

Overcharged

Supplier's Retail Premiums are Inflating Massachusetts Electric Bills

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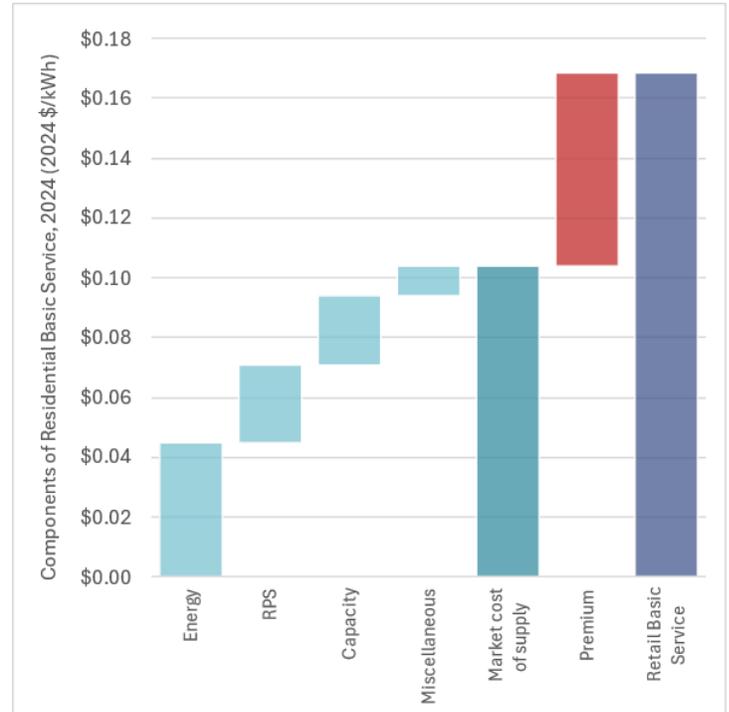


What's the problem?

Massachusetts customers are overpaying for electricity due to outdated policy, limited transparency, weak competition, and reliance on volatile natural gas.

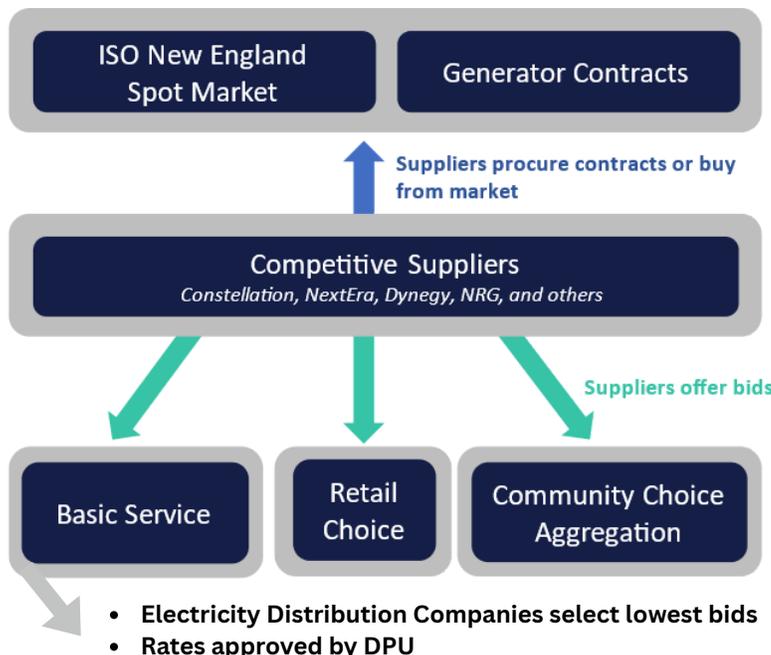
- Electric bills include a hidden “retail premium,” a markup built into supply costs.
- In recent years, this has exceeded the actual cost of energy itself.
- From 2015 to 2024, this premium cost customers **\$3.4 billion, or about \$22 per month per household.**
- These retail premiums likely affect more than residential Basic Service customers. Residential and small commercial/industrial customers on Basic Service, Municipal Aggregation, and Retail Choice overpaid **\$12.2 billion over the past decade.**

Figure 1. Average cost of supply and Basic Service rate components for residential customers, 2024



Note: See Chapter 2 in the accompanying report for more information on how these costs were compiled.

Typically, EDCs select the lowest-cost bids and submit them to the DPU for approval, after which costs are passed to customers; they do not earn a profit on energy supply (see figure below).



What's the solution?

To reduce these costs, Massachusetts could make reasonable, commonsense updates to its Basic Service procurement process that are already used in neighboring states.

- Our analysis indicates that these strategies could have lowered residential bills over the past 10 years by **\$12 per month, or 8 percent of a typical monthly bill.**
- These policies would reduce bill volatility, even accounting for monthly changes in weather and electricity use.



Find the full report on Synapse's website or at the QR code here

