

MASSACHUSETTS' ENERGY FUTURE: A BALANCED APPROACH

Governor Mitt Romney



August 11, 2006

2006-2016: MASSACHUSETTS ENERGY CHALLENGES

High Energy Prices

Billions of dollars in new Federal Surcharges (“LICAP”)

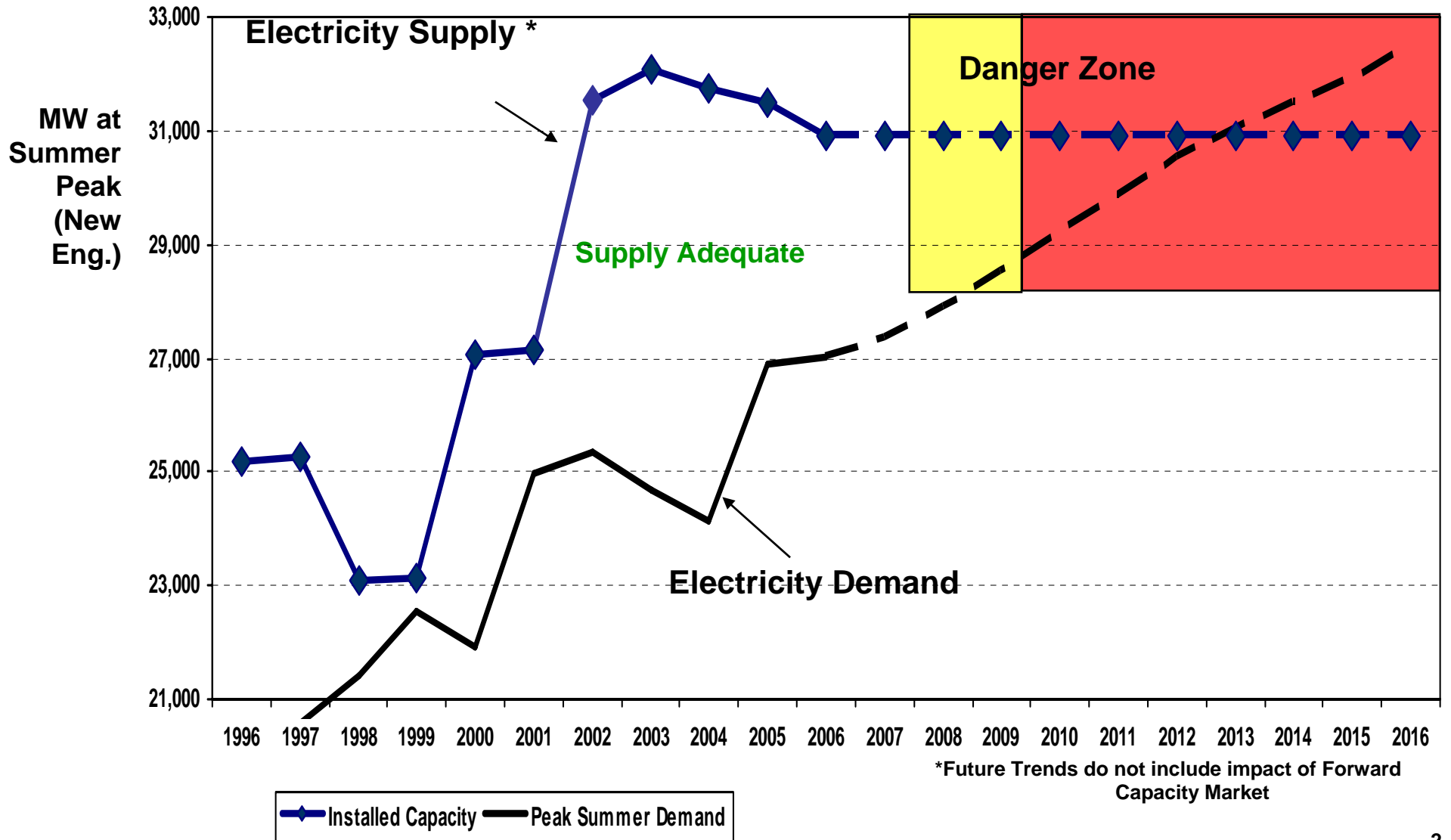
Reliability: Possible Failures on Very Hot or Very Cold Days

Lack of Fuel Diversity

Current Energy Infrastructure Won’t Meet Future Needs

Dependence on Imported Fuels

THE NEXT TEN YEARS: MASSACHUSETTS IS AT AN ENERGY CROSSROADS



ONE OPTION: BUILD NEW POWER PLANTS

Feds will continue to raise electric rates to encourage more fossil-fuel power plants

