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**NEPGA Response to Massachusetts Clean Electricity Partnership Report:
“Analysis of Benefits of Clean Energy Imports to Massachusetts Consumers”**

The Massachusetts Clean Electricity Partnership’s (MCEP) report on Canadian hydropower is fundamentally flawed. It dramatically underestimates the cost of outsourcing a third of Massachusetts’ electricity market in the form of subsidized contracts to provincially-owned utilities, such as Hydro-Quebec. These contracts would undermine the electricity markets today driving competitive pricing, dramatically lower emissions and robust reliability for consumers.

NEPGA continues to stand by the [analysis](#) conducted by Dr. Sue Tierney showing that the proposed out-of-market contracts could increase costs for consumers in Massachusetts by \$777 million per year. Dr. Tierney is a preeminent electricity market expert with a particular expertise on the interplay of competitive markets and clean electricity development in New England. Her report highlights the grave concerns that these types of subsidies could have on local plants, including the nuclear fleet.

Among other things, the MCEP report fails to state what the price of the contracted electricity would actually be undercutting any basis for being able to rely on the report for reasoned decision-making. Understanding the assumptions that underlie the cost estimate is particularly important in light of the current prices in New England’s wholesale electricity market. In 2015, the average wholesale electricity price in the region was 5 cents/kWh. That is a price delivered to Massachusetts, unlike the power from provincially-owned hydro that must also add in hundreds of miles of transmission costs. It strains credulity to believe that building lines such as Northern Pass plus paying a long-term premium for contracts would provide any cost savings when compared to the highly competitive electricity market prices.

The MCEP assumes that the full capacity of the transmission lines will participate and be selected in the New England Forward Capacity Market. The Federal Energy Regulatory Commission, however, has put in place protections against out-of-market and above-market intrusions into the wholesale electricity market. The importance of this protection of competitive outcomes was upheld in a U.S. Supreme Court decision just two days before the report’s release ([Hughes v Talen](#)). That decision confirms that state contract subsidies, like those proposed in Massachusetts for provincially-owned hydro, represent an intrusion into the wholesale electricity markets, violating the Federal Power Act.

NEPGA welcomes competition from all sources of electricity. That competition should occur to drive the best prices to meet increasing reliability standards and environmental requirements. Anything less means picking winners-and-losers and unnecessarily drives prices up. Massachusetts consumers deserve better.

NEPGA’s mission is to support competitive wholesale electricity markets in New England. We believe that open markets guided by stable public policies are the best means to provide reliable and competitively-priced electricity for consumers. A sensible, market-based approach furthers economic development, jobs and balanced environmental policy for the region.

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