

Summary: Five Ways Natural Gas Is Driving Costs Up for Heating Consumers

Fall - 2025

In the Northeast, natural gas is both the primary source of in-home heating and the primary fuel for electric generation. Widespread reliance on gas means the cost of gas and related infrastructure is a strong driver of utility bill increases, both for gas and electricity. The gas infrastructure network is vast—Connecticut alone has more than 8,100 miles of pipe.¹

Gas supply, transmission, and distribution costs drive energy bills higher in related and distinct ways. Here are five leading causes for cost increases.



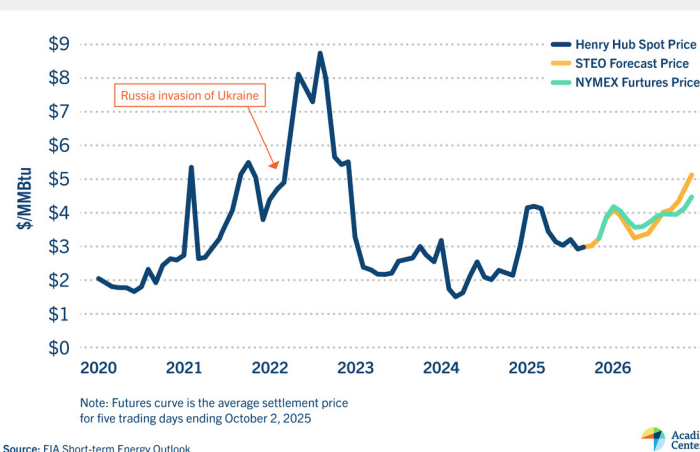
#1: GAS SUPPLY COSTS ARE VOLATILE

- **Market prices for gas supply are significantly volatile.** They can be driven higher by weather (as seen in January 2025) and international market conditions (as seen when Russia invaded Ukraine in 2022).
- Liquid Natural Gas (LNG) is exported from America, which impacts prices at home. Natural gas prices in Europe are over 3x more than in the US,² creating the incentive for American producers to ship more gas to the more expensive market – thereby raising prices at in the States. The amount of LNG exported abroad and not used in local markets has increased over 10x since 2016.³ The U.S. Energy Information Administration (EIA) expects **gas prices will increase 33% or more in 2026** for this reason.⁴
- Excepting trends in Connecticut, **although New England's gas consumption—including for electricity—has been trending down since 2018**, gas supply costs have not decreased because the market for American-produced gas is no longer only America.
- MA gas utilities signed major contracts (\$950M over 5 years)⁵ with Everett Marine Terminal (EMT) **requiring payment for access to LNG, whether they use it or not** (i.e., some of these supply costs are not even for gas).
- US data centers are forecast to use 140 TWh of additional gas-powered electricity by 2030, more than double the amount of gas used to power data centers in 2020, pushing up prices for gas nationally.⁶



FIGURE 1

Henry Hub natural Gas Price and NYMEX Futures Price



#2: EXPENSIVE GAS TRANSMISSION EXPANSIONS INCREASE COSTS

- **Increasing the amount of gas transmission capacity has not decreased gas commodity prices or price expectations.**⁷ New England has expanded interstate gas transmission capacity by over 30% since 2010, from approximately 4,383 million cubic feet/day (MMcf/d) to approximately 5,730 MMcf/d. Increased transmission costs are passed onto ratepayers through utility contracts.
- **The latest expansion project proposed by Enbridge ("R.A.R.E.") would increase flows by additional 75 MMcf/d, at a price tag of \$300m**⁸—a significant cost, given that 1) past experience shows supply savings will not be realized, and 2) gas utilities have provided no evidence gas consumption will increase in the 2030s.

- Recently released industry-funded studies⁹ examining expanded interstate gas pipeline capacity rely on questionable assumptions about future peak-month price reductions, ignore net price impacts of increasing LNG exports and existence of upstream methane emissions, and leapfrog the essential question of offtake and project financing – which poses significant barriers to a new pipeline getting built before any purported benefits could ever be realized.



