

# **NEXT-GEN ENERGY**

## **A Balanced Approach To Massachusetts' Energy Future**



**Governor Mitt Romney**

# MASSACHUSETTS' ENERGY CHALLENGES

## 2006-2016

<b>High Energy Prices</b>	Massachusetts' energy costs are among the highest in the country.
<b>Billions of dollars in new Federal Surcharges ("LICAP")</b>	Federally-mandated capacity charges could cost Massachusetts ratepayers \$10 billion over the next 10 years.
<b>Reliability: Possible Failures on Very Hot or Very Cold Days</b>	Our consumption of electricity is growing faster than our capacity to generate it. By 2011, if no action is taken, New England faces a risk of rolling blackouts during times of peak demand.
<b>Lack of Fuel Diversity</b>	Expensive natural gas determines electricity prices many times during year.
<b>Current Energy Infrastructure Won't Meet our Future Needs</b>	On peak winter days, we depend heavily on constrained pipelines and LNG storage for reliable gas supply.
<b>Dependence on Imported Fuels</b>	Infrastructure and programs needed to create a robust market in MA for renewable energy technologies, biofuels, energy efficiency and demand reduction technologies.

# **NEXT-GEN ENERGY**

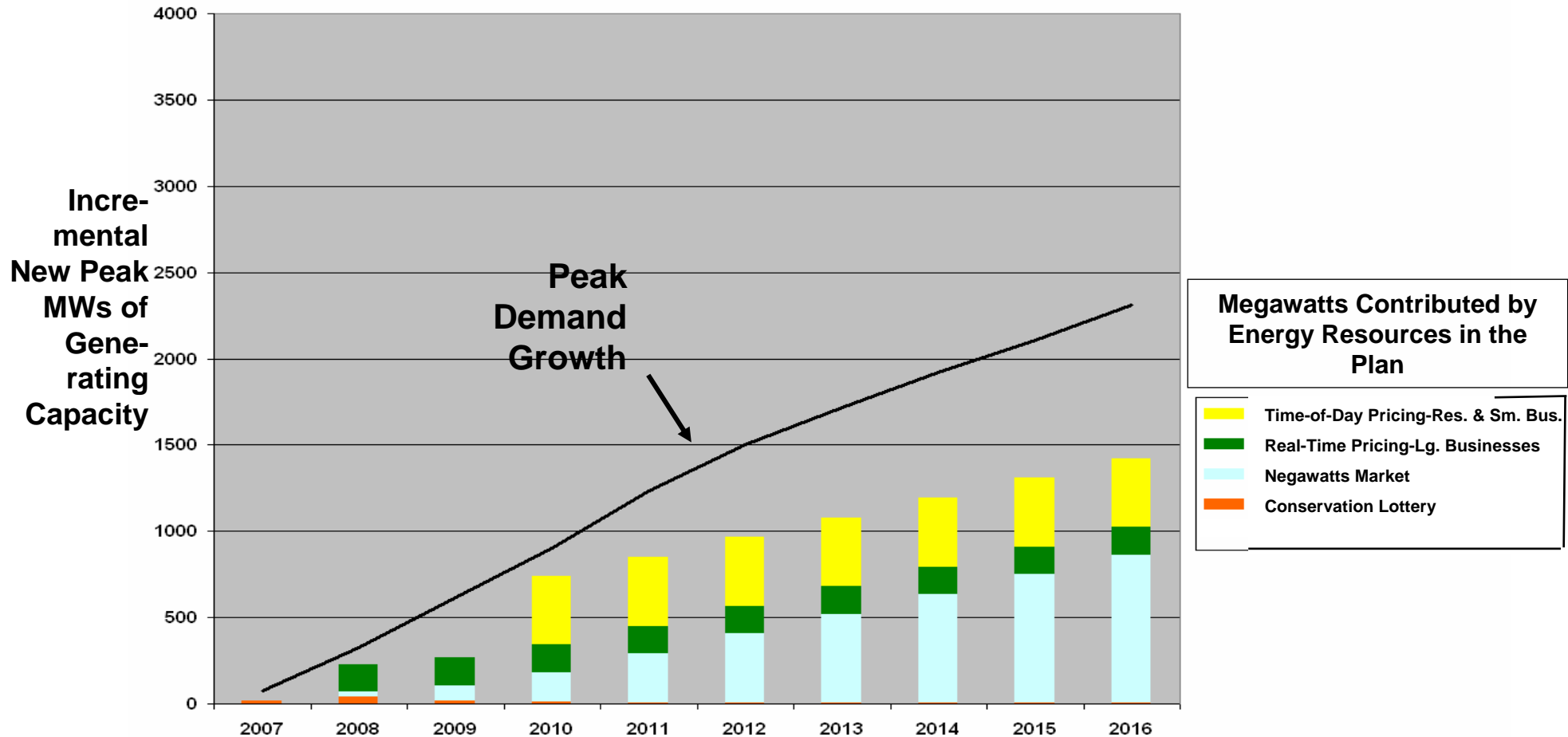
**Next-Gen Energy is a Plan to Control Our Energy Future:**

