

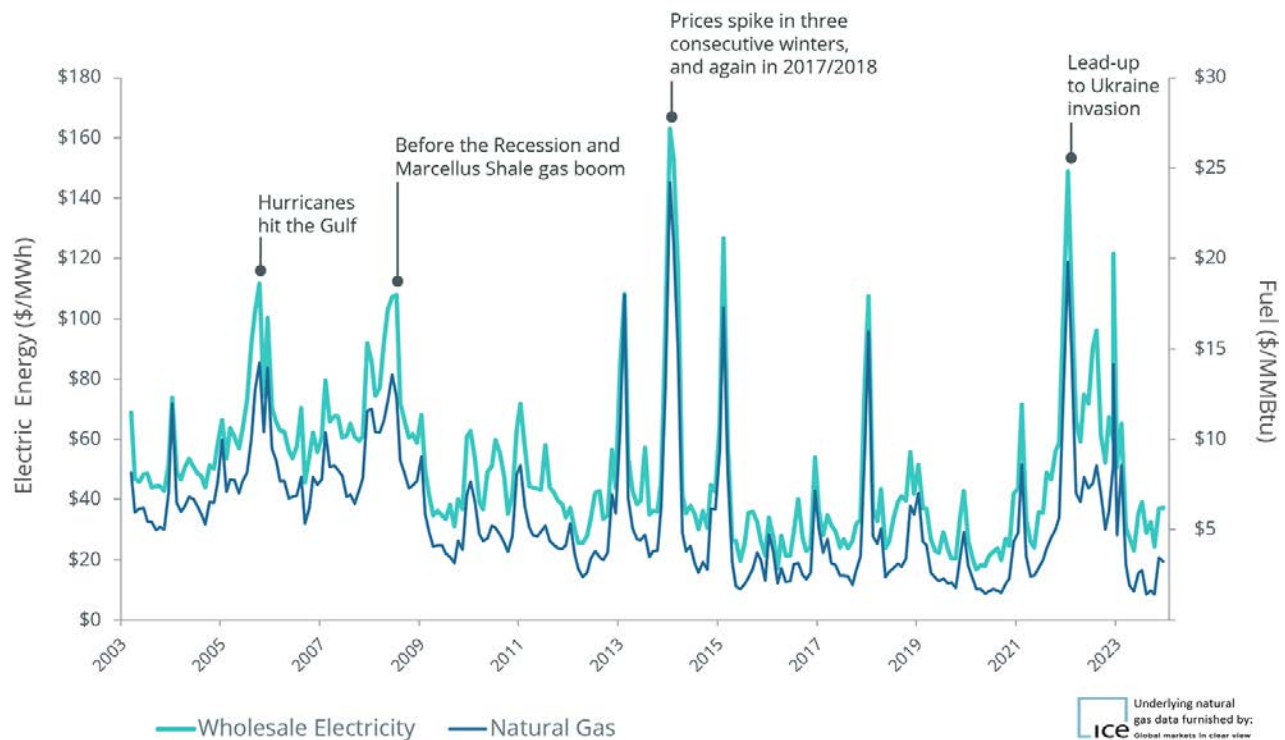
Concerns about high electricity bills in Connecticut have led the state to delay joining Massachusetts and Rhode Island in a recent tri-state procurement of offshore wind. However, these concerns are misplaced. Offshore wind will not increase electricity bills; instead, adding 9 GW of offshore wind to the New England grid would lower the cost of electricity for the average Connecticut household by more than \$100 per year, while also reducing the region's vulnerability to price spikes from natural gas.

## How does wind reduce electricity bills, while natural gas causes price spikes?

Electricity prices in Connecticut, and throughout New England, are set in a wholesale energy market. In that market, the most expensive power

plants needed to produce electricity in any given hour are the ones that determine the cost of all electricity for that hour. In New England, natural gas power plants are frequently the most expensive plants providing electricity. When the cost of natural gas spikes, the cost of Connecticut's electricity spikes too. The figure below shows how wholesale electricity prices closely follow natural gas fuel costs.

Offshore wind has no fuel costs, so it can bid into the wholesale electricity market at a price close to zero. This addition of low-cost electricity lowers the price of all electricity by reducing the market price paid to electricity generators across the board, an effect known as "price suppression." Because of this price suppression, offshore wind saves customers money on their electricity bills.



Source: ISO New England, Key Grid and Market Stats, October 2024. Available at <https://www.iso-ne.com/about/key-stats/markets>.