

Electricity is Expensive in Massachusetts Why and Your Choices

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Electricity is very expensive in Westwood and in Massachusetts generally. There are several reasons for this, mostly self-inflicted. Some are described below. However, you may mitigate the damage to some extent by exercising your right to choose a different electricity supplier. Many homeowners simply accept the default option presented to them, but in Massachusetts you are free to choose another electricity supplier.

Westwood is in the *Eversource* service area. They deliver the electricity to your home regardless of who is supplying it. Your bill has two major charges for *supply* and *delivery*. The delivery part is from Eversource at regulated rates.

If you choose a different supplier, your electricity will continue to be delivered by Eversource and there is no change in the reliability of the service. The alternate supplier feeds electricity into the grid, not to you individually. The accounting and billing continue to be handled by Eversource. The state requires that all suppliers include a minimum percentage from “*Renewable*” sources, currently 62%. Some go beyond that.

The default electricity supplier in Westwood was *Eversource* until recently. The default supplier is now the *Westwood Community Aggregation* plan for many customers. You may also choose an independent competitive supplier licensed by the state.

Eversource recently announced their new default “*fixed rate*” electricity prices for the period **beginning August 1, 2024**. Their new rate will be **15.772¢/kWh** from August 2024 **through December 2024**. Eversource changes their default “*fixed*” price on January 1 and August 1 of each year. Their current “*fixed*” rate is 17.216¢/kWh through this month (July). The August rate from Eversource is usually lower than the January rate even though we generally use more electricity in the summer (for air conditioners). See below for more about the reasons for this.

The current default “*fixed*” price from the *Westwood Community Aggregation* plan is **16.71¢/kWh through November 2024** with 72% renewable energy. They also offer slightly different optional rates with differing amounts of renewable energy (62% renewable at **16.31¢/kWh** or 100% renewable at **17.85¢/kWh**). See, <https://westwoodcce.com/>

The best of the independent competitive offers is **usually much less expensive** than the default options. For example, a recent offer was **10.69¢/kWh** from **100% renewable** sources for a fixed term of **6 months** with no cancellation fee. This is about **32% less** than the new Eversource rate and about **36% less** than the default rate from the Westwood Community Aggregation plan. The offers are posted on the state Web site at, <https://www.energyswitchma.gov/>
That Web site has a calculator that allows you to enter your electric power usage for a dollar cost comparison of the various options available to you. If you choose an alternative supplier, you should make a note on your calendar about the expiration date of your rate and check the rates available to you at that time. Renewal rates will differ. I also suggest that you avoid any offers with a cancellation fee.

A house in Westwood might use about 800 kWh/month in the summer and about 500 kWh/month in the winter, so the supply portion of your bill might be about \$126/month in the summer and about \$86/month in the winter on Eversource rates this year, or about \$134/month and \$84/month, respectively, on the Westwood Aggregation plan. Your bills show your electricity consumption on page 2 on the line labeled “*Generation Service Charge*”, so you may make your own comparison. Your current supplier is named just above that line.

The summer rate from Eversource is usually lower than the winter rate even though we generally use more electricity in the summer (for air conditioners). The winter rate is affected by capacity issues, particularly the limited capacity of the natural gas pipeline from the south (more below). There are different capacity issues in the summer, particularly to cover peak demand when the wind is not blowing and/or the sun is not shining and the inadequate capacity of the lines for transmission of hydroelectric power from Quebec. The US Energy Information Administration has warned of possible power shortages on warm days this summer in New England due to inadequate system capacity. See, <https://www.eia.gov/>

Comparison with other states

Electricity is very expensive in Massachusetts in comparison with other states. A recent total cost comparison is shown in the table below with data from the US Energy Information Administration. This is a competitive disadvantage for the state that does some damage to the economy here. Businesses consider costs when making decisions about facility location.

Total Average Price of Electricity March 2024
(cents per kilowatt-hour)

State	Residential	Commercial	Industrial
Massachusetts	29.66¢	20.78¢	17.97¢
New York	23.64	17.46	8.01
New Hampshire	22.43	19.21	16.45
Maine	22.25	18.34	13.55
Vermont	21.72	18.87	11.70
Pennsylvania	17.60	11.54	7.64

Source: US Energy Information Administration

Why is electricity so expensive in Massachusetts?

1. One reason is the inadequate capacity for transmission of hydroelectric power from Quebec. Quebec has enormous hydroelectric capacity that is only partly developed, mostly from northern rivers that flow into Hudson’s Bay. They are willing to supply large amounts of electricity to us at low prices from their public hydroelectric utility, “*Hydro-Québec*”, via the “*New England Clean Energy Connect*” project. However, the construction of that line has been held up for years by various objections in New England. Hydroelectric power is considered *renewable*. Other renewable sources are generally much more expensive and less reliable (as they may not be available when the sun is not shining or the wind is not blowing). I visited one of the hydroelectric projects in the James Bay area in Quebec some years ago. I was very impressed by the engineering achievements of Hydro-Québec. There is an opportunity for Massachusetts to benefit from their hydroelectric capacity.

2. There is inadequate pipeline capacity for transmission of natural gas to Massachusetts. The state has held up construction of a proposed larger pipeline to the South (the Algonquin Gas Transmission line). This matters as a substantial amount of electricity in Massachusetts is generated by gas fired turbines. Those turbines are also needed when the sun is not shining and the wind is not blowing. In the winter, more of the limited amount of natural gas available from the pipeline is used for heating homes. The electric utilities must then switch over to using oil or expensive Liquefied Natural Gas (LNG) via the terminal in Everett. The Eversource rate in the winter is usually higher than in the summer for this reason. Much of the oil and LNG is imported from countries in the middle east. The LNG ships receive a Coast Guard escort as they approach the terminal in Everett! Another consequence of the gas pipeline limitation is that many neighborhoods in Massachusetts do not have access to natural gas service, including mine. Many of those homes use oil furnaces for heat, which is much more expensive. Natural gas is also a much cleaner fuel than oil and it is available in large amounts at relatively low cost from parts of the US interior to the south and west.

Best wishes for a pleasant summer with no power outages.

Further reading related to electricity from Hydro-Québec:

<https://www.hydroquebec.com/clean-energy-provider/markets/new-england.html>

<https://www.cbc.ca/news/canada/montreal/hydro-quebec-1.6816752>

<https://www.necleanenergyconnect.org/>

<https://www.wbur.org/news/2023/05/17/new-england-clean-energy-connect-maine-hydropower-construction>

Further reading related to natural gas lines:

https://www.iso-ne.com/static-assets/documents/2021/04/natural_gas.pdf

<https://infopost.enbridge.com/infopost/AGHome.asp?Pipe=AG>

<https://infopost.enbridge.com/GotoLINK/GetLINKdocument.asp?Pipe=10076&Environment=Production&DocumentType=Notice&FileName=Maple+Open+Season+Final.pdf&DocumentId=8aa164b28a8404b0018a848cd1230040>

<https://www.wbur.org/news/2023/09/22/enbridge-weymouth-compressor-natural-gas-fossil-fuel-climate-change-pipeline-expansion>

<https://www.wbur.org/news/2020/10/13/weymouth-compressor-explainer-climate-change-enbridge-natural-gas-fracking>

<https://www.wbur.org/news/2023/07/28/eversource-springfield-gas-pipeline-mepa-environmental-reivew>

Professor Ittig was a member of the of the Westwood Finance & Warrant Commission from 2019 to 2022.

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Also see comments at:

<https://westwoodminute.town.news/g/westwood-ma/n/267152/letter-editor-westwoods-community-choice-aggregation-program-offers-stable>