- 1. Our already high costs will go even higher**
- 2. More fossil-fuel plants mean more air pollution**
- 3. If the \$10 billion federal surcharge doesn't work, we face even larger surcharges**

A BETTER OPTION: NEXT-GEN ENERGY

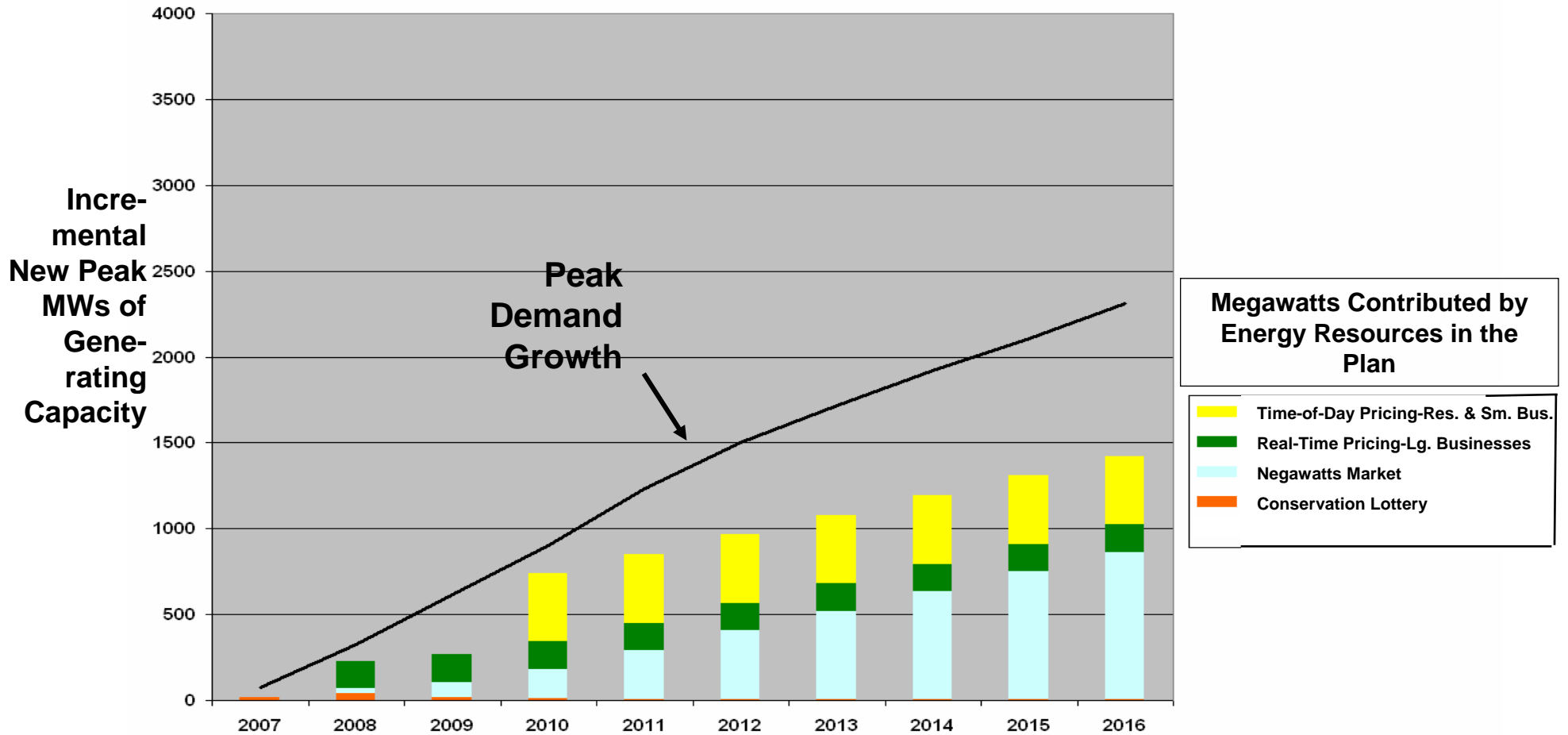
Next-Gen Energy is a Plan to Control Our Energy Future:

- 1. Reduce consumption**
- 2. Increase and diversify supply through renewable energy**
- 3. Fix our infrastructure problems**
- 4. Promote an advanced energy technology sector**

