



City of Cambridge

Executive Department

YI-AN HUANG
City Manager

CMA 2025 #61
IN CITY COUNCIL
March 24, 2025

To the Honorable, the City Council:

In response to AR 25-17 requesting that the City Manager direct the appropriate City staff to explore potential actions the City can take to mitigate the impact of Eversource price hikes, Office of Susatrainability staff have provided an update on recent cost increases and various City and Eversource support programs.

Eversource Bill Assist Event in Cambridge

As part of Eversource's efforts to help residents understand and manage their energy bills, they are hosting bill assist events in communities throughout their coverage area. Eversource will be holding an event in Cambridge on March 26th between 2 pm and 6 pm at the Citywide Senior Center at 806 Mass. Ave. Residents will be able to meet one-on-one with Eversource representatives and city staff to sign up for various assistance programs. A summary of the Eversource and City programs is included at the end of this response.

Factors contributing to Eversource natural gas rate increases

Winter heating bills have been exceptionally high this December through February due to a combination of unusually cold weather and higher gas distribution rates that were approved by the State in November 2024. The actual price of the gas supply increased by 5% as of February 1st but was not as much of a factor as the other increases. Eversource recently hosted a webinar reviewing the increases and a recording is available at <https://www.eversource.com/content/residential/account-billing/payment-assistance/bill-help-events-webinars>.

To put these costs in context, we broke down a \$500 gas bill for a Cambridge resident paying February 2025 gas and distribution prices (note: Eversource posted a sample January gas bill of \$432; we rounded up to \$500 to make comparisons easier):



Charges for 163.5 Therms used	Cost /Therm (\$)	Cost (\$)	% of Total Bill Costs
Gas supply	0.9260 (Feb \$)	151	30%
Distribution charge	0.6755	110	22%
Revenue decoupling charge	0.5790	95	19%
Distribution adjustment charge	0.8768	143	29%
Total Costs		500	100%
Breakdown of distribution adjustment charges			
Mass Save	0.5699	93	19%
Gas System Enhancement Program	0.2104	34	7%
Low-income Programs	0.0526	9	2%
Other	0.0438	7	1%

Of the total gas bill, 52% went to gas supply and distribution, and an additional 19% went to the “revenue decoupling charge” used to even out cash flow. Of the remaining 29% of the bill, 19% went to Mass Save, 7% went to repairing and upgrading the gas system, and 2% went to support low-income customers. These charges are further described below.

Throwback winter. First, due to climate change, New England’s winter weather has been warming at a faster rate than its summer weather. This past winter was a throwback, with outside temperatures far colder than in recent years. The colder the weather, the more energy it takes to heat a house to the same inside temperature. Energy use is even higher during windy days, especially for poorly insulated buildings.

Higher gas use and slightly higher costs. The supply portion of a gas bill simply covers Eversource’s cost for purchasing natural gas on behalf of customers, with no profit. These costs are adjusted when the market price varies by at least 5%. As of February 1, the cost of natural gas was adjusted upward and will remain in effect until May 1. “Distribution charges” cover the cost of maintaining the gas infrastructure needed to deliver gas.

Cost of State-mandated programs. The "distribution adjustment charge" portion of a bill includes the cost of repairing gas leaks and state-mandated energy efficiency and low-income programs. Last fall, the State Department of Energy Resources raised distribution adjustment charges for gas customers by about a third compared to a year ago, with most of the increase going to the Mass Save program. The programs covered by this charge are:

Mass Save, the Commonwealth’s energy efficiency program, provides low- and no-cost services such as energy audits, weatherization, and heat pump incentives to help residents equitably save energy and

reduce carbon emissions. These investments are essential for Massachusetts to meet its 2050 carbon-neutral climate goals.

The November rate increases were directly related to Mass Save's 2025-2027 Plan approved by the Massachusetts Department of Public Utilities. The plan expands access to no-cost energy efficiency services for additional low- and moderate-income households.

The **Gas System Enhancement Program (GSEP)** addresses methane leaks, which can be very dangerous and are a source of significant greenhouse gas emissions. This program has grown significantly in its first ten years. The challenge is to make essential repairs to natural gas leaks without expanding expensive infrastructure that we expect to eliminate by 2050. We want to make sure that this program doesn't become a barrier to electrification.

Low-Income Programs provide financial subsidies so that low-income residents can afford to heat their homes in the winter.

A note on the broader context: Even with the higher delivery rates, heating Cambridge homes with natural gas was still cheaper than heating oil, propane, and traditional electric baseboard heaters. Higher energy prices are likely here to stay, potentially made worse by a trade war with Canada and other countries. At the same time, climate change is requiring us to make historic investments in resilient infrastructure, renewable energy, and electrification.

We may be reaching the peak of what investments can be borne by energy bills instead of through some other revenue source. Under the current rate structures, as more customers move away from natural gas, fewer and fewer people will be left to pay for the fixed costs of maintaining natural gas infrastructure.

Emerging State-level proposals to address high energy bills

On February 28, 2025, the Massachusetts Department of Public Utilities (DPU) approved the following:

- They approved plans to decrease March and April heating bills by moving higher costs to summer months when average bills are lower.
- They decreased Mass Save's budget by \$500 million, which will reduce the energy efficiency surcharge on future gas bills.
- They required Mass Save program administrators to work with the Energy Efficiency Advisory Council and the Legislature to find alternative sources of funding for decarbonization measures that don't rely on ratepayers.

