

February 21, 2019

**Testimony of Steve Guveyan, Connecticut Petroleum Council, in Opposition to HB-6242
Regarding Interstate Natural Gas Pipeline Restrictions**

The Connecticut Petroleum Council/ API is a trade association of major oil companies, pipelines, exploration & production companies, and others in the oil and natural gas business.¹ We oppose HB-6242 because it seeks to *permanently* eliminate opportunities for new or expanded natural gas pipelines in the future. The existing statute 16a-3j allows DEEP---in conjunction with other states in the ISO-NE region---*to consider* issuing solicitations and signing contracts for interstate natural gas pipelines in the future. Eliminating it is short-sighted and would hamper DEEP from accomplishing its mission of making available cheaper, cleaner and more reliable energy. We urge the statute be left as is—and the bill rejected---for the following reasons.

Current Law Only Allows New Natural Gas Pipeline Cost Pass-Throughs to Ratepayers IF Certain Conditions Are First Considered. Pipeline cost pass-throughs to ratepayers are allowed only after a comprehensive evaluation of certain factors: (i) do the benefits outweigh the cost to ratepayers (e.g. are electricity prices reduced because of the increased supply of natural gas resulting from the construction of new natural gas pipelines); (ii) is it in the best interest of ratepayers; (iii) are there air quality benefits, etc. *The bill as written would prohibit any natural gas pipeline cost pass-through, even if it is justified by lower electricity prices and in the best interest of the ratepayer, which makes it a very consumer-unfriendly bill. Prohibiting new or expanded pipelines will likely drive up energy costs and could potentially reduce energy availability and reliability for consumers.*

There Is Very Strong Demand for Natural Gas in Connecticut and New England. Reports by electricity grid operator ISO-NE², the New England States Committee for Electricity (representing each of the 6 New England states governors)³, and the New England Coalition for Affordable Energy⁴ show there is not enough natural gas pipeline capacity. Big end-users such as Yale that can burn either heating oil or natural gas---so called dual-fuel customers---have a particularly sharp need for more natural gas: they get knocked off the system when cold snaps hit because there isn't enough pipeline capacity to accommodate them. During the January 2018 cold spell natural gas prices in New England were the highest in the country---a sure-fire sign more capacity is needed. Three major utilities and one small municipal utility in Massachusetts and one major utility in Westchester County are no longer accepting new natural gas customers because of insufficient pipeline capacity. There's plenty of gas, but not enough pipelines to deliver it.

An All-Of-The-Above-Approach to Energy Supply Works Best. Natural gas, renewables, LNG, nuclear and oil are all needed. Yes---even oil is critical as a back-up fuel---as evidenced by the brutal January 2018 cold snap when 2 million barrels of oil were consumed in the New England power sector in order to keep the lights lit and the heat hot. Over the course of a year, oil accounts for only 1% of the power generation mix in New England, but during the cold spell

it generated 33% of the region's electricity supply, proving to be a superb shock-absorber when weather gets abnormally cold. In short, all fuels are needed, and no fuel source should be barred from competing or expanding as this bill proposes to do.

Connecticut Should Not Pick Winners & Losers in The Energy Business. The bill allows competing Requests-for-Proposals to go forward for certain projects (LNG, energy storage, conservation and load management programs) but discriminates sharply against natural gas pipelines by eliminating them from the future energy mix. Barring pipeline expansion potentially causes fuel shortages and will inhibit future economic growth---an attribute prized by large employers. Large energy-dependent industrial users will think twice before expanding in Connecticut if they believe supplies are insufficient because of state energy policy. And consumers will pay higher prices (as they did during the recent cold snap) if pipelines can't supply all the gas that's needed.

Additional Natural Gas Pipeline Capacity Will Help Grow Connecticut's Economy While Simultaneously Minimizing Greenhouse Gas Emissions. More energy will be required if Connecticut and New England want to grow in the decades ahead, especially more natural gas---an abundant, low-carbon, low-greenhouse gas emitting, easily-transported, domestically-produced fuel, much of which comes from nearby Pennsylvania. Carbon emissions in the power sector are at near 25-year lows due largely to the growth of natural gas production. Methane emissions are being reduced with the help of a new program called The Environmental Partnership which promotes reducing methane leaks from pneumatic controllers and emphasizes leak detection & repair, along with other strategies ⁵. Today's new state-of-the-art pipelines include advanced computerized systems, remote sensors, and specialized Integrity Management Programs.⁶ Building new natural gas pipelines bring spinoff benefits, too: for example, new natural gas-fired electric power plants create high-paying construction jobs, additional permanent jobs, and tax revenue to the state and municipalities.

There Are Reliability Issues Ahead in The Electricity Market. Electricity grid operator ISO-NE said that in 19 of 23 scenarios it modeled (82%), there is a threat of forced rolling blackouts by 2024-2025 during peak winter-time demand. Expanding natural gas pipeline capacity will help prevent that from happening. Eliminating the ability of DEEP to contract for more natural gas pipelines will take expansion effectively off the table, leaving Connecticut subject to limited energy availability, which could lead to rolling blackouts.

Thank you for taking our testimony against HB-6242 which largely eliminates the opportunity for natural gas pipeline expansion and puts our ability to have a safe reliable, consistent and affordable source of energy at risk.

¹ The Connecticut Petroleum Council is a chapter of the American Petroleum Institute, a trade association representing all facets of the oil and natural gas industry; it supports 10.3 million U.S. jobs and nearly 8% of the U.S. economy. API's 625 members include major oil companies, refiners, pipelines, marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 47 million Americans.

² https://www.iso-ne.com/static-assets/documents/2018/01/20180117_pr_fuel-security_report_release.pdf

³ <http://nescoc.com/resource-center/gas-elec-focus-grp-infra-size-jan2014/>

⁴ <https://neaffordableenergy.org/research/>

⁵ <https://theenvironmentalpartnership.org/what-were-doing/taking-action/>

⁶ <https://www.ct.gov/pura/cwp/view.asp?a=3363&q=414034>