REDUCE CONSUMPTION: EFFICIENCY AND CONSERVATION

- 1. Establish a “Negawatts” market**
 - **Utilities pay customers for efficiency first**
 - **Whenever cheaper than new generation**
- 2. Market-based electricity pricing**
 - **Variable, real-time pricing for industry**
 - **Time-of-day rates for small business and residential customers**
 - **Conservation lottery to reward consumers**
- 3. State to lead the way**
 - **Increase efficiency in state buildings**
 - **Reduce demand by state agencies**
- 4. Tax incentives for efficient vehicles**

REDUCING CONSUMPTION TAKES A MAJOR STEP TOWARDS CLOSING OUR GAP



INCREASE AND DIVERSIFY SUPPLY THROUGH RENEWABLE ENERGY

Continue to defend Renewable Portfolio Standard (RPS), which requires renewables purchases by utilities

- **Only new biomass**
- **Only new hydro**

Drive expansion of clean biomass generation

- **Expedite regs on fuel inputs, siting, and co-firing**
- **Fund wood supply and transportation upgrades**

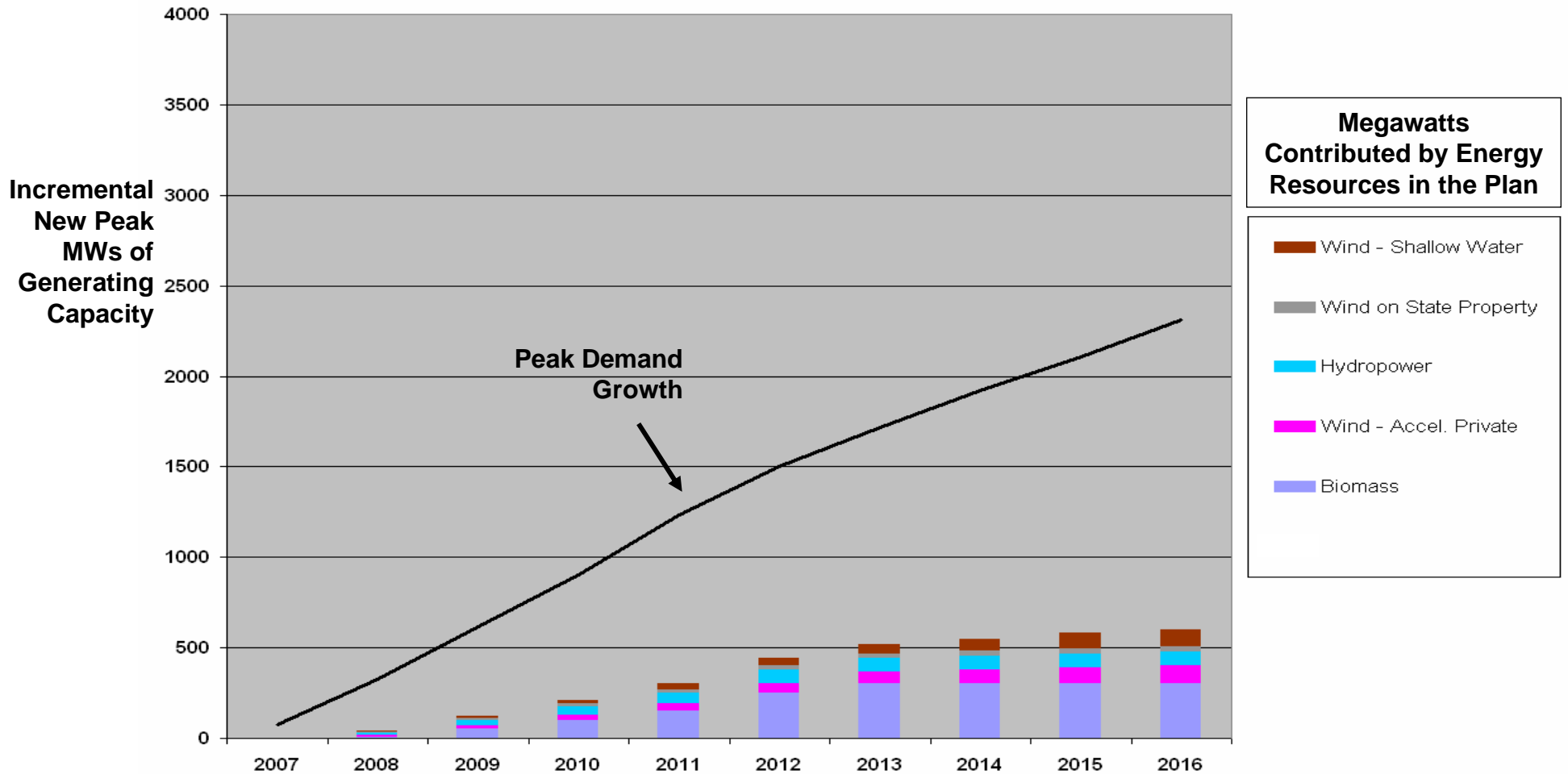
Support selective wind power

- **Already approved wind in Princeton, Hull, Cape Cod Community College, Mass Maritime, Monroe, and Florida MA**
- **For state facilities and on state lands and waters**
- **Expedited permitting for wind on private land**