- 1. Reduce consumption**
- 2. Increase and diversify supply through renewable energy**
- 3. Fix our infrastructure problems**
- 4. Promote an advanced energy technology sector**

# STEP 1: REDUCE OUR ENERGY CONSUMPTION

<b>Energy Efficiency</b>	<b>Establish Statewide Market for “Negawatts”</b> <ul style="list-style-type: none"> <li>• When it’s cheaper to reduce consumption than it is to buy more power, reduce our use.</li> <li>• Use an Efficiency Portfolio Standard to require reductions in electricity consumption</li> </ul>
	<b>Require State Facilities to be Energy Efficient</b>
	<b>Lottery to Reward Consumer Conservation</b>
	<b>Extend Tax Incentives to all energy efficient cars, not just hybrids.</b>
<b>Demand Response</b>	<b>Variable, Real-Time Pricing for Industry</b>
	<b>Time-of-Day Rates for Small Businesses and Residential Customers</b>

# REDUCING CONSUMPTION TAKES A MAJOR STEP TOWARDS CLOSING OUR GAP



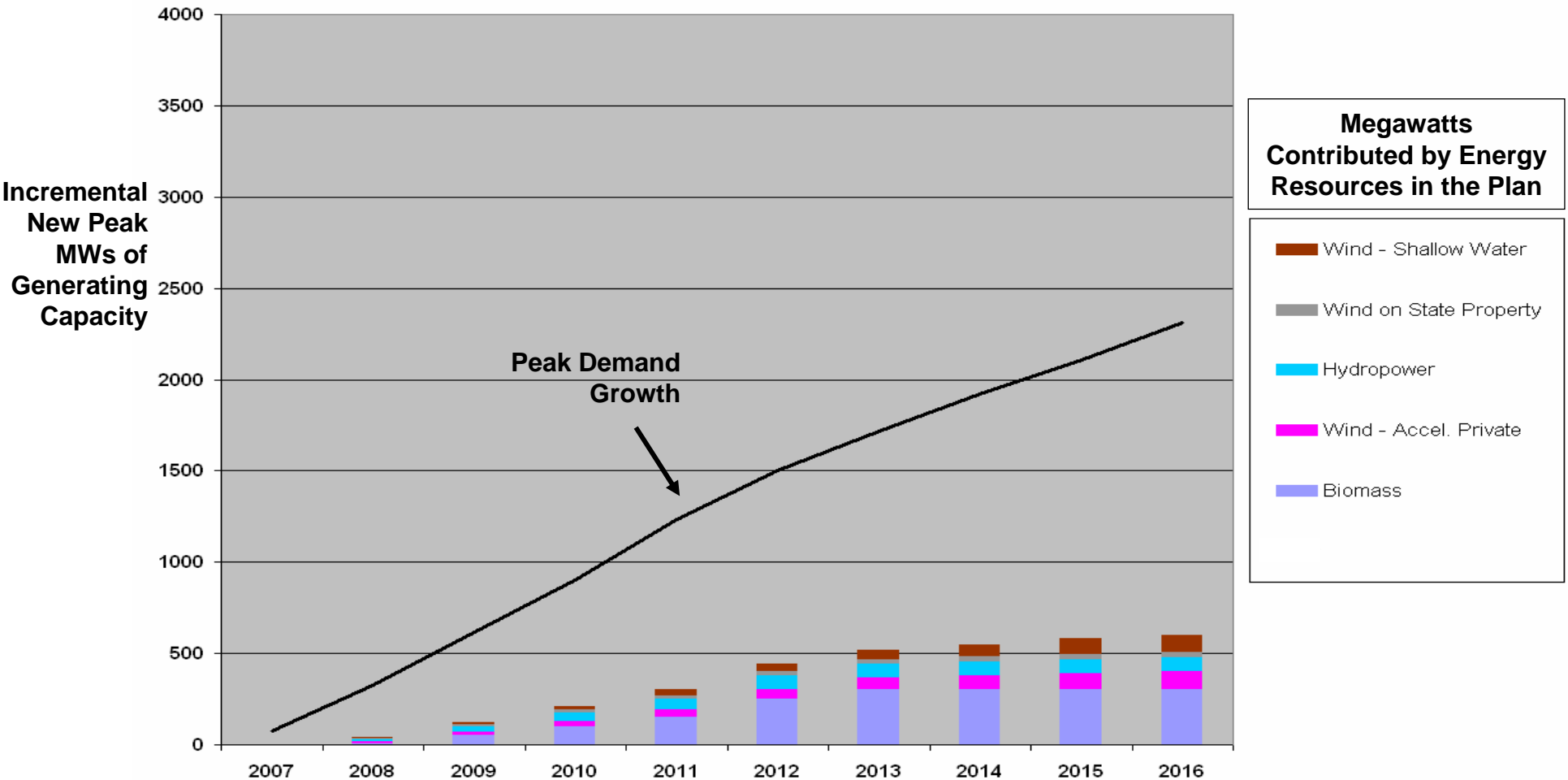
**Step 2:  
INCREASE SUPPLY:  
DIVERSIFY THROUGH RENEWABLE ENERGY**

