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Advancing the Clean Energy Future

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ACADIA CENTER Rebuts Repeated Flawed Analyses Claiming Renewable Energy Will Drive Up Costs for New England

****Analytical methods fail to withstand basic scrutiny, present deeply inaccurate picture of region's energy infrastructure pathways**
****Misleading analysis grossly inflates the cost of clean energy, selectively ignores fuel savings, and proposes highly unrealistic alternative scenarios**

Released on January 13, a new report entitled "[Alternatives to New England's Energy Affordability Crisis](#)" – released by The Massachusetts Fiscal Alliance, Maine Policy Institute, Josiah Bartlett Center for Public Policy, Rhode Island Center for Freedom and Prosperity, Yankee Institute, and Americans for Prosperity Foundation – presents a deeply flawed analysis and distorted view of New England's future energy outlook. The report, which was conducted by Always on Energy Research (AOER), concludes that, "...meeting these decarbonization and electrification policies would nearly cost New England electricity customers an additional \$815 billion through 2050, compared to the cost of operating the current electric grid, and make the region more vulnerable to rolling blackouts." Always on Energy Research (AOER) has current or past affiliations with groups such as the John Locke Foundation, the Heartland Institute, the Independence Institute, and the Center for the American Experiment.

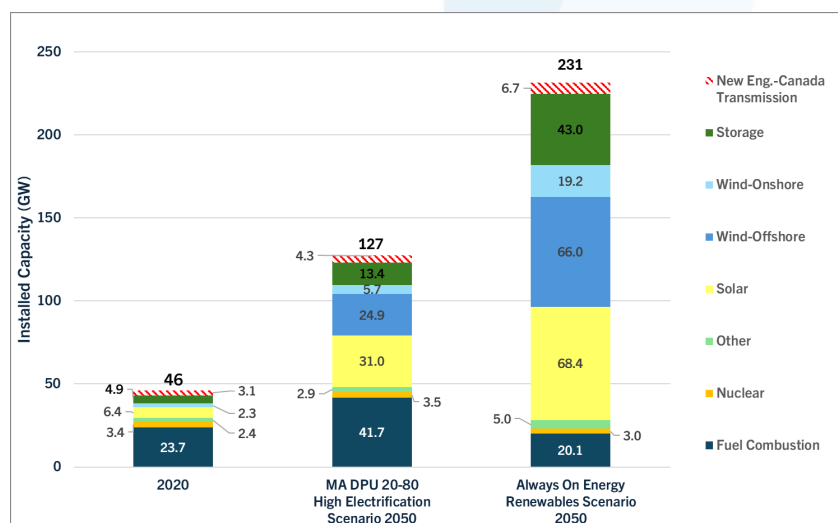
AOER's report fails to stand up to even the most basic scrutiny, which is also the case for the related "analysis" and "modeling." It is incredibly unfortunate that this report continues to rely upon repeated, ill-informed assumptions and questionable calculations to vastly inflate the cost of the energy transition by multiple factors. The recent AOER report functionally serves as an addendum to their error-ridden [2024 AOER report](#) titled, "The Staggering Costs of New England's Green Energy Policies", [which Acadia Center thoroughly debunked in a 2024 press release](#) responding to the report. The recently released report recycles many of the same inaccurate claims.

Acadia Center presents the following point-by-point rebuttal of several erroneous and misleading claims put forward by the 2026 AOER report:

Claim #1 Made by AOER Report: The report models a single “Renewables Scenario” that makes the claim that 231 GW of installed capacity¹ in New England by 2050 will be necessary if the region aims to provide the most “economically efficient mix of renewables buildout” to support electrification of the building heating and transportation sectors at scale.

Acadia Center Response #1: The modeled level of renewables buildout in the AOER Report diverges sharply from every other reputable study that has modeled deep decarbonization pathways in New England. Yes, there will need to be significant buildout of wind, solar and battery storage to achieve the levels of building and transportation electrification needed by 2050, but **the AOER Report overstates the level of installed capacity needed in New England in 2050 by a factor of at least 1.5X and up to 1.8X,**² based on a [literature review](#) conducted by Acadia Center and Clean Air Task Force that examined five of the most prominent and well respected deep decarbonization studies for the region. As one example, the High Electrification Scenario analyzed by Energy and Environment Economics (E3) in the Massachusetts “Future of Gas” Proceeding (D.P.U. 20-80) found a 2050 capacity buildout of 127 GW to support widespread electrification in the building and transportation sectors, in sharp contrast to the 231 GW of buildout claimed in AOER’s report (see Figure 1 below).

