MEMORANDUM OF SUPPORT
Repealing the Pipeline Tax

SB 332- AAC Solicitations for Natural Gas Pipeline Capacity

BACKGROUND
Recently, electric utilities and oil & gas developers have called for increased investments in pipelines and other natural gas infrastructure across the Northeast, to help address capacity constraints and avoid drastic price spikes during the cold winter months. Public Act 15-107 contained a provision that authorized electric utilities to recover the costs of natural gas infrastructure projects through a surcharge on customers’ electric bills. This strategy includes the construction of five new gas-fired power plants, hundreds of miles of gas pipeline connections, compressor stations, and other infrastructure projects, which developers estimated would cost ratepayers more than $3.2 billion over the life of the project.

JUSTIFICATION
Similar ratepayer surcharges for oil & gas infrastructure have been blocked in Massachusetts, New Hampshire, and Rhode Island, but Connecticut’s ratepayer gas infrastructure tax remains in place. If left intact, this surcharge could force Connecticut ratepayers to shoulder a disproportionate share of the costs in this region-wide expansion of gas infrastructure throughout New England.

According to a recent report by Synapse Energy Economics, existing state laws and clean energy targets will cause New England’s demand for natural gas to decline by about 27% by 2023, relative to 2015 levels. Additionally, the analysis revealed that the long-term cost to ratepayers for the proposed infrastructure projects could be as high as $.5 billion/year for 20 years, for a total of $6.6 billion; more than twice what developers originally estimated.

This surcharge threatens to shackle our state to dirty, costly fossil fuel infrastructure, which would be counterproductive towards meeting our state’s interim and long-term clean energy goals. This regressive energy tax sets a bad precedent and puts Connecticut on a pathway towards long term dependence on fossil fuels at a time when renewables like wind and solar are becoming increasingly competitive in cost and reliability.

By working to implement a cleaner, more resilient energy grid which relies increasingly on clean, locally generated renewable power, Connecticut can significantly reduce the need for costly, polluting fossil fuel infrastructure across our state and the region. CCE supports eliminating this regressive energy tax, and encourages Connecticut to accelerate investment into clean renewables and energy efficiency to meet our future energy needs.

CITIZENS CAMPAIGN FOR THE ENVIRONMENTupports SB 332
Repealing the Pipeline Tax

Citizens Campaign for the Environment is an 80,000 member non-profit, non-partisan advocacy organization that works to empower communities and advocate solutions that protect public health and the natural environment.

www.citizenscampaign.org