<b>Biomass Power</b>	<b>Continue to defend Renewable Portfolio Standard (RPS), which requires renewables purchases by suppliers</b>
	<b>Drive expansion of clean biomass generation</b> <ul style="list-style-type: none"> <li>•Expedite regs on fuel inputs, siting, and co-firing</li> </ul>
	<b>Support for transportation infrastructure &amp; wood aggregation with state funds</b>
	<b>Promote co-firing wood at existing coal-fired power plants and development of new clean biomass power plants.</b>
	<b>Promote clean biomass generation at state facilities</b>

**Step 2:  
INCREASE SUPPLY:  
DIVERSIFY THROUGH RENEWABLE ENERGY (cont.)**

<b>Wind Power</b>	<p><b>Support selected wind power projects that are already locally approved</b></p> <ul style="list-style-type: none"> <li>• Princeton, Hull, Cape Cod Community College, Mass Maritime, Monroe, and Florida MA</li> </ul>
	<p><b>Accelerate Wind Power at State Facilities and on State Lands</b></p>
	<p><b>Push Development of Wind Projects in Shallow State Waters</b></p>
	<p><b>Permitting and Appeals Reform to Encourage Wind on Private Land</b></p>
<b>Hydro Power</b>	<p><b>Encourage new hydro power</b></p> <ul style="list-style-type: none"> <li>• Make incremental Hydro Eligible for Renewable Portfolio Standard (RPS)</li> </ul>

