

Why New England Must Say No to New Gas Pipelines

Winter - 2025-26

3 Reasons Why a New Gas Pipeline Would Increase Energy Costs, and Why Major Pipeline Proposals Are Not Cost-Effective

As New England energy prices increase, some voices mistakenly tout a new gas pipeline as the solution to lower bills, asserting simply that by increasing gas supply to meet existing demand, costs will come down. However, though it may seem counterintuitive, building a new gas pipeline to increase supply would not reduce customer energy bills—it would actually raise them. A complete economic analysis includes three dimensions of increased costs: higher gas supply costs, higher gas distribution/delivery costs, and higher electricity costs. The proposed 2016 pipelines failed on all three measures, as would any new pipeline proposed today.

This Fact Sheet unpacks how a new pipeline would fall short in each respect, as a companion piece to Acadia Center's February 17 [Op-Ed for MassLive](#) on the same topic.

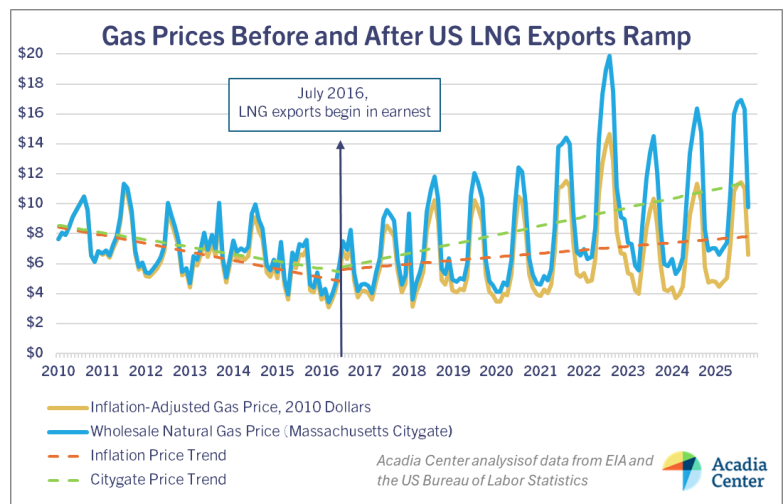
#1: A NEW PIPELINE WOULD EXPOSE RATEPAYERS TO INCREASING GAS SUPPLY COSTS

Gas prices are set in volatile markets—and prices are rising. America is now the world's single largest exporter of gas. Given projected increases in exports, New England will be swimming against a rip tide if it pursues major new pipeline capacity, with supply prices—both gas and electric—linked to higher international bidding.

- **American export jump:** 4,343 billion cubic feet (Bcf) of liquid natural gas (LNG) exported in 2024, up from 28 Bcf in 2015 and equivalent to ~13% of national gas consumption.¹ Current U.S. LNG export capacity is expected to more than double by 2031.²
- **Lucrative exports:** Natural gas (as LNG) fetches ~3x higher prices in international markets,³ a much more lucrative opportunity for profit-seeking gas production companies.

Conclusion: the price New Englanders pay for gas is increasingly tied to the higher-priced global gas market—volatile even by commodity standards⁴—rather than any local supply-demand balance. This dynamic is already evident, as shown in the figure above, and a new pipeline will only worsen this exposure.

- **More supply does not mean lower prices:** Between 2010 and 2024, gas transmission capacity into New England actually increased by about a third,⁵ but gas prices rose nevertheless.⁶ Between 2019 and 2024, regional gas pipeline capacity increased by 362 million cubic feet per day (MMcf/d),⁷ but supply prices continued to grow across New England⁸—and by as much as 33% in Massachusetts,⁹ even though gas demand in Massachusetts was flat-to-declining over the same period.¹⁰
- **Expensive pipeline costs will be passed through:** When gas utilities or gas-fire power generators sign long-term contracts to take supply from a new interstate pipeline, the capital costs are a straight passthrough added to the supply portion of gas bills. These costs are significant: pipelines built before 2024 cost \$5.75 million per mile on average; post-2024, per-mile costs increased by almost 90%.¹¹



