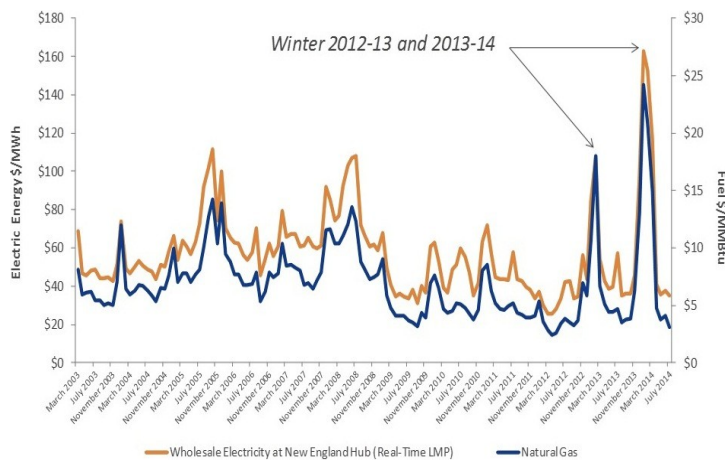


The real story behind utility rate hikes

Electric market policies and practices manufacture price spikes

- **ISO-NE chose a policy that would cause price spikes.** For the winter of 2013-14, ISO New England – the region's electrical grid manager – did not support using liquefied natural gas (LNG) to keep winter gas and electricity prices down; ISO-NE sought to avoid a solution that *“would lower gas prices and send the wrong signal about the relative scarcity of natural gas.”*¹ Instead, ISO-NE promoted the use of expensive oil reserves.
- **ISO-NE overstates the need for additional electricity supply.** In fact, “ISO-NE ... ignores its [own] interim, conservative forecast of hundreds of MWs of solar PV projected to come on-line in the next three years. ... By excluding these resources from [ISO's] calculation, consumers are paying for unneeded future capacity”.²
- **Electric generators buy natural gas on the spot market.** Unlike home heating companies that buy gas under longterm contracts, power companies subject themselves to the daily fluctuations of the market, and high prices get passed on to the consumer.

Over-Reliance on Natural Gas is Making Price Fluctuations Worse

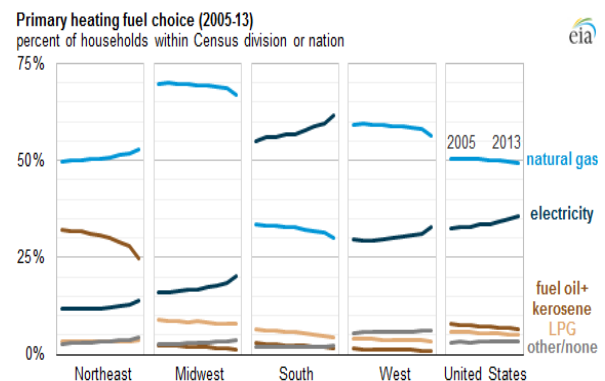


About 67% of the electricity used in MA is from natural gas, up from about 40% just six years ago. ([Boston Globe](#))

- Heavy reliance on this single fuel source subjects electric ratepayers to natural gas market volatility – wholesale electric prices in New England closely track natural gas prices (see chart at left from [ISO-NE](#)).
- Better management of existing pipeline capacity through market reforms could reduce this price volatility.

Fewer homes are choosing natural gas as a heating source – except in the Northeast. ([US EIA](#))

- State policies that incentivize switching to natural gas should be eliminated.
- New high-efficiency heat pumps are now available that work in New England winter conditions ([Boston Globe](#)); new grants help make the initial investment more affordable.



Full Citations available at
www.massPLAN.org

¹ [ISO New England](#), June 28, 2013, p.7.

² [New England States Committee on Electricity](#), October 3, 2014.

New Gas Pipelines Could Cause Prices to Rise.

- Kinder Morgan has not and cannot promise that their pipeline would result in lower prices.
- While natural gas is cheap [now](#), a number of factors make an increase in prices likely:
 - **Export:** The proposed pipeline would link up to [Canadian LNG export facilities](#). Export would subject domestic wholesale gas purchasers to global markets, where prices are 2-5 times higher.
 - **Gas supply is not limitless:** Estimates of available shale gas have been revised downward; many people believe we are experiencing a “[shale gas bubble](#)”, and prices will rise dramatically when it becomes clear that we are running out of drillable gas.
 - **Regulation:** The fracking industry is becoming more [regulated](#) with measures to protect human health, the local environment and the climate; this will increase production costs.

How do we replace power plants that are being retired?

Policy decisions made now will shape how New England is powered for decades to come.

- Ending the reign of nuclear, coal, and oil plants is a positive step, but replacing them with natural gas creates more vested interest in fossil fuels and [gets in the way of renewables](#).
- Many old plants are mostly used only 10-40 days a year; **peak** energy needs can be met with other energy sources and market reforms for better utilization of existing pipeline capacity.
- Not all of the coal, oil, and nuclear energy sources retiring need to be replaced; there are cost-effective solutions to **reduce** the need – e.g., energy efficiency measures now being deployed in Massachusetts are projected to eliminate the need for 1,200 MW of capacity. ([EEA](#), p.3)
- Renewables are now economically competitive with gas; [the cost of utility-scale solar has dropped 78% in the past five years](#); renewable energy storage is rapidly improving.
- The Massachusetts Department of Energy Resources is analyzing cost-effective alternatives to pipeline expansion in a [study](#) due to be released in December.

What you can do about your utility bills now:

- [Contact MassSave for a free energy audit](#) and information about available rebates on energy efficient appliances, insulation and weatherization.
- Swap in [LED lightbulbs](#) wherever you can – they are now available at low cost (and MassSave gives them away with their audits).
- Save on heating oil through the [Mass Energy Consumers Alliance Discount Heating Oil Service](#) (available regardless of your income level).
- If you will struggle to pay for heating this winter, apply for [fuel assistance](#).

Other ways to fight the push for more gas pipelines as a consumer:

- Change how you power and heat your home: [Photovoltaic systems are more affordable than ever](#); high efficiency heat pumps use far less energy than traditional electric heat; micro wind and geothermal are good options for some locations – just don't switch to gas!
- Sign up for [Mass Energy's New England GreenStart Program](#) so that you are supporting renewable energy sources every time you pay your electric bill.
- Join your town's energy committee; help your town become a Green Community. The [Green Communities Designation and Grant Program](#) helps municipalities navigate and meet the five criteria required to become a Green Community, in turn qualifying them for grants that finance additional energy efficiency and local renewable energy projects.