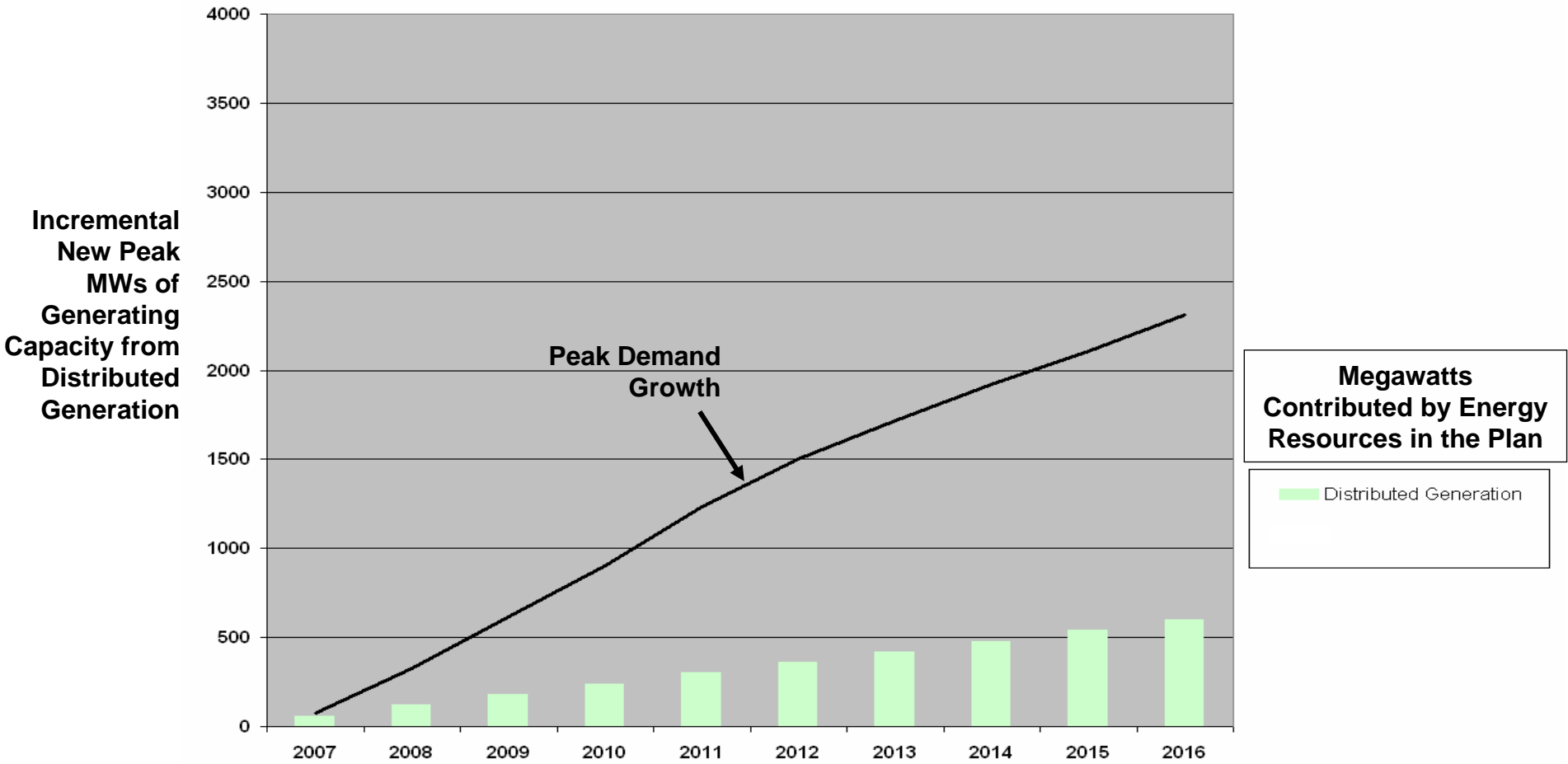
# RENEWABLES: A REALISTIC COMPONENT OF OUR FUTURE ENERGY SUPPLY



**Step 3:  
FIX OUR INFRASTRUCTURE PROBLEMS –  
DISTRIBUTED GENERATION**

<b>Distributed Generation</b>	<b>Create our distributed generation by lowering stand-by rates by 50%, to encourage large C&amp;I customers to install efficient, on-site electric generation</b>
<b>New Generation</b>	<b>Evaluate new generation proposals that conform with environmental and siting requirements</b>
<b>Transmission</b>	<b>Continue to support transmission upgrades to ensure system reliability and prevent load pockets</b>

