

# QER Public Meeting: New England Regional Infrastructure Constraints

## Infrastructure Needs for Reliability and Affordability

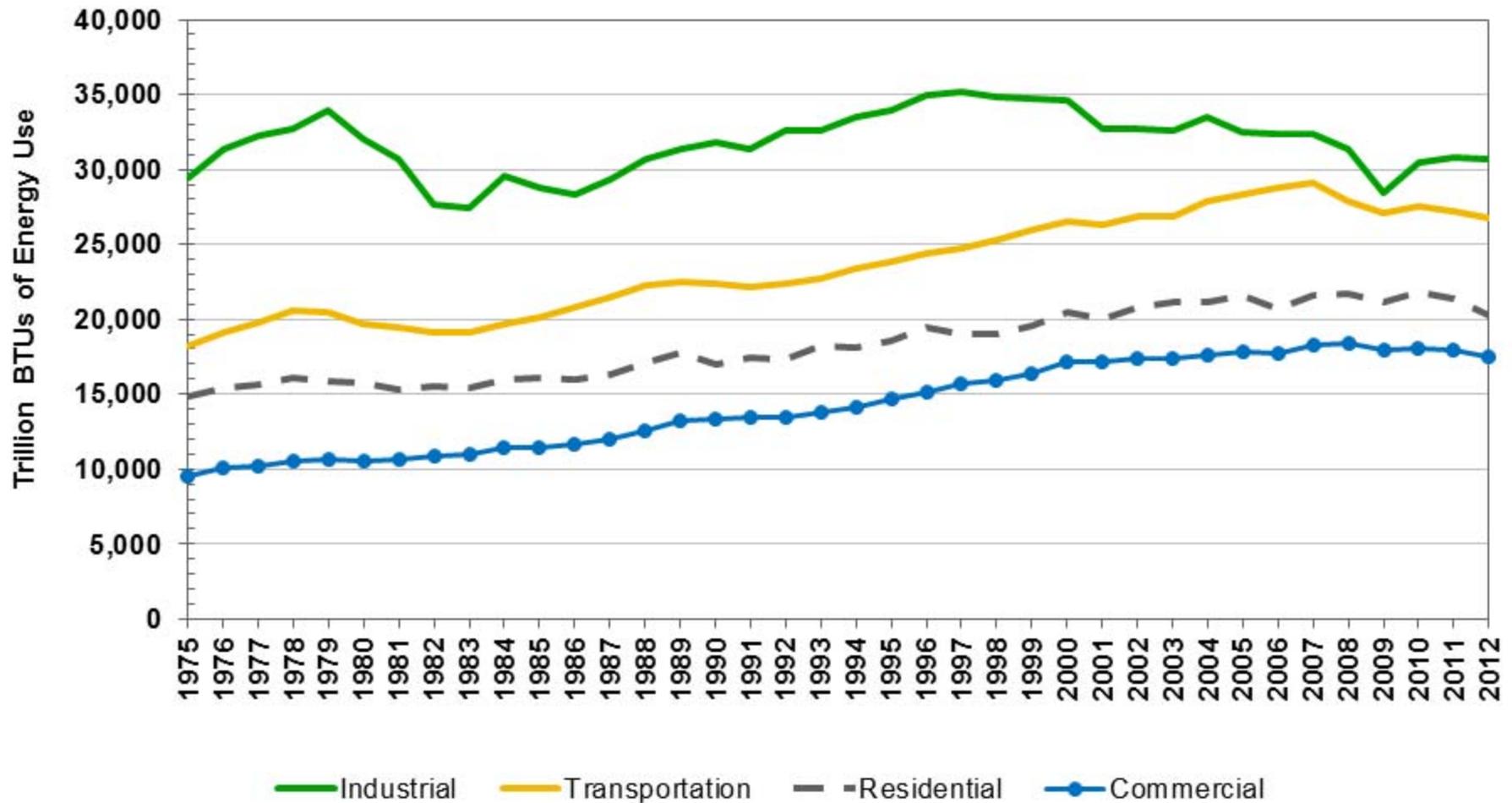
*Bill McCourt, Executive Director*