- **Gas supply is the wrong focus:** Supply costs used to make up half or more of the typical gas bill. That ratio has flipped, however, as supply costs now represent a third or less a typical gas bill, while delivery costs (gas distribution system upgrades, utility profit, utility taxes) make up most of the rest.¹²

#2: A NEW PIPELINE LOCKS RATEPAYERS IN TO SKYROCKETING GAS DISTRIBUTION COSTS

Since 2014, Massachusetts' gas utilities have spent \$6.2 billion to replace "leak prone pipe" through the Gas System Enhancement Program (GSEP), with spending increasing by an average of 12% every year, from \$291 million in 2015 to a proposed \$880 million in 2025.¹³ From 2023 to 2024, GSEP costs increased by nearly 40%, from \$583.7 to \$814 million, even though gas utilities replaced fewer miles of pipe.¹⁴ Similar activity is taking place or is at risk of ramping up across the rest of the region where gas networks exist.

- **Major costs are here today:** In 2025, the GSEP reconciling mechanism accounted for 8-11% of gas ratepayers' bills, not counting the billions of dollars in system upgrades that had already been rolled into base rates.¹⁵
- **Questionable benefits amidst declining demand:** GSEP is intended to improve safety, but the program has not led to clear safety benefits, substantial leak reductions, or reduced GHG emissions.^{16,17,18} GSEP costs are increasing at a time when data from gas utility Annual Returns show that annual gas utility send-outs—the amount of gas they supply to their customers in each year—is declining.¹⁹
- **Looming lock-in risk:** Costs for gas transmission pipelines are passed on to consumers through supply rates, but a new pipeline would double-down on natural gas and lock consumers into continuing to pay the growing cost of programs like GSEP, at a time when gas demand in most New England states is flat or decreasing.

#3: A NEW PIPELINE COULD ALSO INCREASE ELECTRICITY BILLS

The Massachusetts House's initial rewrite last fall of the energy bill, H 4744, included a provision would allow electric utilities to charge their customers to contract with new gas pipelines.²⁰ This legislation would increase customers' electric bills to pay for a pipeline that would further subject ratepayers to volatile, higher gas costs set by foreign markets—and re-impose major financial risks on the public that should be borne by private entities.

- **Subsidy needed to remove financial obstacles:** Long-term contracts are necessary to obtain the financing needed to build pipelines, but gas-powered electricity generators do not want to sign long-term contracts for gas supply. Gas power plants prefer to buy gas in the spot market because spot market prices are less expensive, while gas utilities already have the contracts they need to serve their customers.²¹ Pipeline developers therefore cannot find off-takers willing to sign new long-term contracts. Without long-term contracts, pipeline developers cannot secure construction loans. Requiring electric ratepayers to assume these market risks is simply bad policy.
- **Cross-subsidy and stranded asset risk:** The proposed legislation would have required Massachusetts' electric customers to pay extra for something gas power plant owners are themselves unwilling to pay for: new gas pipelines. In so doing, it would create a long-lasting charge on electric bills negating potential reductions to power supply costs—unlikely as they are while gas commodity prices increase—to finance an asset that would outlive its usefulness before being paid off. **Thankfully, the House has removed this provision in the updated February version of the bill.**

Separately, ISO New England (ISO-NE) is proposing to increase the capacity accreditation and, therefore, the capacity market revenue for gas power plants that hold firm long-term gas supply contracts. The increased capacity revenues are intended to incent plant owners to make arrangements for firm winter fuel deliveries by making up the difference between the higher contract costs owners would pay and lower-cost spot market prices.

- **Passing the buck:** the cost of the additional payments that could be earned by power plants in this fashion would be passed on to electricity customers through higher capacity market costs—encouraging gas power plant owners to pay more for gas supply than they currently do.