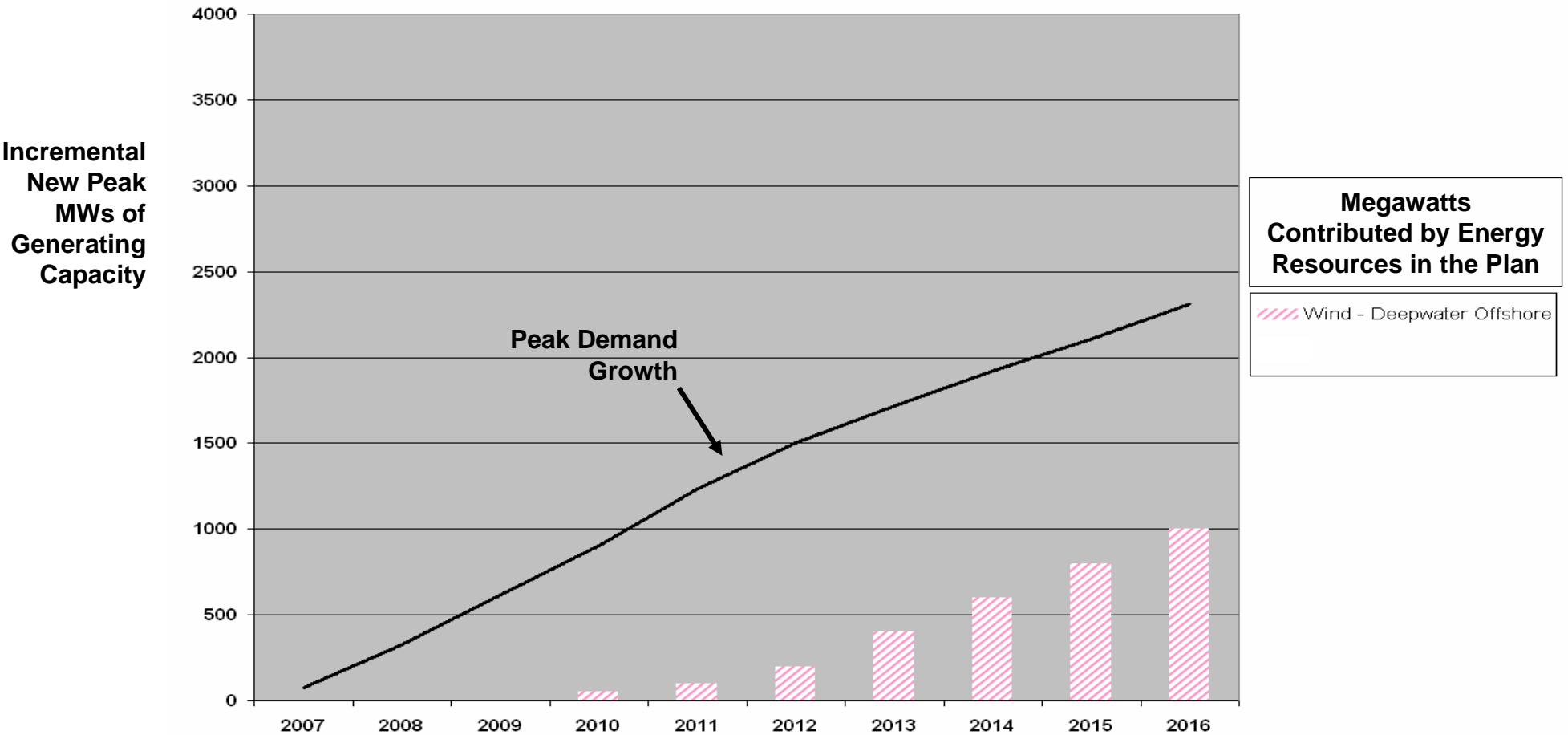
# DISTRIBUTED GENERATION INFRASTRUCTURE HELPS CLOSE THE GAP



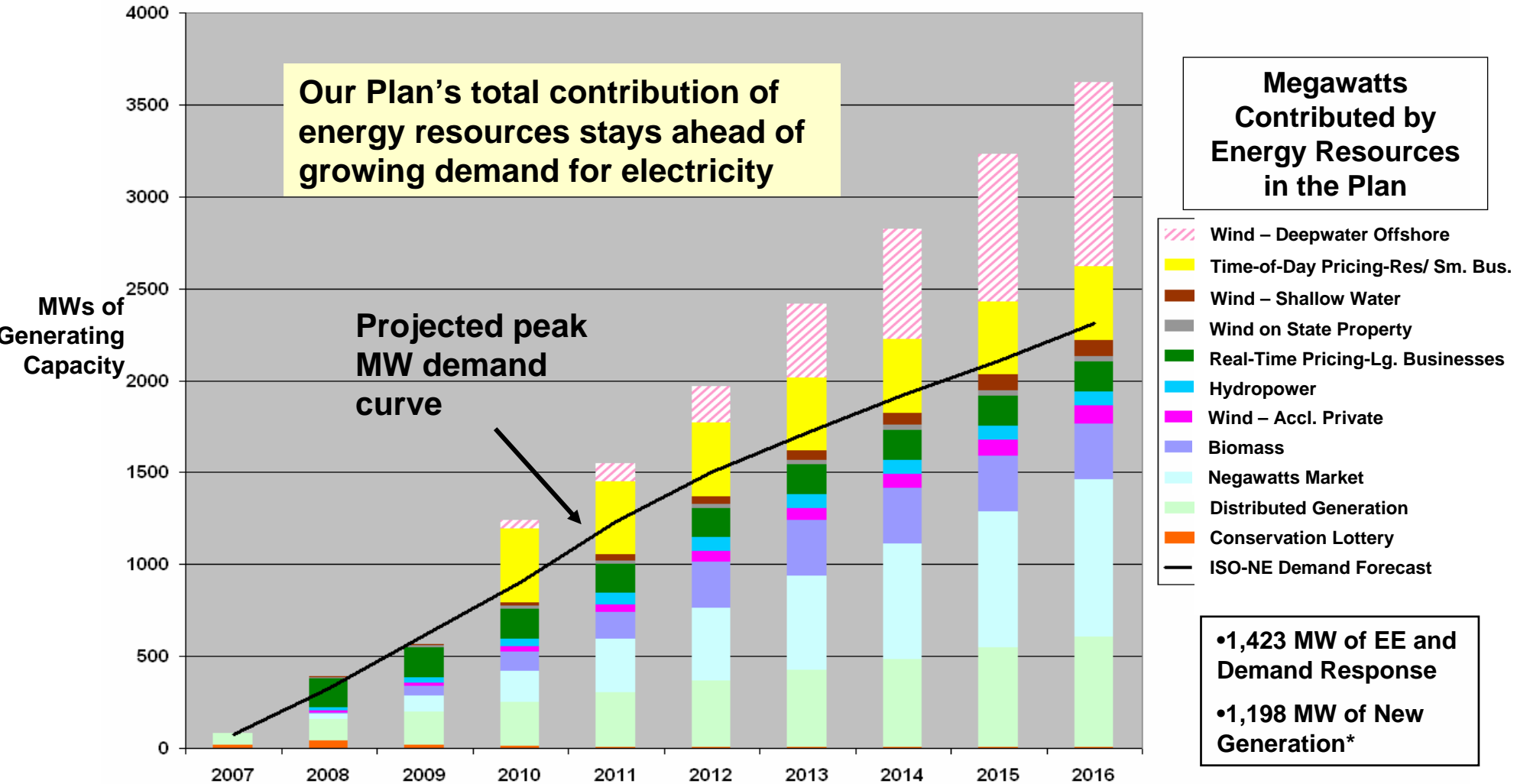
## Step 4: LEAD THE NATION IN ADVANCED ENERGY TECHNOLOGIES AND CREATE JOBS

<p style="text-align: center;"><b>Advanced Energy Technologies Cluster</b></p>	<p>Ex. Office Economic Development Energy Technology Initiative</p> <p>Energy Technology Summit: specialized firms, research universities, venture capitalists, energy and environmental advocacy groups, real estate owners</p> <p>John Adams Institute to spur advanced technologies</p> <p>Mass Office of Business Development outreach effort</p> <p>Synergies with Biotech cluster</p>
<p style="text-align: center;"><b>Wind Power</b></p>	<p>Partner with Federal Government, MTC, Industry and Academia to Accelerate Deep-Water Offshore Wind</p>
<p style="text-align: center;"><b>MA Leadership in Biofuels R&amp;D</b></p>	<p>Establish dedicated energy crop cellulosic ethanol site trials</p> <p>Establish algae to ethanol and biodiesel site trial in MA</p> <p>Support efforts of private R&amp;D firms to pilot more cost-effective production methods.</p> <p>State to Partner with MA research institutes and private R&amp;D.</p>