*RI Manufacturers Association*



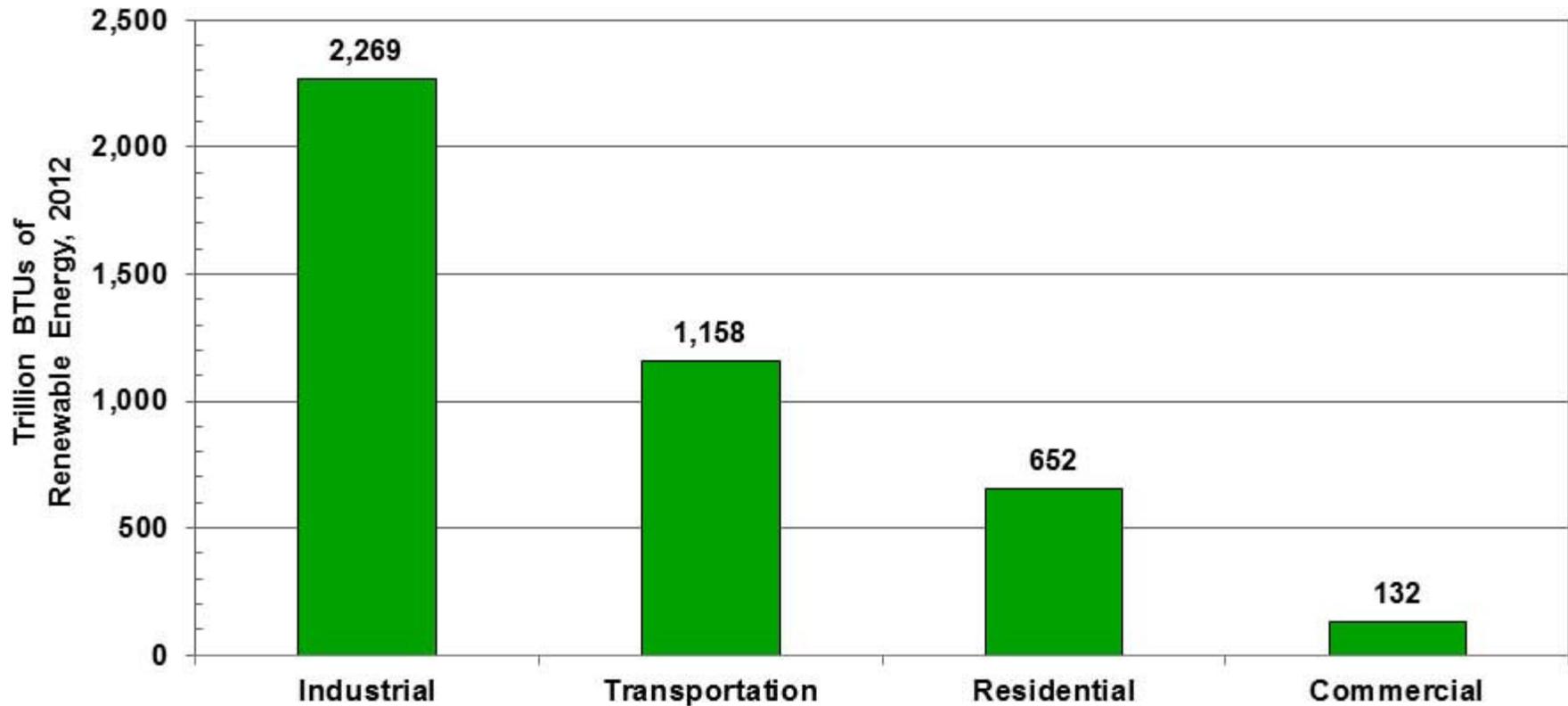
## The Industrial Sector's Energy Use Returning to 1975 Levels While Other Sectors Continue to Increase

(Updated October 2013)



