

ViewPoint: Energy debates must consider ratepayers

Jan 30, 2015, 6:00am EST



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Newly elected Gov. [Charlie Baker](#) has a rare opportunity to refocus Massachusetts energy policy around the one figure largely forgotten in the often esoteric Beacon Hill debates over power – the ratepayer.

Yes, that same small-business owner and homeowner whose electric bills are rising from policies long on environmental idealism and short on reducing some of the highest electricity rates in the nation. The same employer and citizen now facing increases of up to 37 percent in winter electric rates because the commonwealth lacks adequate infrastructure for natural gas and hydro power.

Baker can change all that with an approach that balances the need to address climate change with the imperative to control costs that threaten broad swaths of the economy from manufacturing to universities. Environmental goals must be part of the equation, but the recent demise of Cape Wind proves that environmental adventurism absent fundamental economics cannot succeed.

The good news is that there is a simple solution — use competitive market forces to determine the most efficient and cost-effective methods for generating and transporting power to the Bay State. Associated Industries of Massachusetts (AIM), which represents 4,500 employers

throughout the commonwealth, supports that approach and is pleased to offer some basic principles for implementing it:

- Ensure that all long-term contracts for renewable energy are competitively bid and generate cost-competitive electricity. Transparent competition ensures efficiency and identifies the best possible price for consumers. Cape Wind clearly did not meet this standard.
- Allocate any above-market or below market-costs of long-term electricity contracts fairly across customer classes, with no one class subsidizing the others.
- Add the badly needed natural-gas and hydroelectric infrastructure required to stabilize the price of electricity for small business and homeowners. How serious is the infrastructure problem? Wholesale natural gas prices have dropped 37 percent since 2007, while residential electric rates in one Massachusetts territory have surged 24 percent.
- Pursue regional solutions involving all six New England states to solve the energy crisis.
- Undertake a complete review of the commonwealth's massive subsidies for energy programs and technologies with unproven benefits.

Energy policy may seem arcane, but it directly affects the ability of Massachusetts companies to grow and create jobs.

Average electric rates in Massachusetts are the third-highest in the nation for industrial ratepayers, more than twice as high as companies pay in the competitor state of North Carolina. Those costs place employers at a significant disadvantage when competing with businesses located in other areas of the country. It's no wonder that employers frequently cite the cost of electricity (and more broadly the cost of energy) as a factor in deciding where to locate or expand and create jobs.

But the consequences of high energy prices seep into other areas of the economy as well – hospitals face cost pressures to keep the lights on, supermarkets raise prices to run freezers 24 hours a day and the commonwealth itself must factor in staggering electric bills to its operating budget. That's why controlling the cost of electricity is a major component of [AIM's](#) new Blueprint for the Next Century long-term economic plan for the commonwealth.

AIM urges the Baker Administration to make energy policy again work for the Massachusetts economy. The ratepayer has waited too long.

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