#3: AGING, LEAK-PRONE LOCAL GAS DISTRIBUTION PIPES SNOWBALL COSTS

- Gas distribution pipes are rapidly being replaced in the name of safety – but replacement programs have not led to commensurate decreases in leaks or in significant incidents due to corrosion or materials failure.^{10,11}
- For example, since 2014, **MA gas utilities have spent \$6.2 billion on new gas pipes through the Gas System Enhancement Program (GSEP)**, a program intended to improve safety by remediating leak-prone pipe. GSEP spending has increased by an average of 12% every year since 2015, from \$291 million to a proposed \$880 million in 2025. **GSEP accounts for 8-11% of gas ratepayers' bills and growing every year, but the program has not led to clear safety benefits, leak reductions or reduced GHG emissions.**^{12,13}
 - Estimates from the MA Future of Gas proceeding and other GSEP experts forecast that overall GSEP costs would equal between **\$23,500-\$31,000 per customer over the life of the program.**^{14,15}
 - The MA statewide average per-mile pipe replacement cost was \$1.32 million in 2015, but the largest GSEP program (National Grid) faces per-mile costs of \$4.66 million in 2026 – up 350+% in 11 years.¹⁶
- Gas utilities' profits are set by state Public Utility Commissions (PUC), but there is a growing body of academic literature that these returns have historically been set unreasonably high.¹⁷
- **Line extension allowances, ratepayer-paid subsidies for connecting new gas users, cost gas customers in New York \$1 billion between 2017 and 2021¹⁸ and cost gas customers in MA \$160m in 2023 alone.**¹⁹



#4: BURNING NATURAL GAS AND FOSSIL FUELS IS HIGHLY INEFFICIENT

- Gas and diesel automobile engines waste 75-85% of input energy,²⁰ natural gas power plants waste ~55%,²¹ and natural gas heating wastes ~20%.
- **A heat pump uses ~3x less energy to make the same amount of heat as a gas furnace, so, even when the grid is very dirty, a heat pump still uses less overall energy than a furnace.**²²
- Even though New England anticipates an increase in electric demand by 2050, overall energy consumption would decrease by moving away from inefficient combustion: the high electrification scenario in MA CECP 2050 saw a **reduction in final energy demand of 42%.**²³



#5: UTILITY BILLING HIDES THE REAL STORY

- Many real fossil fuel costs are borne other places: ecological costs,²⁴ environmental pollution,²⁵ medical costs/excess deaths due to pollution,²⁶ weather emergency costs,²⁷ as well as knock-on economic costs.²⁸
 - For example, gas leaks from distribution and transmission, which are widespread and chronic,²⁹ contribute substantially to levels of PM2.5, a particularly dangerous pollutant³⁰ that is linked to increases in morbidity and mortality, even at low exposure levels.³¹ So far in 2025, New England states have seen multiple days with PM2.5 levels above EPA standards.³²
- Today, **energy efficiency programs represent a relatively small portion of costs on people's gas bills**, and they fundamentally reduce energy system costs and total bills for consumers.³³
 - For example, in winter 2025, for one utility, Eversource MA, efficiency costs were 21% of the bill compared to gas infrastructure and supply, which was about 70%.³⁴ This winter, Eversource is raising MA winter rates 13% due to “maintenance and infrastructure investment”—i.e., distribution costs.³⁵

- o Without energy efficiency, bills would be significantly higher. New England has received on average \$2.93 in benefits for each \$1 spent region-wide on energy efficiency – these benefits are not shown on bills.³⁶ On the single day of June 24, 2025, behind-the-meter solar saved New England ratepayers at minimum \$8.2 million (and almost certainly much more).³⁷ These savings also do not show up as a line item on customer bills.
- **After repeatedly emphasizing that last winter was so expensive because of (historically typical) cold weather, Eversource now says customer bills this winter should be about the same:** “While rates will be increasing in total compared to last peak season, Eversource estimates that total customer bills will be slightly less or similar to last winter’s if the weather and usage return to 10-year historic averages.”^{38, 39}

Given the real drivers of energy price escalation, the region needs to turn to more energy efficiency and more renewable energy to decrease exposure to volatile gas and fossil fuel prices, reduce the need for additional expensive infrastructure, and take advantage of lower cost ways to power our grid and heat our homes.