Source(s): U.S. Energy Information Administration

**Figure 29 – Manufacturing Leads on Renewable Energy Usage**

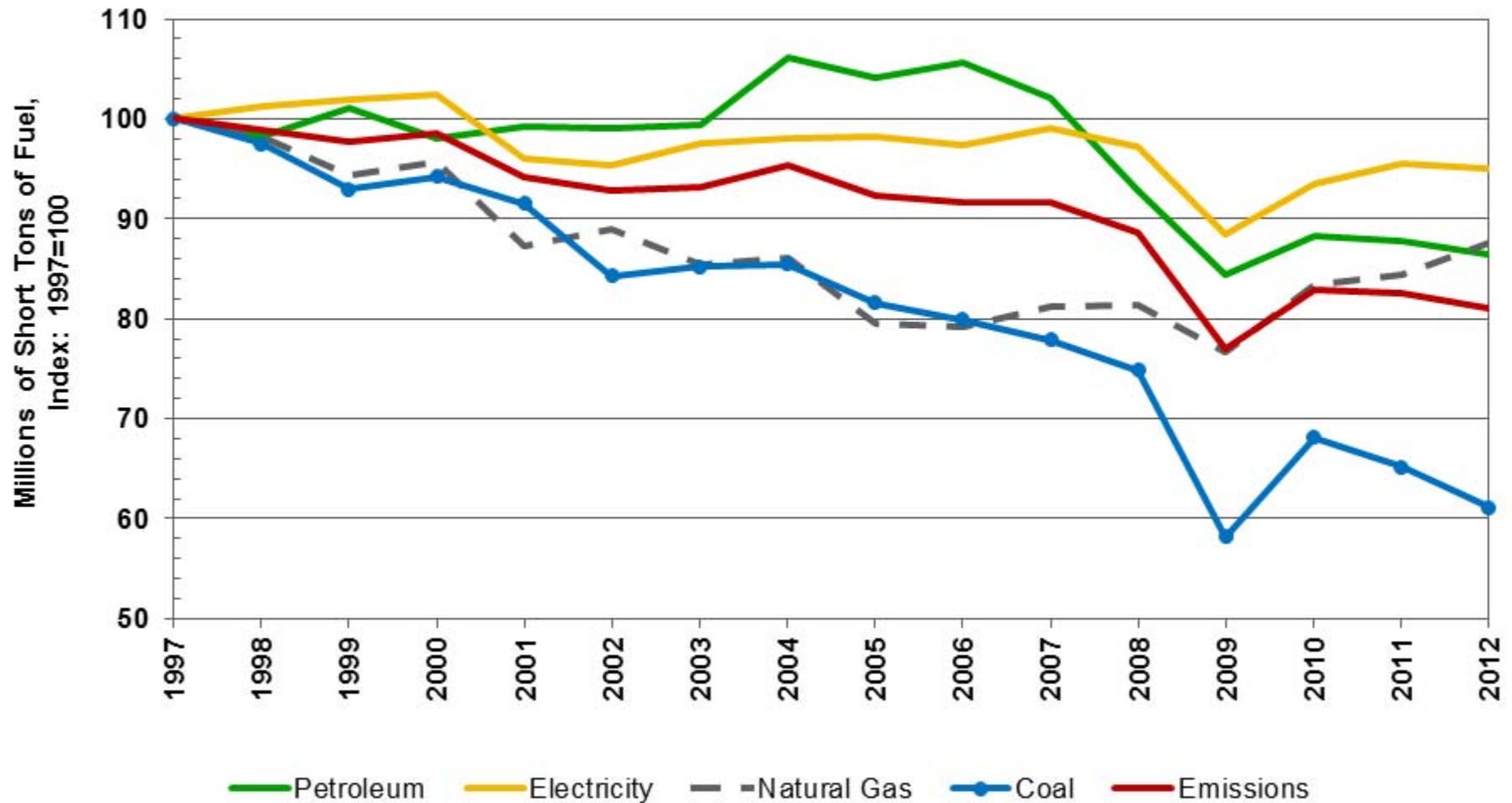


Source(s): U.S. Energy Information Administration  