PULLING IT ALL TOGETHER: PIPELINES ARE NOT THE SOLUTION, NOT IN 2016 NOR 2026

In 2016, developers shelved the proposed Northeast Energy Direct (NED) pipeline after the project failed to secure enough long-term contracts to acquire financing.²² Pipeline developers hoped to overcome that obstacle by adding the cost of future pipelines to the bills of electricity customers. The developers of the Access Northeast pipeline project had similarly set their sights on electric customers, but in 2017 the SJC ruled that unlawful.²³ Access Northeast stalled for the same reason as NED: pipeline developers were unable to contract with enough off-takers to successfully finance the pipelines.

- The supply portion of the gas bill now represents only a third of the average bill. Had the NED and Access Northeast pipeline projects been built, the major increase in gas delivery charges would still have occurred due to the skyrocketing cost of distribution system upgrades—primarily from GSEP.
- Even outside of the Northeast, gas commodity prices (Henry Hub) have increased by 40% since 2016;²⁴ by 2027, Henry Hub prices are forecasted to reach 75% over the 2016 price.²⁵
- Proposals to charge electric customers for new gas pipelines effectively transfer their money to pipeline developers that are unable to deliver gas power plant owners supply at a price low enough to persuade them to execute long-term contracts. Such proposals, in other words, represent an entirely unnecessary corporate subsidy that would be paid by ratepayers.

The bottom-line: a new gas pipeline into New England would further burden energy ratepayers' wallets at a time of acute cost concerns. Through exposure to increasing global gas supply costs, locking in risks for skyrocketing gas distribution costs, and proposals to rob Peter (power) to pay Paul (pipeline), a new gas pipeline should be a clear non-starter for policymakers around the region.

Endnotes:

- 1 [U.S. Natural Gas Exports | EIA.gov](#)
- 2 [Natural Gas Data - Imports/Exports | EIA.gov for Q4 2025](#)
- 3 [Monthly natural gas prices United States and Europe 2025 | Statista](#)
- 4 [Conflict exposes natural gas to price volatility | IEEFA](#)
- 5 [Analysis of Winter Supplies from Gas-Fired Generators | Analysis Group for NEPOOL Reliability Committee](#)
- 6 [Short-Term Energy Outlook - U.S. Energy Information Administration | EIA.gov](#)
- 7 [Analysis of Winter Supplies from Gas-Fired Generators](#)
- 8 [Natural Gas Citygate Price | EIA.gov](#)
- 9 [Massachusetts Natural Gas Prices | EIA.gov](#)
- 10 [Massachusetts Natural Gas Consumption by End Use | EIA.gov](#)
- 11 [Rising Natural Gas Pipeline Prices and Their Impact on Tariff Rates | Factset Insight](#)
- 12 [Why Mass. gas bills are rising — and what to do about it | Jamie Van Nostrand for the Boston Globe](#)
- 13 [AG Campbell Applauds Changes to GSEP Program That Will Save Ratepayers Money | Mass.gov](#)
- 14 [Report to the Legislature on the Prevalence of Natural Gas Leaks in the Natural Gas System | MA DPU](#)
- 15 [AG Campbell Applauds Changes to GSEP Program... | Mass.gov](#)
- 16 [11 Gas Distribution Significant Incident Trends | PHMSA, accessed 10/20/2025](#)
- 17 [AG Campbell Applauds Changes to GSEP Program That Will Save Ratepayers Money | Mass.gov](#)
- 18 [13 Study: GSEP at the Six-Year Mark | Dorie Seavey](#)
- 19 [Find a natural gas company annual return | Mass.gov](#)
- 20 [ENGIE Gas & LNG LLC v. Dep't of Pub. Utils. \(2016\) | law.justia.com](#)
- 21 [New England Overview: A Primer on Natural Gas Related Issues in 2018 | at 21 | RAAB Associates on behalf of Boston Green Ribbon Commission](#)
- 22 [Kinder Morgan formally withdraws federal application for Northeast Energy Direct pipeline | Masslive.com](#)
- 23 [Enbridge halts \\$3.2B Access Northeast natural gas pipeline for now | Utility Dive](#)
- 24 [Henry Hub Natural Gas Spot Price \(Dollars per Million Btu\) | EIA.gov](#)
- 25 [Short-Term Energy Outlook | EIA.gov released February 10, 2026](#)