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Mercantilism and the green energy debate

GOVERNOR DEVAL Patrick and his fellow New England governors have clear and ambitious environmental agendas. They want to reduce the enormous carbon emissions of our electricity industry. Their states have put renewable portfolio standards in place and have all signed on to the Regional Greenhouse Gas Initiative. These proposals require buying more and more electricity from renewable and low-carbon sources.

The goals are ambitious, but they are doable and would certainly make a huge contribution toward undoing America's dismal record in the fight against global warming.

In New England, however, there's a real danger that the laudable environmental goals of Patrick and other governors will be undermined by the emergence of environmental mercantilism — actions by individual states to subsidize their own renewable energy industries. State regulators and legislators are under intense pressure to help out home-grown renewable energy projects even when cheaper alternatives are available next door.

New England can be a big winner, but only if we think regionally.

Wind energy is the most striking example. Experts generally agree that, in the Northeast, the best locations for wind farms are in the far north (the Canadian Maritimes, northern Maine) and offshore. But power demand is greatest in southern New England, and even if the maligned Cape Wind project were built, it plus every other wind project in Massachusetts, Connecticut, and Rhode Island would not produce enough home-grown renewable energy to meet the combined renewable energy needs of these three populated states.

As a result, the region will have to build new, high-voltage electric transmission lines to convey the wind and other renewable resources from northern New England. To its credit, New England's electricity operator, Independent System Operator New England, has launched a public stakeholder process to obtain the necessary approvals for those power lines. The process of approving and constructing those line will take years, so if we want the region to comply with its own environmental requirements, we must get started.

There is, in other words, a regional solution to a regional problem. Maine recently indicated it can build 3,000 megawatts of new wind projects within its borders — enough energy for millions of homes in southern New England. We have to reach out and do business with our neighbors to the north, who, by and large, are eager to sell us their green, carbon-free, and sustainable energy just as they sell us their lumber and lobsters.

And yet, we may not do it. Environmental mercantilism may stifle a rational, regional approach to this difficult regional problem.

In Massachusetts, for example, some have proposed that electric utilities be given the authority to enter into long-term contracts with renewable energy providers. By itself, that may be helpful. But some would like to stipulate that home-state utilities be allowed only to extend such contracts to suppliers located within Massachusetts. Maine, meanwhile, is considering leaving the regional electric grid because it disagrees about the allocation of regional costs for generating capacity and transmission construction in New England.

Whatever their intrastate merits, such initiatives reflect an "I win — you lose" approach to energy and

environmental policies. This mercantilism risks putting into motion a modern version of the tragedy of the common. In this metaphor, early use of a common (for example, the few cattle grazing on the original Boston Common in colonial times) does no harm. At some point, the use of a common turns into overuse and ultimately abuse, even though no single user intended that to happen. The tragedy occurs even though remedies are known.

The global atmosphere is like a common, and after decades of denial about our role in abusing the global common, leaders like Patrick and the other New England governors and legislatures have finally mandated renewable energy and agreed to mutual regional goals to mitigate the harm our energy policies have been doing. We are fortunate to have a huge array of wind, biomass, and other renewable energy resources we can deploy, but that deployment requires regional cooperation.

In history, mercantilism — the "I win — you lose" attitude — was ultimately supplanted by the better idea that cooperation and commerce would allow each region and each country to do what it does best, to the benefit of all. The same can be true in meeting New England's environmental goals: all the states can be big winners, but only if they think regionally.

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