Updated 1/17/2014



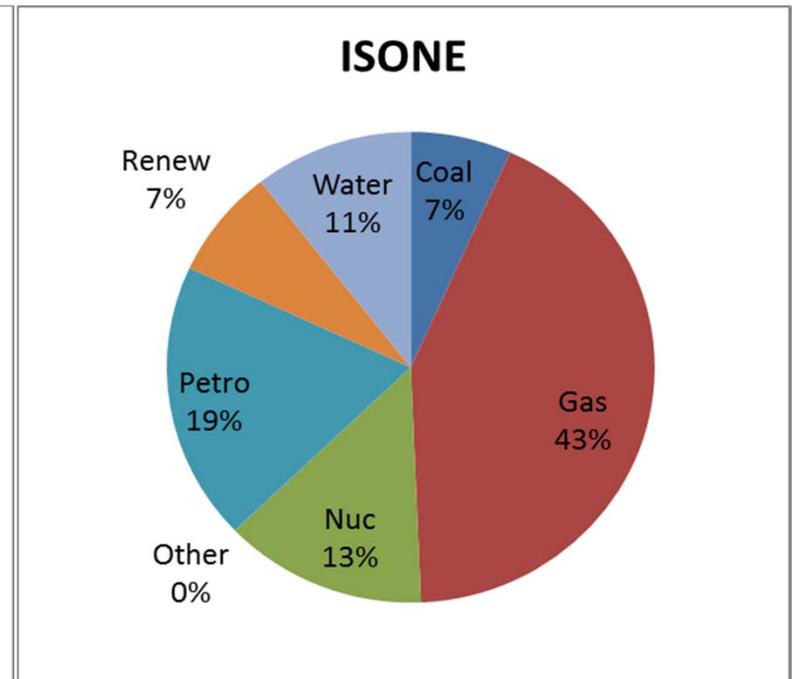
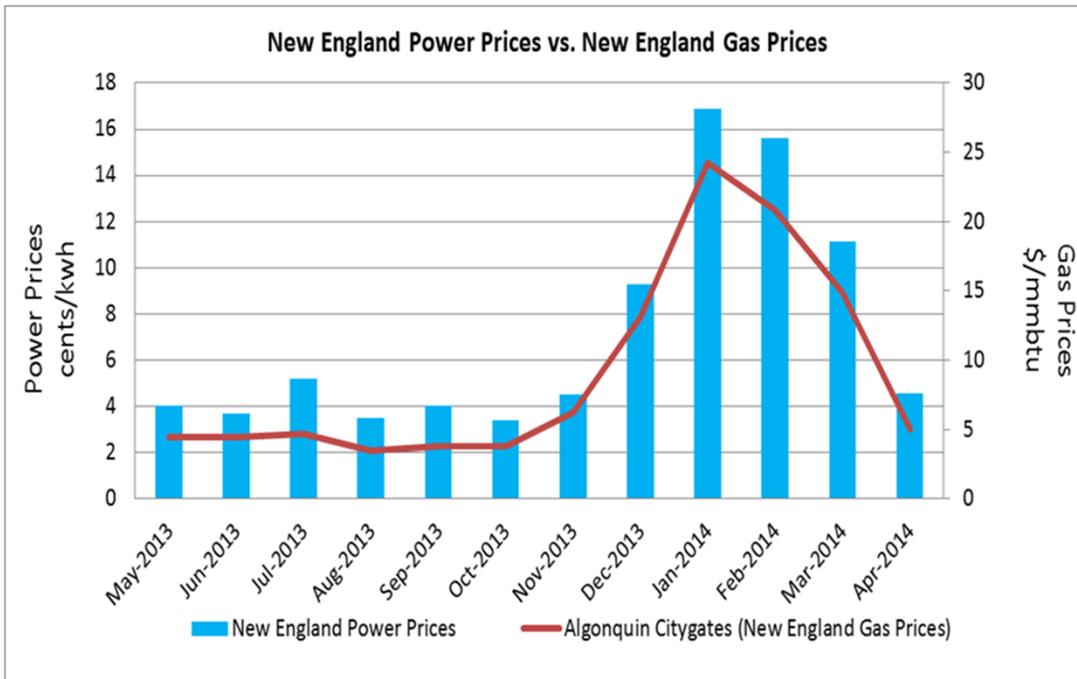
## Industrial Fuel Use and Emissions Have Declined Below 1990 Levels

(Updated April 2014)



