

New England Faces a Possible Gas Crunch

BY RYAN DEZEMBER AND DAVID UBERTI

America is the world's largest natural-gas producer, but New Englanders' capacity to stay warm in winter may hinge on the fate of an expensive, 53-year-old import plant that its owner has threatened to shut down.

Constellation Energy plans to retire a Massachusetts power plant at the end of May. That will eliminate the biggest user of the liquefied natural gas, or LNG, that is imported through the company's neighboring Everett Marine Terminal. Constellation said it is trying to line up new gas buyers to keep the terminal running. If it can't, it will likely close the import facility as well.

But New England utilities rely on imported LNG to keep them supplied in winter when demand peaks. Without it, severe cold could leave them, and their customers, in a bind, the utilities have said in public hearings and in letters to regulators.

The situation on the Mystic River shows that 25 years after the first shale well was fracked in Texas, the benefits of the American drilling boom remain unevenly distributed. Swaths of the country are flooded with cheap gas, and export facilities have cropped up to sell the excess overseas. Other areas, including New England, are bereft of fuel and pay up for energy.

New England residents paid about 31% more for natural gas in the fourth quarter of 2023 than the U.S. average, according to the Energy Information Administration.

Weaning off those supplies without shortages during the coldest days is also emblematic of the challenges involved in a smooth transition from fossil fuels to renewable energy.

National Grid, which has more than two million gas customers in Massachusetts and New York, feeds fuel from Everett into its pipelines around Boston and also trucks it to storage tanks across the region ahead of each winter, said James Holodak Jr., the utility's vice president of energy supply.

Generating Station at the May 31 expiration of a deal with regulators, a two-year agreement intended to bolster the region's energy supplies.

Regulators point to a December 2022 incident as an example of why utilities need quick access to reserves of natural gas. A winter storm caused demand to surge. Gas wells in Appalachia froze and pressure dropped dangerously low on **Consolidated Edison's** pipeline system around New York City. The utility tapped its own LNG reserves to stave off damage that could have knocked out service and taken months to repair.

Energy consultant Richard Levitan compared Everett to insurance against the loss of lights and heat during extremely cold stretches.

"At the end of the day it's, what's the price of the insurance, and how much does this region want to pay?" Levitan told federal regulators at a hearing in Maine.

He said it could cost about \$60 million a year to cover the terminal's fixed operating costs, plus the price of the LNG, which could amount to hundreds of millions of dollars annually.

Grid operator **ISO New England's** own assessment is that there is little risk that the region's power generators will miss Everett.

The proliferation of rooftop solar installations has bolstered New England's grid in recent years, and power plants that can burn fuel oil serve as backup. Regulators, who are banking on big renewable-en-

ergy projects coming online, also have offered incentives to stockpile fuel in the meantime.

That has left ratepayers across the region footing bigger electric bills for an asset that some analysts say might be rarely needed for emergency power. Andrew Landry, Maine's deputy public advocate, likened Everett to an appliance maker's advertising mascot, the Maytag man: a repairman with little to fix.

New England utilities rely on imported LNG to stay supplied in winter.

2021, Maine voters scotched a transmission line that would carry hydropower from the Canadian border toward Boston.

A transmission line being laid along the bottom of the Hudson River to carry hydro-power from Quebec's remote forests to New York City took 15 years to clear permitting and other hurdles before work began last year.

The latest fights are disrupting offshore wind projects. Some New York wind developments are in limbo after regulators rejected developers' requests to charge higher power rates to account for their own rising costs. In New Jersey, officials criticized a European wind-power giant for nixing plans for two wind farms despite state financial incentives.

The Everett Marine Terminal has been funneling gas into New England since 1971. Other LNG import terminals were built in the ensuing decades as domestic gas production dwindled.

Natural-gas imports peaked in 2007, when leaps in drilling technology unleashed a flood of shale gas. Within a few years import facilities were retooled to liquefy gas and load it into boats rather than empty them. Last year the U.S. became the world's largest exporter of LNG.

The tankers of cheap gas loaded along the Gulf Coast aren't allowed to deliver to Everett or anywhere else in the U.S. due to the Jones Act. Meant to preserve the domestic shipbuilding industry, the 1920 law restricts domestic shipping routes to U.S.-built and American-crewed vessels.

Though New England is served by a pair of big interstate pipelines as well as Canadian gas, it has had to bolster supplies with more-expensive imports

“We don’t see any other near-term plausible solution in the event that Everett closes if gas demand does not decline as drastically as some may anticipate,” Holodak told federal regulators at a hearing last year.

A big issue is how to cover the terminal’s overhead, most of which is currently recouped through New England electricity bills tied to the nearby power plant.

Constellation said it would close the Mystic

“The whole region was paying for it,” Landry said, noting that the threat to gas distribution is concentrated in southern New England.

Everett has lasted this long partly due to the difficulty of building energy infrastructure in the North-east. Pipeline projects that would deliver gas from prolific shale-gas fields in Pennsylvania, Ohio and West Virginia have been blocked.

Even renewable-power projects meet resistance in the Northeast.

Power poles were already in the ground when, in

from overseas, usually Trinidad and Tobago.

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Residential retail natural-gas prices*

\$20 per 1,000 cubic feet



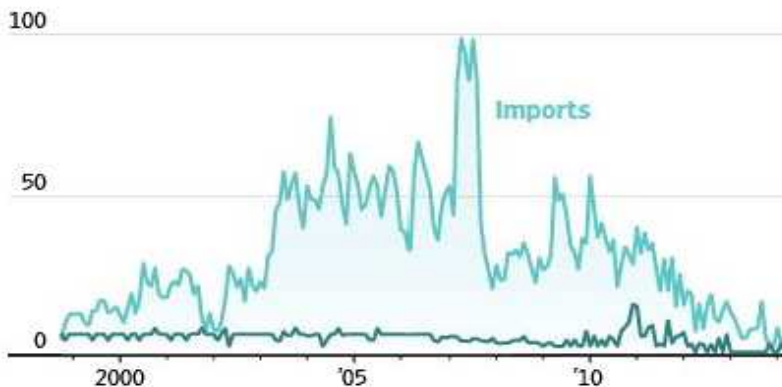
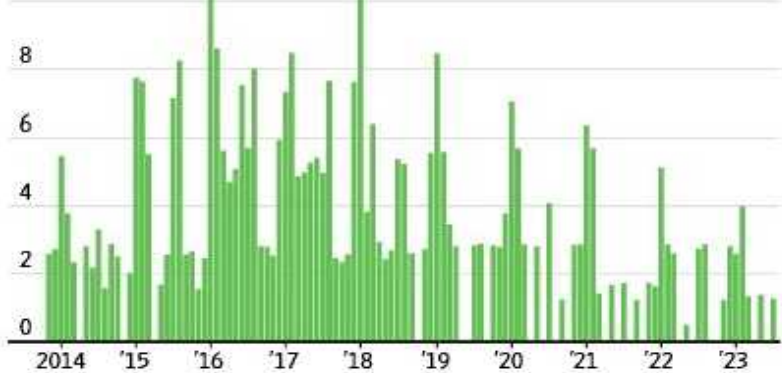
U.S. imports and exports of liquefied natural gas, monthly

400 billion cubic feet



Liquefied-natural-gas imports via Everett, Mass., monthly

10 billion cubic feet



*2023 and 2024 are projections

Source: Energy Information Administration