

## What's the Solution?

Natural gas rates are expected to continue to rise, and these higher prices are affecting everyone – even if you don't heat with natural gas. So what can we do? Together, we can make a difference:

- The EIA is now reporting that **household heating oil expenditures are going to average 27 percent less than last year. That's an estimate of more than \$630 saved per year! Don't change a good thing.**
- Tell the utilities and your legislators to **stop pushing natural gas expansion** while there's insufficient distribution.
- Consider upgrading your heating equipment to lower your energy usage.
- Remember the basic energy saving advice mom and dad gave: shut the lights and TV off when you're done ... and the computers and video games, too.
- Call us, your local Oilheat Dealer, for more energy saving advice.



Get the facts about your energy supply. Visit  
[AmericanEnergyCoalition.org](http://AmericanEnergyCoalition.org)



### Sources:

- <sup>1</sup> EIA.gov, "September 2014 Average Retail Price of Electricity to Ultimate Customers"
- <sup>2</sup> Wall Street Journal, 12/11/14, "Where Will You Be When the Lights Go Out?"
- <sup>3</sup> Boston Business Journal, 8/18/14, "Gov. Patrick backs away from regional effort to expand natural gas capacity"
- <sup>4</sup> Berkshire Gas, December 2014
- <sup>5</sup> WGBHNews.org, 11/17/14, "Energy Future: New England May Face Scheduled Blackouts Due to Poor Natural Gas Supply"
- <sup>6</sup> WSJ.com, 8/14/14, "Most Electricity in US Still Comes from Coal. Where Does Your State Stand?"
- <sup>7</sup> EIA.gov, "AEO2014 Early Release"
- <sup>8</sup> WFSB.com, 11/17/14, "CL&P Stock Prices Up but Still Seeks Rate Hike"

# Thank the Natural Gas Utilities



# for Higher Electric Rates

# Electric rates are rising – with no sign of stopping – and all fingers point to natural gas rates.

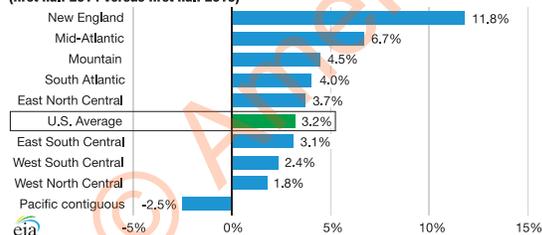
Pick up a paper. Turn on the news. Open your electric bill. **Electricity prices have been going up all across the country.** You're not imagining things. In fact, **nationwide, residential electrical prices are up almost 35 percent since 2004<sup>1</sup>** and much higher in some areas.

## Blame Natural Gas Distribution

That's right. **Your electric bill is going up because the natural gas distribution system can't meet the needs of existing customers.** Even though the gas utilities are pushing for more businesses and homeowners to convert to gas heat, the infrastructure isn't in place to supply the customers and the power plants.

The North American Electric Reliability Corp. (NERC) has concluded that "long-term reliability of the U.S. electrical grid is already at risk ... 'reserve margins' in the Midwest, New York and Texas have reached dangerously low levels – meaning an **increased likelihood of brownouts and blackouts in the coldest weeks of winter and the hottest days of summer.**"<sup>2</sup>

Change in average residential electricity prices by Census division (first half 2014 versus first half 2013)



(Chart courtesy EIA.gov, "Today in Energy" September 2, 2014)

New England natural gas distribution is such an issue that the six governors developed a plan to add a regional tariff to electric rates to support expansion of the gas pipelines. That plan is currently on hold while Massachusetts investigates other options,<sup>3</sup> but whether through tariffs or higher rates, electric customers are paying for the natural gas infrastructure.

On peak usage dates, electric companies and other large facilities can be ordered to switch to an alternate fuel – often heating oil – because of pipeline limitations. Some **natural gas companies have even imposed moratoriums on new customers or expanded services until at least 2018 because the pipelines are at near capacity.**<sup>4</sup> The demand for natural gas to generate electricity is expected to continue to grow and rates will continue to increase.<sup>5</sup>

Recently, *The Wall Street Journal*, using data from the Energy Information Administration, showed that electricity generation from natural gas increased from 639,129 thousand megawatt hours in 2002 to 1,113,655 in 2013, **a 75 percent increase.**<sup>6</sup> EIA forecasts that by 2040, natural gas will be generating at least 35 percent of the country's electricity, and energy prices for power generation are going to rise considerably.<sup>7</sup>

Of course, **there's a profit issue at stake for the electric companies,** too. Even as electric utilities are increasing rates to cover rising costs, many of these companies are enjoying a record year on Wall Street and **expect to increase stockholder dividends thanks to the increase in rates for consumers.**<sup>8</sup>