Figure 1. Installed New England Capacity by Resource Type:
2020 vs. MA DPU 20-80 High Electrification Scenario (2050)
vs. Always on Energy Renewables Scenario (2050)



¹ This total installed capacity figure includes generation, battery storage, and New England-Canada transmission capacity.

² The 231 GW of total New England capacity in 2050 is 1.5X greater than the 5-study average of modeled 2050 capacity found in Acadia Center’s lit review and 1.8X greater than two of the five studies examined.

As illustrated in Table 1 below, the AOER report modeled 2.2X the amount of solar capacity in 2050 relative to the E3 study, 3.2X for battery storage, 2.7X for offshore wind, and 3.4X for onshore wind and, simultaneously, makes no attempt to explain why their modeled capacity levels are so high relative to other studies.

**Table 1. Installed New England Capacity by Resource Type in 2050:
MA DPU 20-80 High Electrification Scenario vs. Always on Energy Renewables Scenario**

Capacity Category	MA DPU 20-80 High Electrification Scenario	Always On Energy Renewables Scenario	Ratio Between Two Studies
Fuel Combustion	42	20	0.5
Solar	31	68	2.2
Storage	13	43	3.2
Wind-Offshore	25	66	2.7
Wind-Onshore	6	19	3.4
Total Wind + Solar	62	154	2.5
Total Capacity	127	231	1.8

In [ISO New England's \(ISO-NE's\) 2024 report](#), titled Economic Planning for the Clean Energy Transition, they estimated New England would need an additional 97 GW of solar, wind, and battery storage combined by 2050 to achieve state electrification goals – a far cry from the approximately 183 GW of additional capacity of those resources modeled by AOER in their report. Acadia Center would provide a detailed critique of the AOER's proprietary capacity expansion model that produced these results, but that's not possible given the limited details the report provides on the model. Capacity expansion models are used to determine the optimal mix of new and retiring resources over a long-term planning horizon, typically identifying least-cost portfolios of generation and storage while meeting policy constraints, but the specific policy constraints and assumptions underpinning AOER's modeling are not clear enough to meaningfully evaluate why their results are so different from other industry leading studies. AOER's overestimate in needed capacity buildout by 2050 in the Renewables Scenario ties directly to Claim #2 below related to their estimated cost associated with that scenario.

Claim #2 Made by AOER Report: Compliance with the New England Decarbonization Plans would cost \$815 billion through 2050.

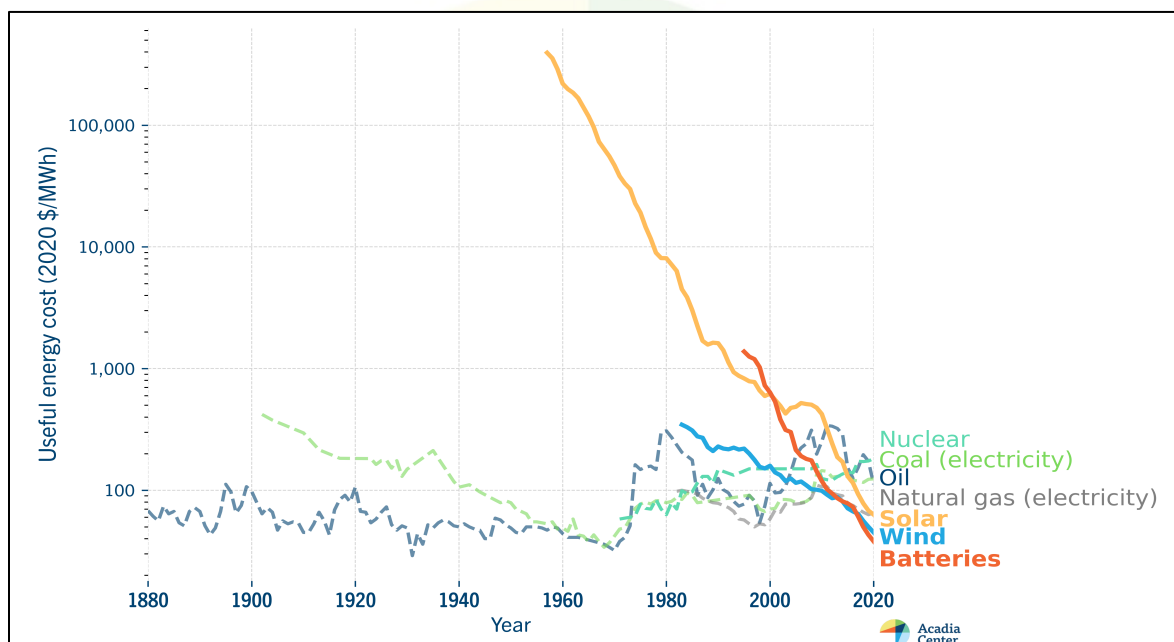
Acadia Center Response #2: AOER's overestimated need for renewable buildouts paired with unrealistic cost and technology development assumptions lead to wildly inflated costs for the renewable scenario analyzed – so miscalculated that the analysis is essentially unusable.

