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BHI study: Northeast Energy Direct Pipeline would strongly benefit Massachusetts, reducing energy costs while driving employment and investment growth

BOSTON - (Thursday, June 25, 2015) Tennessee Gas Pipeline's (TGP) proposed Northeast Energy Direct Pipeline (NED) would bring both significant short-term and long-term benefits to Massachusetts according to an economic analysis based on two models by the Beacon Hill Institute at Suffolk University. TGP is a subsidiary of Kinder Morgan, Inc., which funded the Institute's study.

The Beacon Hill Institute analyzed the economic effects of building TGP's NED project, which would upgrade, extend and build a new pipeline through New York, New Hampshire and Massachusetts. The Institute used the proprietary IMPLAN (Impact Analysis for Planning) model to determine short-term economic impacts and then applied its STAMP (State Tax Analysis Modeling Program) model to determine the long-term impacts.

On a short-term basis, that is to say the construction phase of the project, the Institute found that NED would lead to the creation of 1,713 temporary jobs that would pay $228 million in wages. The local economy would benefit from $106 million in new production according to the IMPLAN model applied.

Using the STAMP model to simulate the potential long-term effects of the pipeline on the Massachusetts economy, the Institute closely studied two build scenarios: the construction of a pipeline with 1.2 bcf/d (billion cubic feet per day); and the construction of a pipeline with 2.2 bcf/d.

Under the first scenario, the Institute estimates that the new pipeline would eliminate 70% of the natural gas shortage in Massachusetts and thus reduce energy prices. The lower energy prices would lead to the creation of 9,420 jobs by 2020. Investment would increase by $735 million and real disposable income would increase by $1.7 billion, or $610 per Massachusetts household. Under the second scenario, which nearly doubles the pipeline's capacity, the additional reduction in energy prices would generate an employment increase of 12,025 jobs by 2020. Investment would increase by $906 million and real disposable income would increase by $2.133 billion, or $770 per Massachusetts household.

"For years, high energy costs in Massachusetts have posed a barrier to future economic growth," said lead author Paul Bachman, director of research. "While the state is well endowed with human capital in the form of a highly-skilled, well-educated workforce, manufacturing plants are difficult to sustain and retain. Massachusetts needs to expand gas transmission capacity, particularly as New England converts most of its coal-fired electric plants to gas. The inability to exploit the lower price of natural gas is to a detriment not only of industrial users of energy but also commercial and household users. "