In addition, the DPU extended their cold-weather service shut-off moratorium through April 1 to protect residents experiencing financial hardship and are investigating various ways to limit energy prices across Massachusetts, especially for low- and moderate-income residents.

Finally, the Healey Administration is preparing an "energy affordability and independence" bill and will take executive action to help reduce energy costs. Without providing specifics, the Governor sought to provide discounts, cut programs that "aren't working," and remove government "red tape."

City-supported programs that can help lower energy costs for Cambridge residents

Cambridge is a **Mass Save Community First Partnership Community**. This means that we receive funding and capacity to increase participation in Mass Save energy efficiency programs, particularly

targeting renters, landlords, low- and moderate-income households, and people whose primary language is not English.

The City offers and supports multiple programs that improve energy efficiency, increase renewable energy usage, and help ease the energy burden for residents. This work is currently housed under the Cambridge Energy Alliance brand and outreach for this work is done in partnership with the non-profit organization, All In Energy. Below is a list of our programs, also found at <https://cambridgeenergyalliance.org/>.

Cambridge Community Electricity is the City's electricity aggregation program that provides consistent electricity rates to residents (prices are typically unchanged for 2-3 years at a time) and three program choices that vary in cost and the amount of renewable energy provided. In January 2024, the City introduced a new low-cost program option (Economy Green) that residents can opt into. Since the program launched in 2017, CCE has saved Cambridge residents over \$36 million compared to if those same customers had been enrolled in the Eversource Basic service offering.

The **Cambridge Energy Helpline**, 617-430-6230, is a phone number available to all residents for free one-on-one assistance to better understand their utility bills and get connected to programs that can help them save money.

Energy Bill Check-ups allow residents to have their bills reviewed by the All In Energy Customer Action Team to help ensure that they are paying the lowest cost possible and are taking advantage of all programs and incentives that they are eligible for, and to help them get off of costly competitive electricity supply contracts.

Low-income individuals and families can get help paying for heating bills during the winter season through the **Home Energy Assistance Program (HEAP)**, also known as Fuel Assistance. Fuel Assistance can help income-eligible residents save money on their winter heating bills between November 1 and April 30.

- Renters and homeowners are eligible to apply.
- Eligibility is based on the resident's four-week gross income, with income documentation and proof of how one's home is heated is required.
- People whose circumstances have changed may be newly eligible. People who qualify for Fuel Assistance are also eligible for other programs that help save money and get energy improvements.
- No Heat Emergencies: residents who don't have heat, have received a 72-hour shut-off notice, or have less than 1/8 of a tank of oil can call 617-665-6234 for same-day assistance.

The **Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP)** provides heating system repair and replacement services to low-income households

Mass Save Home Energy Assessments and energy efficiency upgrades, such as insulation and air sealing, can lower energy costs for residents. All rental households in 1-4 unit buildings are able to receive no-cost qualified weatherization measures. Households that receive fuel assistance or have an annual income below 60% of state median income may qualify for no-cost weatherization services.

Community solar provides a way for anyone with an electricity account to save money by becoming a member of an off-site solar farm project. Market rate customers can save up to about 10% off the supply portion of their bill while low-income customers can expect to save up to about 20% off the supply portion of their bill.

Home Improvement program (HIP) provides financial and technical assistance to eligible Cambridge homeowners, helping renovate more than 500 units for low-and moderate-income homeowners. HIP participants maintain their residency, revitalize their homes, and help stabilize their community.

Eversource Bill Assistance Programs

In addition, Eversource provides a number of programs for customers needing additional financial support, www.Eversource.com/billhelp. The March 26, 2025 Eversource event will allow residents to meet one-on-one with Eversource representatives to learn more about these assistance programs, as well as payment plans.

Budget Billing smooths out seasonal spikes by setting a predictable bill amount each month based on average annual energy use.

Low-income Discount Rate reduces energy bills for income-qualifying customers.

Residential Arrearage Management Program (RAMP) can help eliminate an outstanding balance in as little as 12 months for people making on-time monthly payments.

For customers with past due amounts, **Flexible Payment Plans** are available to all customers regardless of income.

Good Neighbor Energy Fund provides energy assistance to residents in temporary crisis who are struggling to pay their energy bills. Eligible customers have annual household incomes within 60-80% of the state median income level and not eligible for any federally funded assistance programs.

Potential actions the City can take to mitigate the impact of rate hikes

In July 2024, the City sent in a comment letter to Massachusetts Energy Efficiency Advisory Council on the proposed Mass Save 2025-2027 plan, which emphasized the importance of directing Mass Save programs and incentives to historically underserved market segments including low-and-moderate income families and renters in order to prioritize moving these more vulnerable populations away from fossil fuels and reducing their energy burden through energy efficiency.

In line with those previous comments, we recommend we continue our advocacy on managing energy costs follow a few general principles:

- The City should support policies that create cost-effective strategies to move away from fossil fuels and ensure that low- and moderate-income residents are able to afford the energy they need.
- We should avoid policies that delay or discourage transitioning away from fossil fuels.

Transportation and Utilities Commission Hearing

City staff will work with Eversource and the Chair of the Transportation and Utilities Commission to schedule a committee hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Yi-An Huang". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Yi-An Huang
City Manager