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## **Legislative Update/ Background re: Pipeline Tax Bill**

Legislation will be filed again in the 2018 legislative session to put an end to the Pipeline Tax passed in 2015 intended to fund a new fracked gas pipeline that would be built across Connecticut, Massachusetts and Rhode Island and cost all electrical ratepayers a total of over \$6.6 billion. Massachusetts has already taken decisive action to halt the pipeline project and prevent its funding through a pipeline tax on consumers.

The legislation is supported by a bi-partisan group of legislators dedicated to consumer protection and the environment. The legislation will be co-sponsored by Senator Gary Winfield (D-New Haven) and Representative Chris Rosario (D-Bridgeport). It will be “raised” in Energy and Technologies Committee which is Co-Chaired by Senator Winfield.

The legislation was originally offered in 2017 as House Bill Number 6546. The intent of the legislation is to repeal the pipeline tax, and force the energy companies to pay for their own infrastructure. The bill was not raised in the Energy and Technology Committee. The legislation seeks to level the playing field wherein gas companies have benefitted disproportionately from public subsidies.

### **Statements from advocates:**

Rep. Rosario stated, “Instead of bowing to the fossil fuel industries like the current federal administration, it is time for Connecticut to advance more renewable energy to drive our current dependence on gas and oil down even further. We are heading in the right direction without new billion-dollar pipelines, and we can do even better. “

Martha Klein, Chair of the Connecticut Sierra Club said, “I encourage all legislators to support this Legislation and join our effort to protect Connecticut ratepayers and support clean, renewable energy. Connecticut consumers should not be forced to pay for costly pipelines they don’t need and won’t benefit from.”

Louis Burch, spokesman for the Citizens Campaign for the Environment, stated, “The ratepayer Pipeline Tax amounts to little more than a corporate welfare program for wealthy energy companies. Connecticut needs locally generated renewable energy, not more infrastructure for dirty oil and gas. These pipelines shackle our state to dirty fossil fuels and delay progress on meeting Connecticut’s clean energy goals.”

The legislation is supported by a broad coalition of environmental and consumer groups, including the CT Sierra Club, the CT Fund for the Environment, the Citizens Campaign for the Environment, the Connecticut Citizens Action Group and 350 CT. These groups and many others support this Legislation because it will save Connecticut ratepayers money and reduce our reliance on fossil fuels.

## **Recent studies, findings and research:**

### *Synapse Study on Natural Gas Capacity:*

A broad coalition of environmental and consumer groups, including the CT Sierra Club and the CT Fund for the Environment, released a major study in 2017 showing conclusively that new natural gas pipelines are not necessary. This pipeline could cost as much as \$6.6 billion - more than double the \$3.2 billion proponent's claim because of anticipated cost overruns, operational and maintenance costs, depreciation and return on equity investment.

The study, that was the focus of a Hartford Courant story was conducted by Synapse Energy Economics (which conducts rigorous analysis for state and federal agencies as well as environmental groups). It found that New England's use of natural gas will decrease by 41 percent from 2015 levels by 2030 due to state requirements for energy efficiency, renewable energy and emissions caps. Furthermore, the study said, "even existing gas pipelines may operate under capacity." A link to this report is provided: [www.synapse-energy.com/new-englands-shrinking-need-for-natural-gas](http://www.synapse-energy.com/new-englands-shrinking-need-for-natural-gas)

The \$6.6 billion Access Northeast Pipeline project to be funded by ratepayers was rejected by the Massachusetts' highest court and the New Hampshire public utilities regulators. In its unanimous ruling, the Massachusetts Supreme Judicial Court said the pipeline tax would "re-expose ratepayers to the types of financial risks from which the Legislature sought to protect them."

### *Recent Study & Investigation into Withholding Pipeline Capacity & Alleged Rate Manipulation:*

"A new academic analysis (released in October of 2017) argues that gas utility subsidiaries of Avangrid and Eversource have artificially constrained gas pipeline capacity in New England for years, driving up natural gas and electricity prices and potentially violating federal laws.

The systematic withholding of pipeline capacity, particularly on the coldest days, has cost New England electricity consumers \$3.6 billion in higher prices over the past three years, according to "[Vertical Market Power in Interconnected Natural Gas and Electricity Markets](#)," a new white paper released by the Environmental Defense Fund." The Analysis was conducted by Vanderbilt University and the University of California at Santa Barbara. (Source: Utility Dive 10/17)

The Connecticut Public Utilities Regulatory Authority (PURA) has subsequently opened an investigation into allegations of power and gas market manipulation by Eversource and Avangrid.

### **Link to additional information:**

[Report claims Connecticut natural gas utilities manipulated pipeline capacity to drive up prices, New Haven Register, 10/12](#)

**[Report: Artificial natural gas scarcity cost ratepayers \\$3.6 billion, Hartford Business Journal, 10/13](#)**

**[Connecticut regulators open investigation on Eversource, Avangrid pipeline practices, Utility Dive, 10/17](#)**

**[State Supreme Court Rejects Baker Plan to Impose Fee for Gas Pipeline, Boston Globe, 8/16](#)**