Adopt biofuels in state government

- **Use in State Vehicles and Buildings**
- **Accelerate Public and Private Infrastructure Development**

RENEWABLES: A REALISTIC COMPONENT OF OUR FUTURE ENERGY SUPPLY

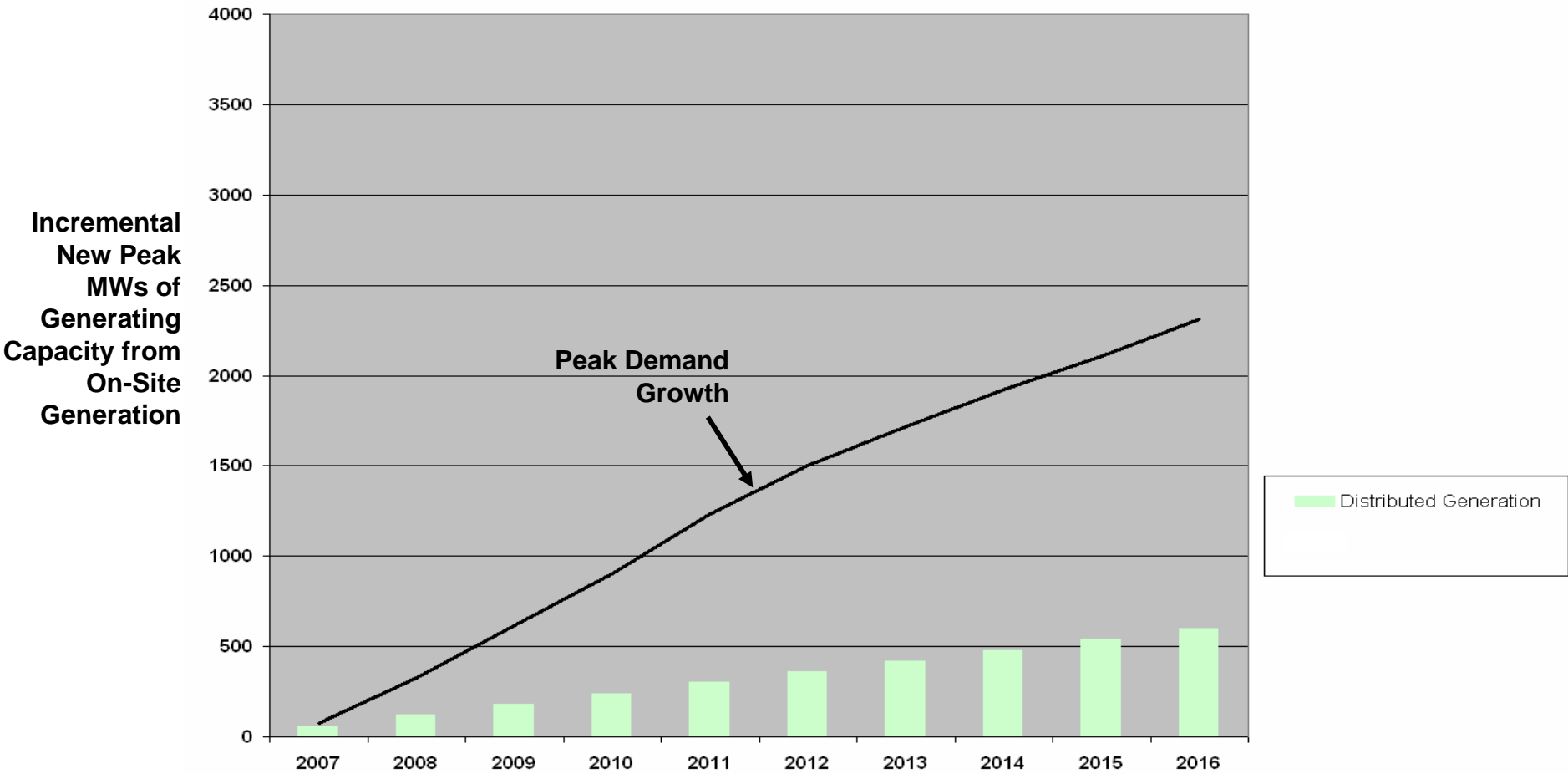


FIX OUR INFRASTRUCTURE PROBLEMS

**Encourage on-site generation:
reduce stand-by rates to drive
