New England Set To Weather Another Winter of Transmission Constraints & Price Spikes

According to a recent SNL Financial article, lack of transmission capacity to move natural gas to Boston will result in winter price spikes as the New England region continues to struggle to meet heating demand requirements while the market strives to build out pipeline capacity. Boston is expected to see an average forward price this winter of about $13.70/MMBtu, which is $2.33/MMBtu lower than the winter of 2013-2014 but much higher than previous winters, the U.S. Energy Information Administration (EIA) said in a November 24, 2014 report. The OCC continues to encourage ratepayers to actively manage their electric bills, especially those who are with a competitive electric supplier. The “price spike” as discussed will have a more significant impact on ratepayers who are on a variable pricing plan compared to those on a fixed price through the winter months. Ratepayers who are on a fixed price plan should also pay very close attention to the expiry date of those plans, because after the expiration of the plan they will be automatically placed on a variable plan which would make them more vulnerable to a price spike should their plan expire in the coldest months of the year when the price of natural gas is most expensive.

Click on the following link for the full SNL Financial article: