

IDEAS

You probably can't tell why your electric bills have skyrocketed

Utility bills in Massachusetts are stuffed with fees for programs that the Legislature could be funding in other ways.

By Bruce Mohl, Boston Globe, Updated February 18, 2025

Have you taken a close look at your electric bill lately?

The bill covers what you would expect — the cost of generating and delivering the electrons needed to power the lights and appliances in your home. But there are also charges on the bill that have very little to do with your home's energy needs. Instead, they have much to do with a series of Massachusetts legislators' policy initiatives.

In total, the policy initiatives represent 29 percent of the cost of the average residential electric bill, more than twice the level of a decade ago. They are the fastest-growing part of the bill, and also the least transparent. They allow Beacon Hill policymakers to raise billions of dollars for state initiatives without attracting much attention.

According to a website called [WhatsInMyElectricbill.com](https://www.whatsinmyelectricbill.com), which breaks out the various charges on electric bills, the cost of the policy measures for a typical homeowner in Eastern Massachusetts using 600 kilowatt hours a month has more than tripled from \$15.99 in October 2014 to \$58.77 a month in October 2024. That's about \$700 a year. (Eversource, the utility servicing Eastern Massachusetts, crunched its bill information and arrived at very similar numbers.)

The basic price of electricity has grown much more slowly. The combined cost of generating 600 kilowatt hours of electricity a month and transmitting it to individual homes fluctuates year to year with energy prices, but it has gone from \$98.26 in October 2014 to \$161.77 in October 2024.

This shift in the standard electric bill has taken place largely under the radar, presumably because few customers clearly understand what exactly they are paying for. "Some of these things are hard for even me to understand," says Doug Horton, vice president of rates and regulatory requirements at Eversource.

What exactly are these policy measures that are driving so much of the increase in our electric bills?

There are five such policy items: two charges on the bill related to solar power and one each for renewable energy development, energy efficiency, and electric vehicle infrastructure.

The energy efficiency charge, which currently is set at 3.1 cents a kilowatt hour, will allow Eversource, National Grid, and Unitil to raise nearly \$5 billion over the next three years to fund the state's Mass SAVE program, which offers rebates, incentives, and services to curb energy usage. Eversource charges its customers 0.138 cents per kilowatt hour for the electric vehicle program, generating \$21.9 million this year for the construction of charging stations.

Other public policy charges aren't broken out on the bill but are rolled into the broader distribution and supply charges. There is the residential assistance adjustment clause, which taps all ratepayers for the money needed to provide bill discounts to low-income ratepayers. Eversource says the clause will generate nearly \$167 million this year from its customers. The discount is a flat 42 percent for qualifying Eversource low-income customers, while National Grid offers a tiered discount that ranges from 32 to 71 percent depending on income level. A discount for moderate-income customers is also under consideration.

The distribution charge is also where long-term adjustments for renewable energy contracts are buried. The adjustment allows utilities to apportion the cost of long-term state-mandated contracts for offshore wind and hydroelectricity. The utilities, under the direction of state officials, negotiate the contracts and sell the power into the regional wholesale electricity market. If the wholesale price is more than the contracted price, ratepayers receive a credit on their bill. If the wholesale price is less, ratepayers are assessed for the difference.

With future offshore wind contracts expected to be far more expensive, the long-term energy contract adjustment would be worth keeping an eye on. Unfortunately, it is not currently broken out separately on the electric bill.

There are also several charges rolled into the supply portion of the bill related to renewable energy subsidies and the costs associated with participation in the Regional Greenhouse Gas Initiative, a cap-and-trade system designed to reduce carbon dioxide emissions.

One could argue that the policy initiatives shouldn't be part of the electric bill at all — that policy initiatives belong in the state budget.

There's also a question of fairness. The policy charges are assessed on utility bills the same way charges for electricity are assessed — based on how many kilowatt hours of energy you consume.

But aside from the fact that all the policies relate to energy use, it's hard to grasp the rationale for assessing charges for solar subsidies, electric vehicle infrastructure, and energy efficiency initiatives based on how much electricity you use. And as more and more people install solar panels or take advantage of programs that reduce their energy demand, their consumption of kilowatt hours from the power grid falls, shifting the cost of the policy initiatives to remaining customers.

How to fix this

A state law passed in 2013 directed the Department of Public Utilities to explore ways to improve the transparency of electric bills, including a separate “systems benefit” section on the bill “to reflect rates charged for public policy programs.” Connecticut has taken that approach since 1988.

But the systems benefit idea was ultimately rejected in Massachusetts, and so was a proposal to itemize all policy programs on the bill. The fear was that too much information would just confuse ratepayers more.

A state government interagency working group [suggested](#) in December that [it may be time](#) to rethink the way customers are charged for some policy initiatives. Instead of assessing customers based on how many kilowatt hours of electricity they consume, the working group recommended the creation of a “non-bypassable” fixed monthly charge to fund some of the policy initiatives.

The working group said charges based on electricity usage no longer make sense, particularly because the state’s climate change strategy hinges on getting residents to shift to electricity to heat their homes and fuel their cars.

The report recommends incorporating the cost of two policy initiatives — discounts for low-income electricity customers and funding for energy efficiency programs — into a fixed customer charge. The rest of the policy initiatives would continue to be funded based on electricity usage, at least for now.

There are other ways to fund such programs. When the MBTA recently launched a half-off fare discount program for its low-income customers, the agency didn’t pay for it by charging its other customers more. Instead, the state funded the program out of its budget; the cost is expected to be about \$60 million a year upon full enrollment.

That’s always an option with electric bill discounts and other policy initiatives. But Dan Dolan, the president of the New England Power Generators Association, says policymakers are comfortable putting the cost of a policy initiative on an electric bill for a very specific reason. “You don’t have to call it a tax increase,” he says.

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