private investment**

**Expand natural gas supply: make
LNG siting decisions**

ON-SITE GENERATION INFRASTRUCTURE HELPS CLOSE THE GAP



ADVANCED ENERGY TECHNOLOGIES

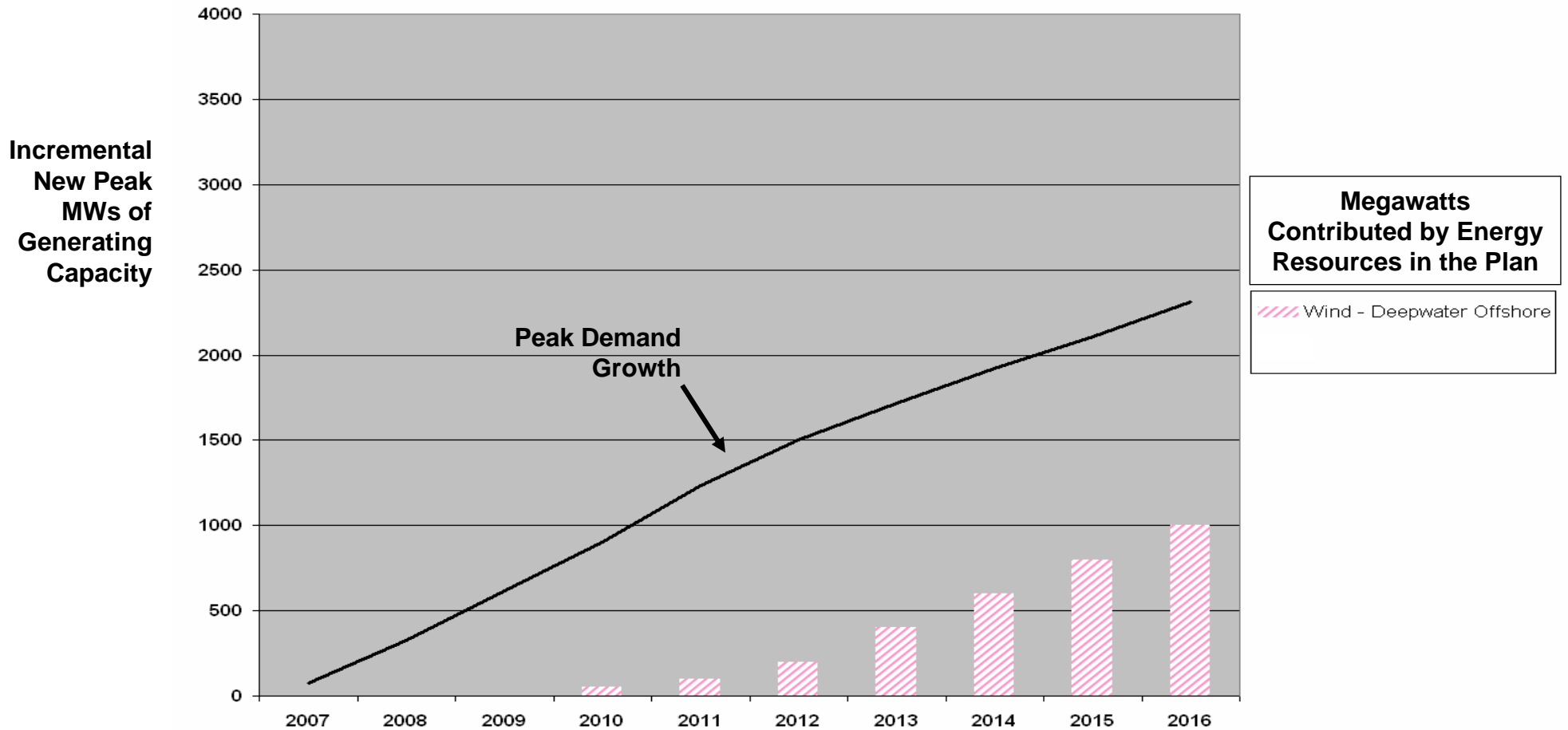
Partner with business and universities to advance new energy technologies, including

