



July 27, 2022

The Honorable Jennifer Granholm
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Granholm,

We are writing you regarding the high and volatile global energy prices and specific implications in New England for this coming winter.

The Russian invasion of Ukraine has exacerbated the pricing of nearly all energy commodities which is directly impacting energy consumers in our respective states. The increase in global liquified natural gas (LNG) pricing has been particularly acute - while global petroleum prices increased by 50 percent over the last year, global LNG prices have increased by almost 300 percent. During winter months, when domestic natural gas capacity is constrained, New England relies on imported LNG to meet demand for both electricity generation and thermal usage. The region has invested in energy efficiency and pursued a variety of clean energy projects such as offshore wind and hydroelectricity that will reduce the region's reliance on LNG imported into New England. Some of these critical projects will not be in place for this upcoming winter. As a result, the anticipated pricing will have significant implications for our region's electric and natural gas customers and raises reliability concerns if the region suffers a severe winter.

We would request some immediate steps to mitigate the current energy situation.

- **Fuel Supplies to New England.** We appreciate that the Biden Administration has been working with European allies to expand fuel exports to Europe. A similar effort should be made for New England. The Jones Act, which restricts the types of ships that may transport products between US ports, effectively precludes all US exported LNG from being delivered into New England. The insecurity of global natural gas markets in 2022 exacerbates the long-standing ramifications of the restriction and undermines reliability. We request that the Biden Administration work with the New England states to alleviate the unique fuel challenges that the region faces, including beginning to explore the conditions under which it might be appropriate to suspend the Jones Act for the delivery of LNG for a portion or all of the winter of 2022-2023.
- **Strategic Energy Reserve.** Our region has long recognized that extreme winter events could strain our energy supplies and the Department of Energy (DOE) manages the

regional Northeast Home Heating Oil Reserve that could be used if heating oil supplies are severely disrupted. Since the reserve was established in 2000 the region has had a significant increase in natural gas consumption and the forecast is that electric load will significantly increase, especially in the winter months. Given this, our energy reserve system needs to be modernized given the rapidly changing resource mix in New England. As a result, we request that the DOE support the New England states in assessing how these reserves may be utilized this winter and consider the development of a new or modernized strategic energy reserve to protect against low probability weather events to ensure energy system reliability.

- **Coordination.** Finally, we request that the federal government and the New England states commence coordinating immediately to monitor the developments as winter approaches. While New England has existing programs to support system reliability, the combination of the Russian invasion with a severe cold winter would strain the reliability of the system. Further, the New England states are facing high energy prices and we must work across the federal government to address the funding needed to support our energy consumers. We should commence these discussions without delay.

While our immediate focus is on this upcoming winter, the ramifications of Russia's invasion and the realignment of natural gas supplies will have long-term global consequences and could have adverse impacts in New England. While our region has been building an energy strategy to reduce our reliance on imported fuels, we must accelerate those efforts. We would like to work with you on expanding on this energy strategy and building the critical infrastructure to support the plan.

Thank you for consideration of these requests.

Sincerely,



Charles D. Baker
Governor
State of Massachusetts

Ned Lamont
Governor
State of Connecticut



Janet T. Mills
Governor
State of Maine



Christopher T. Sununu
Governor
State of New Hampshire



Daniel J. McKee
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CC: Secretary Buttigieg
New England Congressional Delegation
Gordon van Welie, President and Chief Executive Officer of ISO New England Inc.