

The Real Threat to Grid Reliability in New England: Inadequate Energy Infrastructure

In January 2018, The Federal Energy Regulatory Commission rejected Secretary of Energy Rick Perry's [Notice of Proposed Rulemaking \(NOPR\)](#) to compensate energy producers with a 90-day on-site fuel supply. FERC declined to subsidize inefficient nuclear and coal plants that are being priced out of the market by more competitive natural gas:

“It also has not been shown that the remedy in the Proposed Rule would not be unduly discriminatory or preferential. For example, the Proposed Rule’s on-site 90-day fuel supply requirement would appear to permit only certain resources to be eligible for the rate, thereby excluding other resources that may have resilience attributes.” FERC, [Order Terminating Rulemaking Proceeding & Initiating New Proceeding, and Establishing Additional Procedures, 1/8/2018](#)

“The Proposed Rule had little, if anything, to do with resilience, and was instead aimed at subsidizing certain uncompetitive electric generation technologies.” FERC Commissioner Richard Glick, [1/8/2018](#)

The proposed remedy “sought to freeze yesterday’s resources in place indefinitely, rather than adapting resilience to the resources that the market is selecting today or toward which it is trending in the future.” FERC Commissioner Cheryl A. LaFleur, [1/8/2018](#)

Instead, FERC reframed the question for the Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs), regional entities that oversee electricity generation and transmission in their areas, tasking them with determining the health of the grid:

“We are initiating a new proceeding to address resilience in a broader context and are directing the RTOs/ISOs to provide information ... that will inform us as to whether additional actions by the commission and the ISOs/RTOs are warranted with regard to resilience issues.” FERC, [Order Terminating Rulemaking Proceeding & Initiating New Proceeding, 1/8/2018](#)

A record-breaking storm at the start of the year vindicated FERC's ruling. Despite extreme cold and snow around the eastern half of the country, the United States avoided widespread blackouts. However, natural gas prices in New England rose steeply, highlighting an issue the NOPR had failed to address: insufficient infrastructure, gas pipelines in particular, to meet increasing regional demand:

“It wasn’t coal plants that saved the day (during the bomb cyclone), it was 1950s, 1960s oil burners that had to run to keep the lights on in the New England marketplace, backed up by gas storage into the marketplace.” FERC Commissioner Robert Powelson, [2/5/2018](#)

“We have not addressed the more difficult and fundamental challenges for electric and gas infrastructure. For example, gas pipeline infrastructure remains too constrained.” Senator Lisa Murkowski (R-AK), Chairman, Senate Committee on Energy and Natural Resources, [1/23/2018](#)

“Natural gas supply and transportation were highly reliable throughout the extreme cold period, yet reliable natural gas supply and transportation must remain a high priority.... Inadequate fuel infrastructure, particularly natural gas infrastructure to serve the growing fleet of natural gas-fired power plants is a current and growing reliability risk.” **Charles Berardesco, Interim President and CEO, North American Electric Reliability Corporation, [1/23/2018](#)**

New England, with its harsh winters and limited energy infrastructure, is particularly vulnerable. Geography and politics exacerbate this vulnerability, as New York Governor Andrew Cuomo’s opposition to fossil fuels has prevented natural gas in prolific shale deposits in neighboring states from reaching the region. As a result, grid operators and other stakeholders continue to express concern:

“Current trends are pushing the New England power system on a path toward greater fuel-security risks... On balance the analysis revealed that fuel-security risks are present in the vast majority of cases, even in scenarios with higher (liquefied natural gas), renewables, and imports.” **ISO New England report, [1/19/2018](#)**

“Without new pipeline capacity, power generators are paying higher spot prices for gas, and those costs will ultimately be passed onto the consumers. And there’s going to be a lot of unhappy people when they start to receive these bills.” **Tim Kiley, President and CEO, Northeast Gas Association, [1/7/2018](#)**

Grid operators in the Northeast were not surprised. For years, ISO New England has warned of the risks involved in winter demand outstripping pipeline capacity:

“As our demand for natural gas has increased, the region has not seen a corresponding growth in natural gas infrastructure to reliably meet that demand.” **Gordon Van Weile, President & CEO ISO New England, [5/14/2013](#)**

“The region’s natural gas delivery infrastructure has expanded only incrementally, while reliance on natural gas as the predominant fuel for both power generation and heating continues to grow. During extremely cold weather, natural gas pipeline constraints limit the availability of fuel for natural-gas-fired power plants.” **ISO New England, [11/30/2017](#)**

Meanwhile, environmentalist opposition to new pipelines – [and a preference for importing natural gas from abroad](#) – has forced the region to do the unthinkable: import liquefied natural gas from Russia.

“A tanker carrying liquefied natural gas from a sanctioned project in Russia’s Arctic has arrived in Boston Harbor, where it will be offloaded for American users... A recent cold snap in New England and the shortage of pipeline capacity from gas-rich Pennsylvania have created an appetite for natural gas imports even as the United States has begun exporting LNG from other terminals on the Gulf Coast.” **Washington Post, [1/28/2018](#)**

“Gas from Russia’s Arctic is going to warm homes in Boston. And there is LNG coming from Russia. We have a natural resource in my home state and region that would love to be selling our natural gas in this country into the northeast.” **Senator Shelley Moore Capito (R-WV), Senate Committee on Energy & Natural Resources, [1/23/2018](#)**