- Biofuels R&D**
- Deep-water offshore wind and National Wind Turbine Blade test facility**

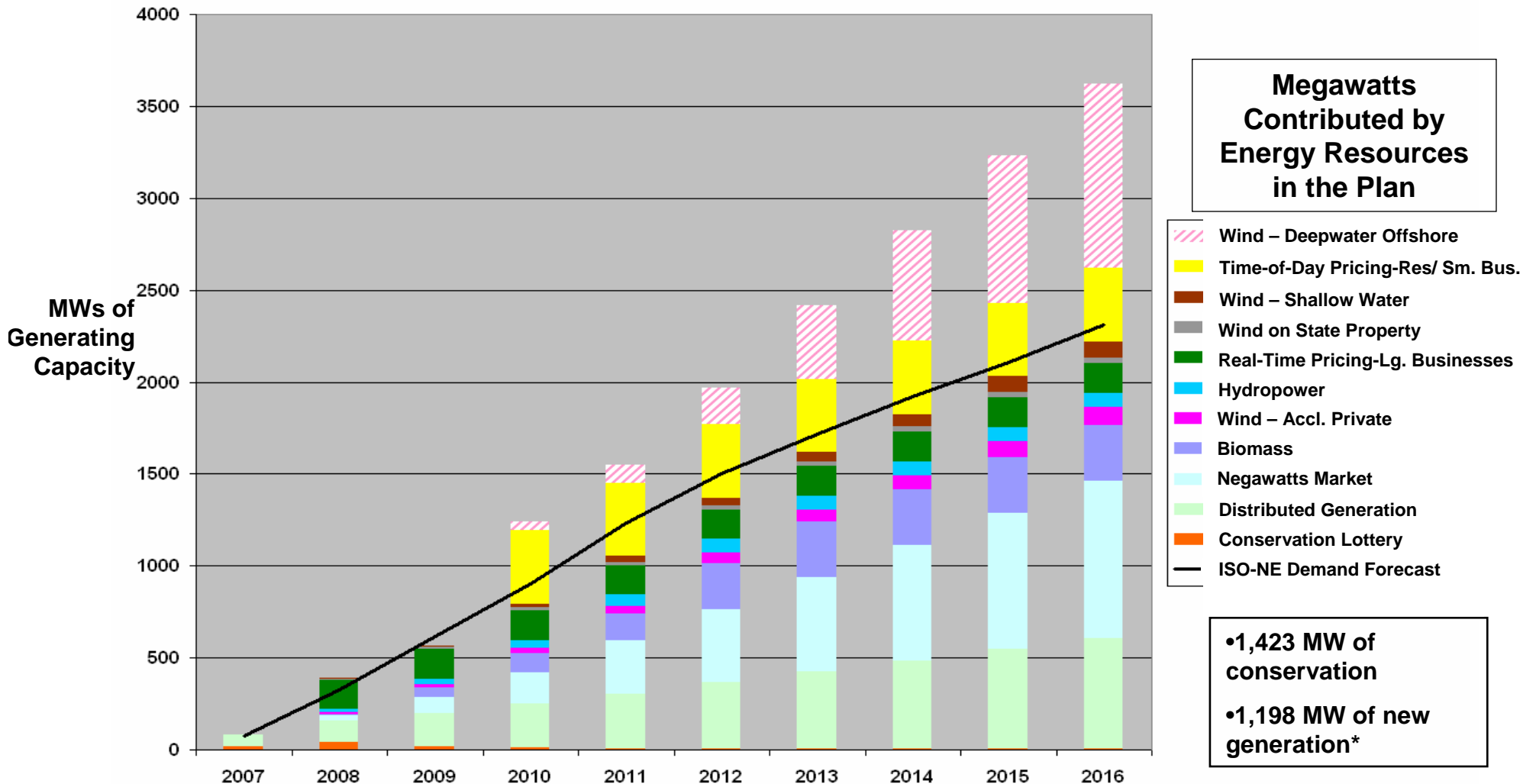
Promote Massachusetts leadership in energy technology globally, as with biotech