# ADVANCED ENERGY TECHNOLOGIES COULD MAKE A MAJOR CONTRIBUTION: EXAMPLE – DEEPWATER OFFSHORE WIND

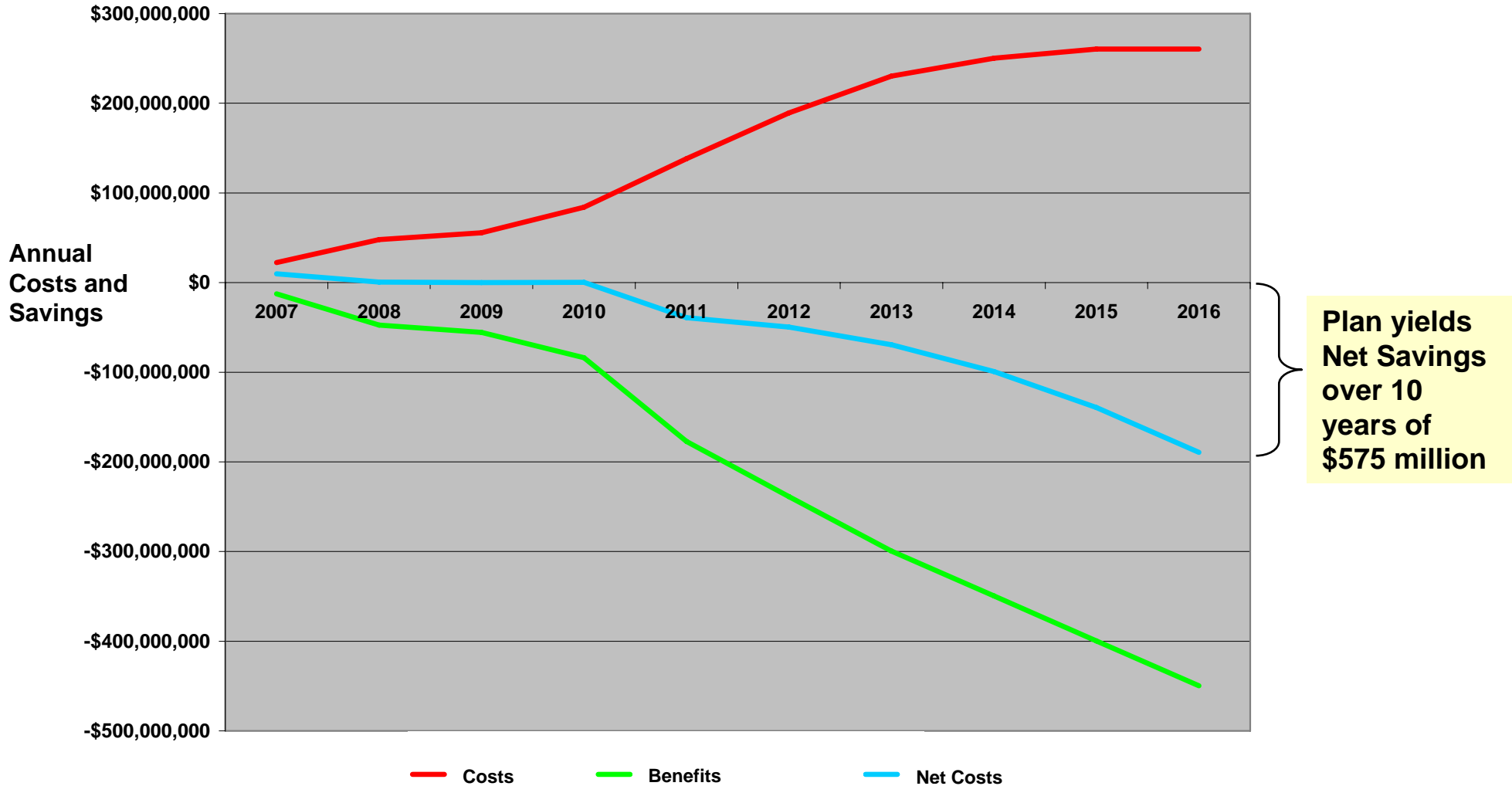


# THESE FOUR STEPS ARE A BALANCED APPROACH TO OUR ENERGY FUTURE



\* Generation does not include potential of Deepwater Offshore Wind

# THESE FOUR STEPS WILL PAY FOR THEMSELVES



# TAKING CONTROL OF OUR ENERGY FUTURE

<b>August '06</b>	<b>Require More Efficient Energy Use in Existing State Buildings</b>
	<b>Require Advanced Efficiency Standards in all New State Buildings</b>
	<b>Require Increased Use of Biofuels in State Vehicles &amp; Buildings</b>
	<b>DOER To Establish a Conservation Lottery</b>
	<b>Support Legislation to Create Tax Incentives for Energy Efficient Vehicles</b>
	<b>Partner with Coastal Municipalities in Development of Off-shore Wind</b>
<b>This Fall</b>	<b>DOER To Petition DTE To Initiate Dockets on Variable, Real-time Pricing and "Negawatts" Market</b>
	<b>Issue RFPs for Wind and Biomass at State Facilities and on State Land</b>
	<b>DOER To Petition DTE To Initiate Dockets on On-site Generation and Time-of-Day Rates</b>
	<b>Work with Stakeholders on Plan to Create Incentives for Renewable Power</b>
	<b>Convene Summit of Advanced Energy Technologies to Build Cluster</b>
	<b>Aggressively Pursue National Wind Test Blade Facility</b>
	<b>Decide on Off-shore LNG Projects</b>