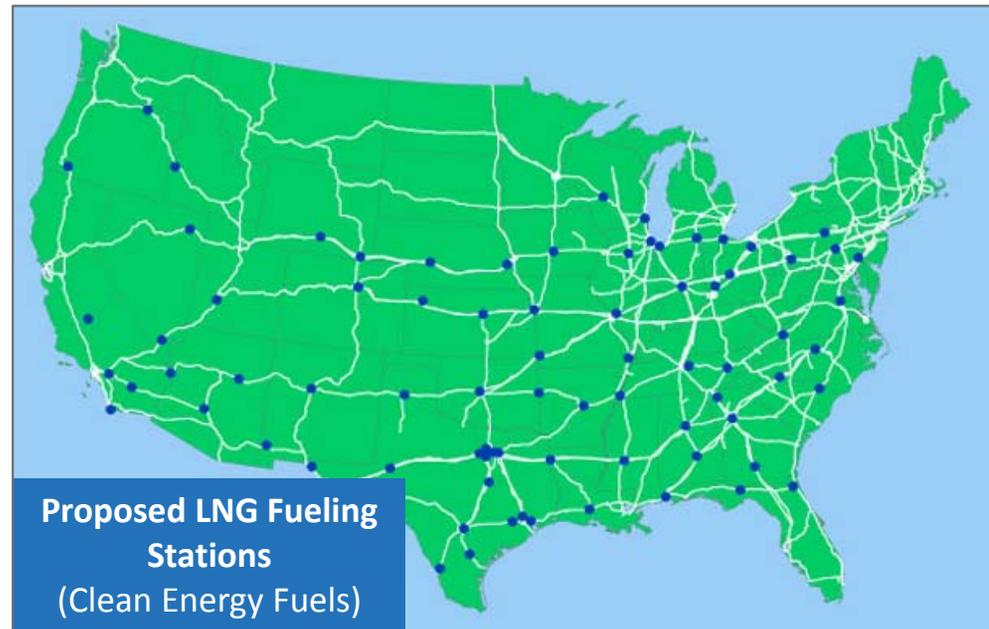
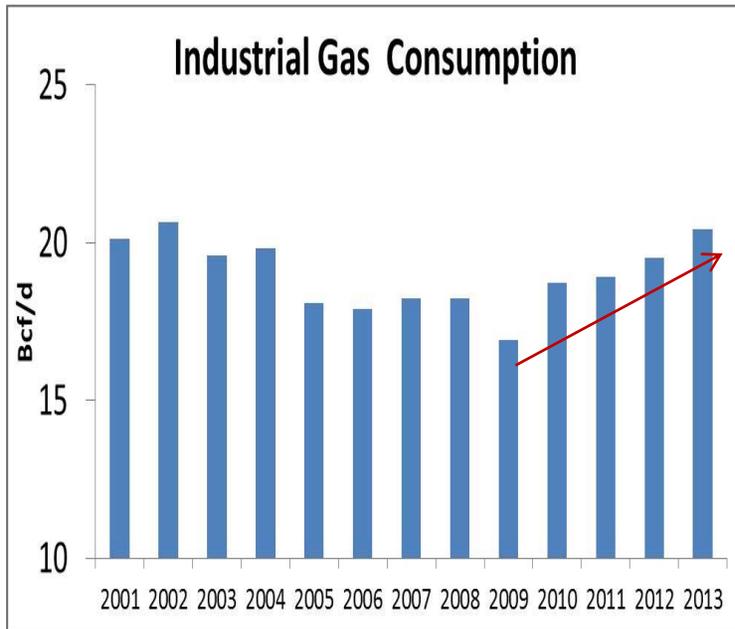
Source(s): U.S. Energy Information Administration

# Power Prices Highly Correlated to Gas Prices



- Gas fired generation is a significant portion of the generation mix for New England
- Lack of fuel diversity could create increased price volatility risk
- Lack of adequate gas infrastructure in New England creates higher winter price volatility
- There is long term support for increased gas prices as demand for gas increases due to LNG exports, coal retirements, industrial gains, and Mexican exports

# Macro Level: Consumption Expected to Grow in Coming Years



1. 1,400 coal & oil units impacted by new air standards; 40% have no advanced controls
2. Daily gas consumption by industrial users has been on the rise since 2009 (+21%)
3. The DOE approved 7<sup>th</sup> LNG export terminal, additional gas demand could be significant
4. Rapid progress being made on utilizing natural gas as a transport fuel (auto, train and shipping)

Sources: EIA , Constellation, NGSA

# Driving Forces in New England

## **Power plants set to retire by June 2017**

- Brayton Point, a 1,535-MW power plant located in SE MA
- Vermont Yankee, a 600-MW power plant in VT
- Salem Harbor, a 750-MW generator in NE MA
- Norwalk Harbor, a 350-MW power plant located in CT

## **Ancillaries and Capacity Markets**

- Capacity Market Prices are increasing due to inadequate supply
- Renewable Portfolio Standard costs are increasing
- Coal retirements put upside pressure on markets