

New England needs eight more power plants by 2015

This is realistic because the area is already at less than 5% reserves.

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Satisfying New England's growing appetite for electricity will require building roughly eight large power plants by 2015 and investing more than \$3.5 billion to improve power transmission, the region's power grid manager said Friday.

A report from ISO New England Inc. also warns the region has become too dependent on electricity generated from burning natural gas – an energy source that was cheap and plentiful a few years ago, but has since become prone to winter price spikes.

“The region's 40 percent dependence on natural gas to generate electricity is a serious reliability risk to New England customers, especially during winter peak-demand periods,” ISO New England said in an annual update of the region's 10-year electricity outlook.

The report also says the region could help ensure a reliable electricity supply by building new terminals to import liquefied natural gas and by adding new gas pipelines – steps that have run into opposition in New England and elsewhere because of various concerns, including safety risks.

ISO New England says a surge in recent proposals for generating plants has left the six-state region better prepared to meet rising demand than it was a year ago and has reduced potential for rolling blackouts when electricity use spikes during hot weather.

Investors have submitted 35 proposals for new plants in New England since mid-2005, after construction dropped off sharply from 2002 through 2005.

Officials attribute the investor interest to a recent agreement that will reshape New England's wholesale electricity market by allowing power generators to bid at auctions for the right to build plants.

The “Forward Capacity Market” agreement is also expected to lead to higher electricity rates – which prompted opposition from some top elected officials – while creating greater incentives to spur new projects.

Ken McDonnell, a spokesman for ISO New England, a nonprofit corporation based in Holyoke, said that many of the 35 proposed projects won't be built because they'll fail to meet permit requirements, run into opposition from neighboring residents or lose investor backing.

ISO New England's report projects the region's electricity demand will grow at an annual rate of 1.9 percent through 2015.

To meet that growth, ISO New England projects the region will need to add 4,300 megawatts of capacity – an amount that could be supplied by about eight large plants capable of producing at least 500 megawatts.

Unless the region adds new plants, it could face rolling blackouts during peak demand, according to the report.

The need for more plants is especially pressing in southwestern Connecticut, an area facing transmission bottlenecks.

Five upgrades of high-voltage transmission upgrades, an investment of more than \$2 billion, are now under way in New England's large cities.

But ISO New England says an additional \$3.5 billion or more must be invested by 2015 to relieve bottlenecks and otherwise improve power grid operations.

The report does not advocate adding specific new types of energy sources, but suggests the region should "increase renewable generating resources and consider adding new coal and nuclear technologies."