For more information:

Noah Berman, Senior Policy Advocate and Utility Innovation Program Manager
nberman@acadiacenter.org, 617.742.0054 x107

Jamie Dickerson, Senior Director, Climate and Clean Energy Programs
jdickerson@acadiacenter.org, 401.276.0600 x102

Endnotes:

- 1 [State Gas Pipelines - Breaking It Down | National Conference of State Legislators](#)
- 2 [Monthly natural gas prices United States and Europe 2025 | Statista](#)
- 3 [Liquefied U.S. Natural Gas Exports \(Million Cubic Feet\) | U.S. Energy Information Administration \(EIA\)](#)
- 4 [Short-Term Energy Outlook | EIA](#)
- 5 [Everett Marine Terminal Explainer | MA Attorney General's Office](#)
- 6 [Energy Supply for AI – Analysis | IEA](#)
- 7 [Post-Forum Comments of Acadia Center re the New England Winter Gas-Electric Forum on June 20, 2023, under AD22-9 | FERC](#)
- 8 [Enbridge Approves AGT Enhancement Gas Transmission Pipeline in Northeast | Pipeline and Gas Journal](#)
- 9 [Constitution Pipeline Could Generate Up to \\$11.6 Billion in Total Savings by Lowering Natural Gas Prices in 'Energy Tight' US Northeast | S&P Global/Williams](#)
- 10 [Majority of US urban natural gas emissions unaccounted for in inventories | PNAS](#)
- 11 [Gas Distribution Significant Incident Trends | PHMSA, accessed 10/20/2025](#)
- 12 [AG Campbell Applauds Changes to GSEP Program That Will Save Ratepayers Money | Mass.gov](#)
- 13 [Study: GSEP at the Six-Year Mark | Dorie Seavey](#)
- 14 [Spending Billions Fixing the Gas System Makes No Sense | Dorie Seavey](#)
- 15 [Rising Massachusetts gas bills: What role are GSEP and other infrastructure capital spending playing? | Dorie Seavey](#)
- 16 [Mass. gas customers spending billions on new pipes the state plans to abandon | WCVB](#)
- 17 [Rebalancing “Return on Equity” to Accelerate an Affordable Clean Energy Future | RMI](#)
- 18 [New York Spends Millions on Subsidized Gas Line Extensions | RMI](#)
- 19 [DPU Halts Gas Line Extension Subsidies, Saving Customers Millions | Acadia Center](#)
- 20 [Where the Energy Goes: Gasoline Vehicles | fueleconomy.gov](#)
- 21 [US Gas Power Generation by Facility | Thunder Said Energy](#)
- 22 [Heat pumps for all? Distributions of the costs and benefits of residential air-source heat pumps in the United States | NREL/Joule](#)
- 23 [Clean Energy and Climate Plan for 2050 | Mass.gov](#)
- 24 [Ocean Acidification: The Other CO2 Problem | NRDC](#)
- 25 [The Health and Environmental Effects of Air Pollution | Mass.gov](#)
- 26 [Fossil fuel air pollution responsible for 1 in 5 deaths worldwide | Harvard T.H. Chan School of Public Health](#)
- 27 [2020 U.S. billion-dollar weather and climate disasters in historical context | NOAA Climate.gov](#)
- 28 [Mapped: How climate change affects extreme weather around the world | CarbonBrief](#)
- 29 [Gas Leaks Map | HEET](#)
- 30 [Spatial dynamics of natural gas leaks in the United States: Localized impacts, spillover effects, and policy implications for air quality and safety | Wiley Online Library](#)
- 31 [Long-term exposure to PM and all-cause and cause-specific mortality: A systematic review and meta-analysis | ScienceDirect](#)
- 32 [2025 PM2.5 Exceedances | US EPA, accessed October 10, 2025](#)
- 33 [Cutting clean energy won't lower New England utility bills | Canary Media](#)
- 34 [Let's Talk Energy! | Eversource](#)
- 35 [Eversource Press Release on Winter Rates](#)
- 36 [Efficiency Ahead Report | Acadia Center](#)
- 37 [June Heat Wave Grid Action Report | Acadia Center](#)
- 38 See [Let's Talk Energy! | Eversource](#)
- 39 Ibid

acadiacenter.org • info@acadiacenter.org
Acadia Center, PO Box 583, Rockport, ME 04856-0583

Boston, MA 617-742-0054 • Hartford, CT 860-246-7121 • New York, NY 212-256-1535 • Providence, RI 401-276-0600 • Rockport, ME 207-236-6470