- **Study Ignores Declining Cost of Renewables Over Time:** While fossil fuel and nuclear costs have been largely flat (or increased) in recent years and decades, the costs of renewables and battery storage have quickly and substantially declined. Between 2000 and 2020, [the cost of useful energy from wind, solar, and battery storage](#) decreased by 72%, 90%, and 94% (See Figure 2 below), respectively. In fact, prices have declined so quickly that studies incorporating cost projections to model future adoption

systematically overestimate the costs of renewable energy because the modelling of price decreases is [not able to keep up](#) with how quickly costs are actually going down. And prices continue to drop – for example, between 2023 and 2024, battery equipment costs fell 40%, and [they are on track](#) for another substantial decrease in 2025. **These dropping costs will likely continue and are unaccounted for in the report.** Notably, historically these cost decreases have mitigated electric rate increases. Over the last 20+ years (2001-2024), there is an [observed trend](#) across the country – which holds true in the Northeast – of smaller electric rate increases in states that get a higher percentage of their energy from renewables, regardless of whether those renewables are market-based independent power producers or state procured resources. Furthermore, the study’s assumption that today’s gas costs will stay static into the future ignores forecasts about expected gas price increases – including new [projections](#) from the U.S. EIA that gas commodity costs will increase roughly 33% year-over-year between 2026 and 2027.

Figure 2: Historical Useful Energy Costs of Energy Resources (1880-2020)

Source: [Way et al., 2022](#)



On the contrary, the report understates the cost of nuclear by using overnight (immediate/short-term) capital costs to estimate project costs. Using overnight capital costs to compare nuclear to renewables is misleading because it ignores interest during construction, which is much larger for long-lead nuclear projects than for fast-built wind and solar, meaning the true up-front cost of nuclear projects is understated by the metric. [Studies have shown](#) that interest during construction can add upwards of 40% to the up-front cost of nuclear projects.

- **Additional unaccounted-for costs:** Another glaring omission is the social cost of carbon.³ While the social cost can be ignored in a report, it cannot be ignored by families facing rising costs due to fossil fuel emissions in their daily lives. Emissions from fossil fuels lead to increasing costs for families: [medical costs](#), [storm repair costs](#) passed onto them by utilities, [insurance costs](#), and [more](#). A study by the National Bureau of Economic Research finds that [households are already paying](#) between \$400 and \$900 annually due to climate-driven costs, and the authors of that study concede to only have calculated a subset of all costs. Furthermore, another [recent study](#) finds that temperature changes alone cut US incomes by 12%, on average, between 2000 and 2019.
- **Even ignoring all of the bad assumptions:** In total, the AOER analysis suggests an annual average electric system cost passed onto consumers of \$31.3b per year over 26 years (2024-2050). In 2023, the six New England states [spent](#) roughly \$75b on total energy under the status quo/'business as usual' approach. **Even if the AOER figures were sound – and they are not – it would be vastly preferable to invest \$31.3b per year on clean energy in our region rather than spend the majority of \$75b per year on fossil fuels from outside the region, as our current energy system does.** In [analysis undertaken by Massachusetts](#), findings showed that the total cost increase of a representative mitigation pathway in 2050 (\$1.5 billion annual spending) compared to a non-decarbonized reference case in 2050 was actually less than the expected increase in statewide energy costs resulting from population and economic growth (\$2.4 billion annual spending).

