



Commissioners:  
Francis J. Hoey, III  
James A. Sutter  
Marcos A. Marrero  
Manager:  
James M. Lavelle

November 10, 2022

Honorable Members of the Holyoke City Council  
Holyoke City Hall  
536 Dwight Street  
Holyoke, MA 01040

Subject: Energy Update – Winter 2022/2023

Dear Holyoke City Council Members,

As we approach the winter months, Holyoke Gas & Electric (HG&E) wants to make the community aware of regional concerns regarding energy costs as well as potential impacts to service reliability. Issues related to energy have been well-covered in the media, so you are likely aware, but we want to ensure the community knows what they can expect on a local level and issue a reminder about resources that are available to assist HG&E customers and help them prepare.

Regionally, the energy sector is experiencing significant increases in costs, driven by escalating global demand for natural gas and shortages in domestic supply, as well as the impact of supply chain disruptions and volatile economic trends. Due to these factors, HG&E customers will see increases in both natural gas and electricity prices for the coming winter. Residential natural gas bills are expected to increase 32% over last winter, or approximately \$80 per month for a typical customer that uses an average of 186 ccf per month. Residential electric bills are expected to increase 10% over last winter, or approximately \$6.93 per month for the typical customer that uses 500 kwh per month.

While HG&E will continue to have some of the lowest rates in the region, inflation and the rising cost of everyday expenses are having a significant impact on our customers, and we are here to help. We encourage customers to manage energy use and payments by taking advantage of HG&E's innovative energy efficiency and conservation programs, fuel assistance information, discounts, payment plans, and rebates ([hged.com/save](http://hged.com/save)). This information will be distributed to customers with their utility statements in the November edition of HG&E's Energy Insights Newsletter ([hged.com/newsletter](http://hged.com/newsletter)).

From a reliability standpoint, HG&E is well prepared for the upcoming winter heating season and has secured the necessary energy supplies while continuously working to mitigate potential impacts on customers. HG&E employs an energy procurement hedging strategy for both power and natural gas supply so that spot market exposure at any one point in time is minimized. In addition, HG&E manages a diverse energy portfolio which includes various local power generating assets (hydro, solar, battery storage) as well as short-term and long-term energy contracts. As it relates to natural gas supply, HG&E is fortunate to have a portfolio that is made up of both firm pipeline capacity from the Tennessee Gas Pipeline and liquefied natural gas (LNG) which is stored at HG&E's West Holyoke LNG Facility. These

City of Holyoke Gas & Electric Department  
99 Suffolk Street, Holyoke, MA 01040  
Phone: (413) 536-9300, Fax: (413) 552-0392  
[www.hged.com](http://www.hged.com)

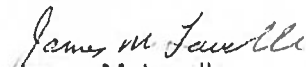
assets and measures help to ensure adequate, diverse, and cost-effective fuel supplies are available to meet customer energy needs. Innovative strategies like these are unique to our municipal utility operation and have served the community well, allowing HG&E the flexibility and local control needed to serve our customers and effectively manage costs.

The largest risk for HG&E customers for the coming winter is likely an interruption of the delivery of fuel (gas or electricity) already procured due to issues with the regional electric grid or regional pipeline constraints, but actions are being taken at several levels to mitigate this risk. A significant global increase in demand for natural gas, coupled with constrained supplies, has been widely reported. In addition to providing heating fuel for over 60% of residential dwellings in New England, natural gas is used to generate over 50% of the electricity consumed in the region. Recently, ISO New England (ISO-NE), the operator of New England's electric grid, issued a "Problem Statement and Call to Action" noting that without adequate gas supply in New England, the region may not be able to meet the demand for home heating and electricity. ISO-NE, along with other regional stakeholders, has petitioned the Biden administration to take specific actions to alleviate current LNG supply constraints. ISO-NE has coordinated plans to ensure that, in times of significant stress on the grid, non-critical loads can be managed to reduce stress on the energy systems as needed. HG&E, as well as all other electric utilities, follow well established mitigation plans during times of system stress to assist ISO-NE in preventing or minimizing service interruptions. HG&E has taken all necessary steps to maintain winter reliability in a variety of potential scenarios.

HG&E is proud to offer customers highly reliable service and has received national recognition for these efforts. Even though we work to minimize interruptions, outages are often unexpected and out of HG&E's control, so we urge customers to develop individual plans to minimize impacts. It is important for customers to update their contact information so we can communicate and provide information in the event of an emergency or service outage. HG&E's outage center provides safety and planning information, a real-time outage map, as well as a simple form that customers can use to update their contact information, [www.hged.com/outage](http://www.hged.com/outage). In addition, HG&E has standby crews available through existing contracts and mutual aid to handle any local system disruptions.

As your local utility, we believe that this is important information for both you and your constituents. Throughout the winter season, HG&E will seek additional opportunities to engage the public and provide resources as well as energy updates.

Sincerely,

  
James M. Lavelle  
General Manager

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