Creates high-skilled jobs

ADVANCED ENERGY TECHNOLOGIES MAKE A MAJOR CONTRIBUTION: EXAMPLE – DEEPWATER OFFSHORE WIND

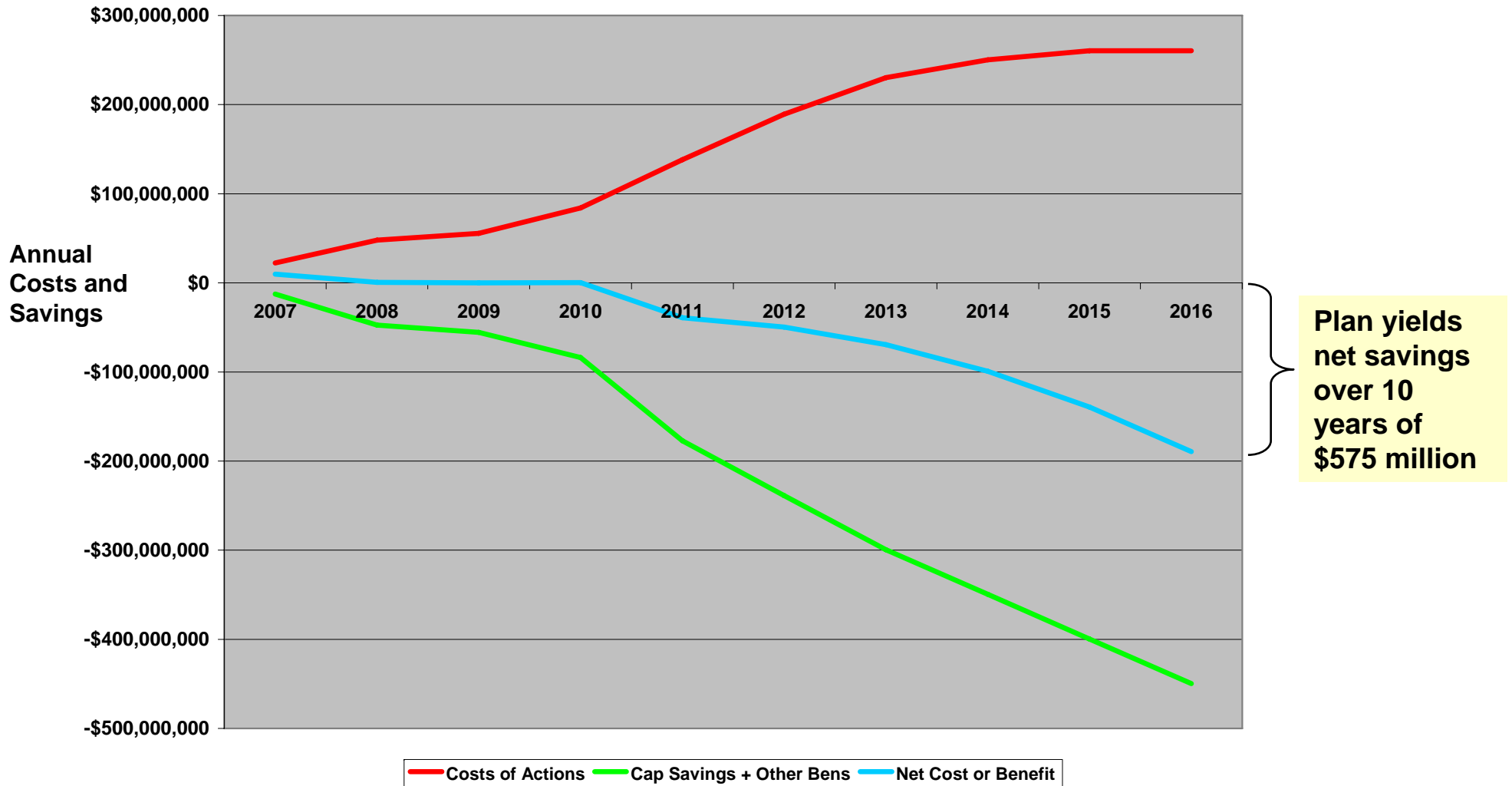


THE NEXT-GEN ENERGY PLAN: A BALANCED APPROACH TO MEET OUR FUTURE NEEDS

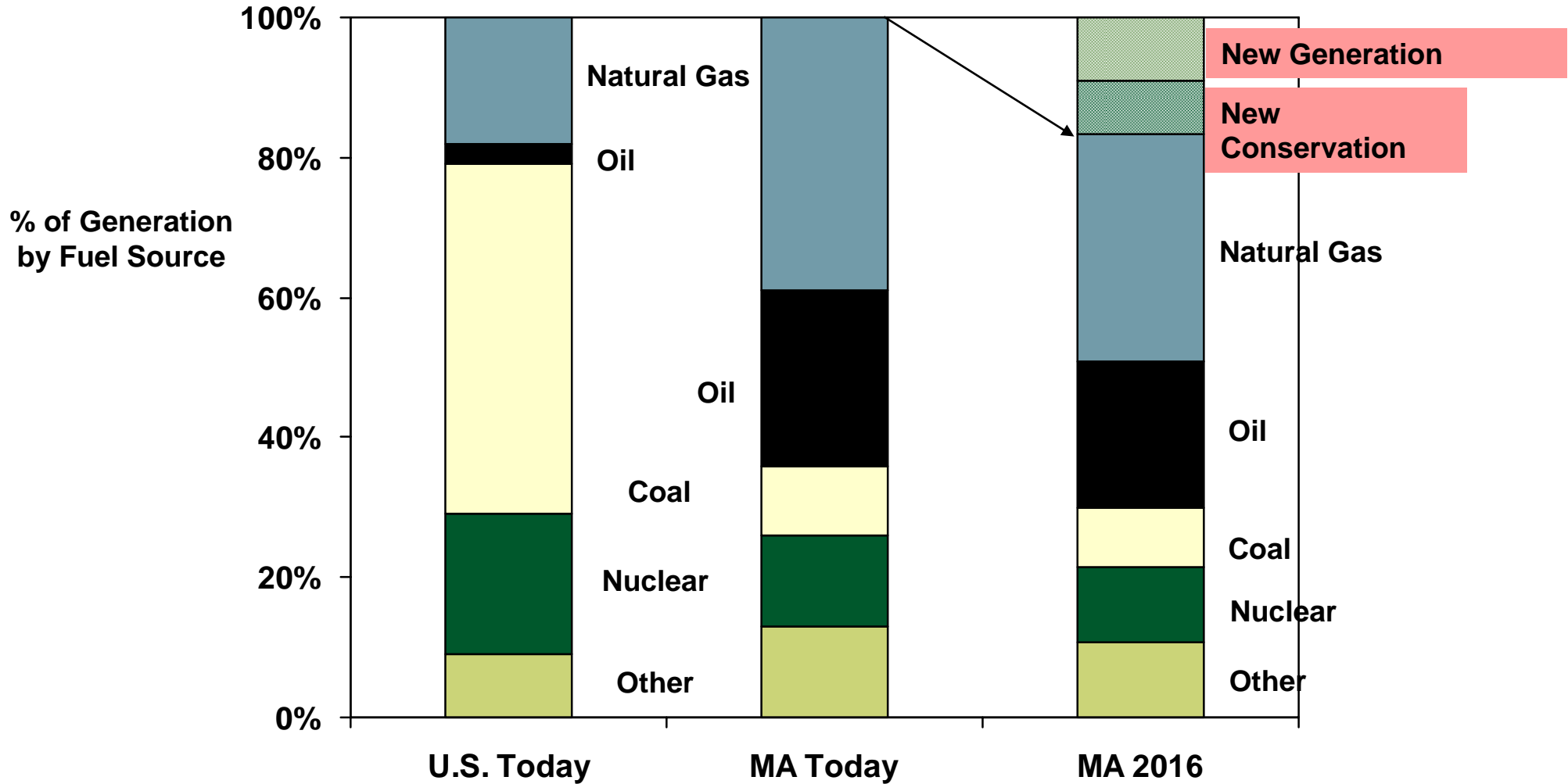


* Generation does not include potential of Deepwater Offshore Wind

THE NEXT-GEN PLAN PAYS FOR ITSELF



THE NEXT-GEN PLAN REDUCES OUR DEPENDENCE ON NATURAL GAS AND OIL



TAKING CONTROL OF OUR ENERGY FUTURE

This Month	Require More Efficient Energy Use in Existing State Buildings
	Require Advanced Efficiency Standards in all New State Buildings
	Require Increased Use of Biofuels in State Vehicles & Buildings
	DOER To Establish a Conservation Lottery
	Support Legislation to Create Tax Incentives for Energy Efficient Vehicles
	Partner with Coastal Municipalities in Development of Off-shore Wind
This Fall	DOER To Petition DTE To Initiate Dockets on Variable, Real-time Pricing and “Negawatts” Market
	Issue RFPs for Wind and Biomass at State Facilities and on State Land
	DOER To Petition DTE To Initiate Dockets on On-site Generation and Time-of-Day Rates
	Work with Stakeholders on Plan to Create Incentives for Renewable Power
	Convene Summit of Advanced Energy Technologies to Build Cluster
	Aggressively Pursue National Wind Test Blade Facility
	Decide on Off-shore LNG Projects