



**Groton Electric Light**

23 Station Avenue  
Groton, MA 01450

tel: 978-448-1150  
fax: 978-448-1159



December 1, 2021

Dear GELD customers:

## **The Power Cost Adjustment is being Reinstated**

***Beginning with the December 31, 2021 bill, there is a Power Cost Adjustment (PCA) added as a separate line item on your GELD electric bill.***

The PCA is a way for Groton Electric to recoup the increased generation costs associated with higher fuel prices and power costs. For the winter of 2022, the PCA will be a 1/2 cent (\$0.005) per kilowatt-hour on the December 2021 and March 2022 bills, and 2 cents (\$0.02) per kilowatt-hour on the January and February 2022 bills. The Light Board has also committed to reviewing this charge as the winter progresses. If a mild winter occurs, the February and March charges may be reduced or eliminated.

The Power Markets in the United States are currently experiencing severe volatility as natural gas is triple the price of only one year ago. Effective November 1<sup>st</sup>, our neighbors surrounding Groton who have National Grid as an electric supplier received a huge rate increase to 28.7 cents per kWh while GELD customers are paying 14 cents per kWh for usage over 500 kWh.

One of the reasons for this cost increase is that New England has inadequate natural gas pipeline infrastructure. By law, natural gas must be reserved for residential heating before it can be used for electric generation. This is a good thing because nobody wants to see residential customers who rely on natural gas for heating to have to deal with frozen pipes in the winter. But when it is cold, there is not an adequate supply of natural gas in New England so the electric generators in New England must switch to diesel fuel to generate electricity. This is substantially more expensive (and more carbon emitting) than burning natural gas to generate electricity.

Some of you may have read that natural gas is plentiful and more affordable in the United States so your confused about our winter PCA. Outside of New England it is true that natural gas is plentiful and much less expensive; but for about 10 weeks out of the year, the two pipelines that enter New England from the west are at maximum capacity and cannot transport additional gas supplies to fuel the electric generating plants.

When these two pipelines are full New England pays a substantial premium for natural gas, while at the same time natural gas is extracted in western Pennsylvania, shipped south where it is liquefied and loaded on to Liquefied Natural Gas (LNG) tankers then exported to other countries. Due to some convoluted politics and laws, it is actually less expensive to bring LNG to New England from outside the United States than it is to ship it directly from American LNG export terminals. Since natural gas is currently about 6 times more expensive in Europe, none of the available LNG tankers will be coming to New England this winter unless they have previous contractual commitments. When the temperatures drop, natural gas in New England becomes as expensive as it is in the rest of the world averaging six to seven times the cost in the rest of the United States.

GELD management monitors power prices closely and discusses this topic at their monthly board meetings. You can be assured that GELD ratepayers' best interests are always their top priority.

Thank you for your understanding,

Kevin P. Kelly  
Manager