



Energy Insights -- July Update

Briefing on New England Energy Issues and Trends

CT Governor orders financial review of Millstone

Governor Malloy issued an executive order directing state regulators to conduct a review of the financial viability of the Millstone nuclear plant and its role in meeting state carbon reduction goals. The order directs regulators to assess whether action should be taken to financially support the nuclear plant - such as subsidy payments or specialized contracts and how those actions would affect power markets.

Across the country, low natural gas prices and other market forces are keeping wholesale electricity costs down, impacting the economic viability of nuclear plants. Illinois and New York adopted subsidies for their nuclear plants and Ohio, New Jersey and Pennsylvania are considering them.

Millstone's owner, Dominion Energy sought to gain legislative approval the past two years to help stabilize the plant financially including selling the plant's output directly to customers and through long-term contracts to hedge against daily market volatility. The CT Senate passed a bill directing regulators to evaluate this approach but the House declined to take action.

The review ordered by Malloy will be completed by February 1. This timeframe, however, diminishes the prospects for continued operation of the plant. If no financial support for the plant is approved this year, Dominion Energy has stated it will conduct a review of the plant's finances which could lead to early retirement.

Millstone is New England's largest power generation station supplying nearly 60% of Connecticut's electricity consumption and 98% of the state's non-carbon electricity. A recent report by the Analysis Group found that ratepayers in New England would pay an additional \$6.2 billion between now and 2030 in replacement electricity costs if Millstone were to close.

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Upcoming Alliance Events:

September 8 -- A Conversation with Nickolas Stavropoulos, President and COO, Pacific Gas and Electric Company

September 29 -- A Conversation with Cheryl LaFleur, Acting Chairman, FERC

Did You Know:

July 1 marked the 20th anniversary of ISO New England?

ISO New England is responsible for: reliable operation of the region's bulk electric system; administration of wholesale electricity markets; and system planning. Results include:

Source: "Millstone cool to Malloy's ordered study of nuke's viability," *Hartford Business Journal*, July 25, 2017.

Competitive wholesale electricity -- prices have dropped 44% on average since 2004

MA launches RFP for offshore wind

Massachusetts' utilities National Grid, Eversource and Unitil - in coordination with the MA Department of Energy Resources (DOER) - released a request for proposals as part of the state's plan to acquire offshore wind projects.

New electricity generation -- more than 14,000 MW of new, mostly natural gas-fired generation has been added -- representing a \$14 billion investment

The initial RFP seeks to acquire 400 MW of off-shore wind capacity and potentially up to 800 MW depending on the bids received. The utilities are seeking to enter long-term contracts for 15-20 years. Three off-shore wind companies are expected to submit proposals including Deepwater Wind, Bay State Wind and Vineyard Wind. Contracts will go before the Department of Public Utilities in late 2018, and it could be another two years before the winning bidder, or bidders, begin construction.

Transmission improvements -- more than \$8 billion in new facilities have been added with another \$4 billion underway

Progressive integration of new technologies -- including energy efficiency measures and renewable resources

The solicitation is part of a staggered schedule for the procurement of 1,600 MW of offshore wind by June 30, 2027, as mandated by energy diversification legislation signed into law last year.

Source: "Massachusetts utilities release first offshore wind RFP under new state energy law," *Masslive.com*, July 3, 2017.

MA receives bids for clean energy generation

In another RFP process mandated by the state's energy diversification legislation passed last year, Massachusetts solicited proposals for long-term contracts of 15 to 20 years to provide electric utilities with 1,200 MW of clean energy generation (on-shore wind, solar, hydro or energy storage) including transmission to transport the clean energy generation to New England if required.

Proposals were due July 27th and the state's Department of Energy Resources (DOER) received several bids to bring renewable energy to electricity customers in the state. These included:

- Central Maine and Avangrid proposed two transmission projects: 1) New England Clean Energy Connect a 1,200 MW, transmission line from Canada to Lewiston, Maine to carry power from Hydro-Quebec; and 2) the Maine Clean Power Connection, a 1100 MW, line from far western Maine to Lewiston, Maine to transport output from wind and solar facilities in Maine.

- National Grid and nonprofit Citizens Energy submitted two short distance transmission line proposals: 1) Granite State Power Link, a 1,200 MW, line that would deliver wind power from Quebec; and 2) Northeast Renewable Link, that would deliver up to 600 MWs of new wind, solar and small hydro from New York.
- TDI New England submitted two proposals for its proposed New England Clean Power Link which would travel beneath Lake Champlain - one would deliver 1,000 MW from Hydro-Quebec; the other, 700 MWs of Canadian hydro combined with 300 MWs of wind power from facilities in New York and Canada.
- Emera proposed the Atlantic Link project - a 900 MW cable from New Brunswick to Plymouth MA to deliver wind and hydropower from Canada.
- Eversource submitted two proposals for its proposed Northern Pass transmission line from Canada through New Hampshire: one would deliver 1,090 MWs from Hydro-Quebec; and the other would transport a mix of Canadian hydro and wind power.