Claim #3 Made by AOER Report: The AOER Report only focuses on additional generation and transmission costs associated with building and operating electricity generation portfolios – one piece of the overall energy transition puzzle.

Acadia Center Response #3: In the simplest terms, some components of the energy transition will cost money (e.g., electric generation buildout) and some will save money and increase in-region economic activity (e.g., reduced reliance on fossil fuel imports for heating and transportation). **The AOER Report fails to quantify three categories of major cost savings:**

- 1) Reduced use of fossil fuels for building heating
- 2) Reduced fossil fuel use for transportation and
- 3) Reduced investment in the gas distribution system.

Buried on page 45 of the AOER Report, the authors admit calculating anything on the savings side of the ledger is simply “out of scope” for the report, stating “*Quantifying....the fuel savings of electrification is outside the scope of this analysis. For example, there would be fuel savings from electrifying home heating and transportation, as New England households would no longer need to purchase natural gas, fuel oil, or propane for home heating or gasoline or diesel fuel for transportation.*” It is a glaring omission to

³ The Social Cost of Carbon (SCC) is a dollar estimate of the long-term economic damages from emitting one additional ton of carbon dioxide into the atmosphere, including impacts on health, property, agriculture, and productivity, used by governments for cost-benefit analysis of climate policies to weigh the costs of regulations against their climate benefits, reflecting the societal cost of climate pollution

(inaccurately) report electricity system costs of the energy transition while ignoring all the cost savings, one of the primary reasons for undertaking the energy transition in the first place. In direct contrast to the AOER report claim, [a more comprehensive study on future state-level household energy expenditures](#) conducted by the Electric Power Research Institute (EPRI) found that the decrease in household spending on fossil fuels (for both heating and transportation) will more than offset the increased per-household electricity spending as we transition to an electrified economy over the next 25 years.

New Englanders withdraw billions of dollars out of the regional economy each year to purchase fossil fuels sourced outside New England. Vermont, New Hampshire, and Maine alone [spend](#) \$8.2 billion annually importing fossil fuels. Let's be candid: there will be significant costs from the energy transition (and significant benefits as well) – Acadia Center has been clear-eyed about [this reality](#) and what it means for our public policymaking. However, using intentionally misleading information to fearmonger on behalf of the fossil fuel industry and advance its interests does not serve the best interests of New England ratepayers.

Claim #4 Made by AOER Report: The AOER analysis relies on small modular reactors (SMRs) as a key decarbonization strategy despite the technology not being commercialized and ignores more market-ready solutions.

Acadia Center Response #4: Small modular reactors (SMRs) are advanced, small-scale nuclear fission reactors designed with factory built, modular components that theoretically offer the potential for lower upfront cost, faster deployment and enhanced safety relative to the type of nuclear power plants currently in operation in the U.S. today, known as light water reactors. As the AOER report notes, "...no SMRs have been installed anywhere in the United States on a commercial basis to date." While assuming technological advancement and deployment of currently not yet commercially available technologies can make sense in certain instances when it comes to energy system modeling spanning a time horizon of decades, **a core problem with the AOER report is that it only includes one non-commercialized technology (SMRs) that fits their narrative in their modeling, while conveniently failing to model other emerging technologies that would lower the estimated cost of the Renewables Scenario.**

For example, advancements in long-duration battery storage, automated electric vehicle (EV) load shifting and electric vehicle-to-grid bidirectional charging are all promising technologies that will play a lynchpin role in helping the region manage peak demand on the grid in the coming decades, and, as a result, significantly drive down costs associated with investment in electric system generation, transmission and distribution. In other words, we need to build less if technologies like long-duration storage can help us reduce peak demand. For example, a [2024 study from researchers at UMass Lowell](#) estimated that incorporating long-duration energy storage into the technology mix results in a modeled **55% reduction in overall electric system costs in New England.**