Keeping Homes Heated (and Powered, and at Reasonable Prices)

PRESENTATION BEFORE NCSL/NRI
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Like it or not...

Stop the FRACKED GAS PIPELINE

Fracking = Jobs

What Should New York State Government do on Hydraulic Fracturing?
Fracked Gas Has Saved $Billions

U.S. Natural Gas Citygate Price

Dollars per Thousand Cubic Feet

Source: U.S. Energy Information Administration
Direct Benefits of Lower-Priced Natural Gas

- Lower heating costs
- Lower electric bills
- Lower uncollectible bills
- More conversions of homes from oil or wood heat to natural gas heat.
Lower-Priced Natural Gas Means Affordable and Cleaner Electricity

- In several regional electric markets, natural gas is often the pivotal fuel for electric market pricing.

- Low-cost natural gas has therefore made power more affordable, benefitting residential customers.

- Has indirectly fostered the growth of renewable forms of electricity and compliance with environmental goals.
New Pipeline—needs and challenges, part 1

2013-2014 Polar Vortex: A Cautionary Tale
New Pipeline-needs and challenges, Part 2

- How do you build more pipeline for ELECTRIC reliability?
- Through power plant owners?
- Through your gas utilities?
- Through your electric utilities?
Gas Pipeline Financed by Electric Customers?

Massachusetts high court nixes 'pipeline tax,' electric utilities may not finance major natural gas projects
Alternatives to Additional Pipeline Infrastructure

- Liquid Natural Gas (LNG)
- Oil
- Imports from other Electric Control Areas
- Other possibilities: Demand response, renewables with storage, fuel cells, microgrids, combined heat and power units
Concerns with Fracked Gas

- A major concern is over-reliance on natural gas in our electric system, which over-reliance is encouraged by low-priced fracked gas.

- Risks of fracking
  - Water contamination
  - Seismic reactions
Looming Customer Concerns

- Demand for electric vehicles (EVs)

- This may exacerbate the need for more natural gas power plants, and more natural gas pipeline.

- Will demand for natural gas in the power sector nationally (replacing coal plants) eventually impact the cost of natural gas as a heating fuel?

- Who pays?
The Bottom Line

- We need more gas pipeline infrastructure to:
  - Reduce power plant emissions;
  - Convert homes to cleaner-burning natural gas;
  - Provide fuel for new gas power plants which will be needed to:
    - Provide electricity for EV growth;
    - Backstop intermittent renewables;
    - Replace some of the nuclear power plant fleet; and
    - Avoid ghastly winter price spikes and winter reliability fears.

- So long as costs are equitably shared, try to overcome concerns about the source of the revenue (electric customers versus gas customers)—including through passage of new laws if necessary.