

Reminder – Tax Savings Available for Electric Customers Using Third-Party Suppliers in Massachusetts

A provision in the State of Massachusetts Sales and Use Tax law can result in savings for electric customers using third-party suppliers. Using the provision makes the Sales and Use Tax on the transmission and distribution charges not applicable.

For the savings to be realized, two conditions must be met. The first is that the transmission and distribution charges must be stated separately from other charges on the customer's bill. This is typically already done by electric utilities in Massachusetts, like NSTAR – Boston Edison Company and NSTAR – Commonwealth Electric Company. The second condition that must be present is that the transportation (i.e., transmission and distribution) takes place *after* the sale of property (i.e., energy) is made. This means that if title to the energy is transferred to the customer at an interconnection point and the supplier manages the load on the customer's behalf thereon, the second condition is met. This scenario provides a distinct advantage for customers using third-party suppliers because when the utility is the energy supplier the sale of the energy is considered to be at the meter, *after* transmission and distribution.

Realgy recently analyzed an actual bill for a medium-load commercial customer and found that, had the customer been using a third-party supplier with the two required conditions present, a 12.4% Sales and Use Tax savings would have been achieved.

If you would like more information, please contact us. Our rate models and analysis tools are specifically created to bring details like this Sales and Use Tax provision to light.



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