According to MA DOER, the bids will be evaluated for their potential to help the state meet its emission reduction goals, for their value to consumers and other criteria. Projects are scheduled to be chosen early next year.

Source: "5 major transmission hydro and wind partners bid into Massachusetts Clean Energy RFP," Masslive.com, July 28, 2017.

NH clean energy bill becomes law

Governor Sununu allowed a bill to become law without his signature that promotes the state's renewable energy sources - particularly solar and wood - despite opposition from business groups who warned the measure would increase electricity costs.

The law: more than doubles the amount of solar energy that utilities are required to purchase (to 25 percent by 2025 or pay into the Renewable Energy Fund); raises the price of renewable energy certificates used to support biomass (wood-burning) electricity generation (increasing cost to utilities, which is passed onto ratepayers); and removes the size limit on solar projects eligible for the residential solar rebate program.

The law also provides households more access to the state's renewable energy fund by requiring that at

least 15 percent of the fund be dedicated to low-income solar projects.

The Governor expressed concerns about the cost of the law - estimated to add at least 60 cents a month onto a residential customers bill - or about \$600 a month for a large industrial user. Lawmakers repealed an existing electric consumption tax to help offset the costs.

Source: "Controversial clean energy bill becomes law without governor's signature", NH Business Review, July 12, 2017.

Study predicts 7 million electric vehicles by 2025

A report by the Edison Electric Institute (EEI) and the Institute for Electric Innovation (IEI) forecasts that more than 7 million plug-in electric vehicles (EVs) will be on U.S. roads by 2025 -- representing 7% of all vehicle sales.

Factors driving sales of electric vehicles were noted to include corporate average fuel economy standards and declining battery costs.

The report also predicts about 5 million charge ports will be needed to support those vehicles - which requires a significant investment in charging infrastructure.

Electric utilities are helping to drive EV adoption by developing the infrastructure to support charging ports; owning and operating charging stations; offering EV specific electric rates and linking site hosts with EV charging equipment developers.

Federal tax incentives are also helping drive electric vehicle sales - ranging from between \$2,500 and \$7,500 based on battery capacity and other factors. Many states also have rebates - for example, Massachusetts allows up to \$2,500 for the purchase or lease of zero-emission and plug-in hybrid light duty vehicles.

Source: "EEI-IEI report forecasts 7 million plug-in electric vehicles will be on US roads by 2025," Edison Electric Institute, June 28, 2017.

Reports finds U.S. grid vulnerable to threats

A new report commissioned by Congress finds the U.S. electric grid is vulnerable to a range of threats, including terrorism and natural disasters that could potentially cause long-term and widespread blackouts.

The report conducted by the National Academies of Sciences, Engineering and Medicine focused on reducing the grid's vulnerability to large blackouts that extend over several service areas or states and last three days or longer leading to loss of life and billions of dollars in cost. Events that can lead to such outages include hurricanes, earthquakes, solar storms, cyber and physical attacks and major operational occurrences.

The study recommended ways to make the grid more resilient through the development and demonstration of technologies and organizational strategies that minimize the likelihood that outages will happen, reduce the impacts and speed recovery if they do, all the while developing mechanisms for continual improvements based on changing threats.

The study concluded that since no single entity is responsible for planning, operating or regulating the grid and increasing its resilience, coordinated actions by state, federal, private and public groups will be required. The study calls on the U.S. Department of Energy and Department of Homeland Security to work with utility operators and other stakeholders to improve cyber and physical security and resilience.

Source: "Grid threats require "imaging the unimaginable," E&E, July 21, 2017.

Kevin McIntyre nominated to chair FERC

President Trump has nominated energy lawyer Kevin McIntyre to head the Federal Energy Regulatory Commission (FERC). A republican, he currently heads the energy practice at Jones Day, a Cleveland law firm.

FERC currently has only one sitting regulator, acting Chair Cheryl LaFleur. If McIntyre is confirmed, LaFleur would remain on the commission but vacate her position as chair. The panel normally has five members, but hasn't had the minimum three commissioners required for a quorum since February. The situation is reportedly holding up shovel-ready projects and privately funded infrastructure spending.

Previous commissioner nominees include republicans Neil Chatterjee, a Senate aide and Robert Powelson, a Pennsylvania utility regulator. Democratic Senate aide Richard Glick is also expected to be named to the commission, but has not been formally nominated. No more than three regulators of the

five-member agency can be from the same political party.

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. Follow on twitter @NEEAlliance

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