind. Bowles recently told the Boston Globe that Cape Wind is "an important symbol of our commitment to renewable energy." The 420-megawatt project is being reviewed by no less than 17 federal and state agencies and a favorable draft environmental impact statement was issued more than two years ago.

In another sign of Cape Wind's progress, on December 18, the Supreme Judicial Court of Massachusetts ruled in favor of the Cape Wind project by upholding a May 2005 decision by the Massachusetts Energy Facilities Siting Board that approved construction of an 18-mile undersea cable to connect

the proposed wind project to the electricity grid. The Court ruled the board "has acted permissibly" in determining that the transmission lines were needed to serve the proposed wind farm.

Nuclear power survey shows surprising gain in Northeast: A surprising 70% of people polled in the Northeast favor the use of nuclear energy. This is a dramatic 12-point increase in just six months and may reflect the increased public attention focused on nuclear power to meet future energy needs, especially among those concerned about climate change. Support in the Midwest is also at 70%. For the first time since surveying began, favorability in the Northeast exceeds the South (67%) and the West (66%). Nationally, nearly six in ten have heard or read something about the need for nuclear power in the past year. That's up sharply from three years ago when only 9% had read something favorable about nuclear power. And 77% now associate nuclear with clean air, 81% associate it with reliability and 71% with affordability.

Alliance participates in Business NH Magazine forum: The December issue of Business NH Magazine asks the question "Is NH headed towards an energy crisis?" To provide answers, the magazine convened a panel of ten energy experts, including representatives from the NH legislature, the state PUC, the NH energy office, several utilities, and consultants. Carl Gustin, president of the Alliance, was asked to provide a regional perspective. The article is available on the Alliance website.

The New England Energy Alliance is a coalition of energy providers, business and trade organizations and others concerned about future energy supplies. For more information visit our website at www.newenglandenergyalliance.org