



The Town of Somerset

Community Electricity Aggregation Program

Dear Resident,

As the result of a negotiated resolution of a contract claim by Public Power, LLC, the electric supplier for the Community Electricity Aggregation Program, the price paid by participants in the Program for electric supply will increase from 10.122 cents per kWh to 10.430 cents per kWh effective with meter reads after September 15, 2018. This new price will remain fixed through the remainder of the term of the Electric Services Agreement, ending January 2021.

How Does the New Price Compare?

The new price is below prices bid by all other suppliers during the Town's last competitive solicitation in 2017 and below estimates of a replacement supply in the current market. The new price is also below the current Basic Service rate offered by National Grid, which is 10.87 cents per kilowatt hour (kWh). The new price represents an increase of approximately \$1.80 per month given average usage of 600 kWh per month.

What Was the Claim About?

Under certain circumstances, the Electric Services Agreement with Public Power allows an increase in the electricity price in the event Public Power incurs unexpected cost increases resulting from a change in regulation, with the intent that those costs would be passed on to consumers under the terms of the Electric Services Agreement.

Public Power claimed that such a regulatory change occurred and resulted in increased costs, and it requested an increase in the electricity price. In response to Public Power's claim, the Town organized itself with 25 other communities and entered into negotiations with Public Power. Following negotiations and consultation with their advisors, the parties agreed to an increase in the electricity price to account for some of the claimed cost increases. The amendment to the Agreement includes language that prevents the pass-through of similar cost increases in the future.

The Town believes the new rate will continue to provide value to participating consumers even with the price increase.

Moving Forward – Fixed Rate of 10.430 Cents per kWh through January 2021

The Town's rate will remain fixed at 10.430 cents per kWh through the remainder of the term of the Electric Services Agreement, ending January 2021.

It is the expectation of the Town that National Grid's current Basic Service rate of 10.87 cents per kWh will increase with the winter rate change effective November 1 – April 30, 2019. However, because the Basic Service rate changes every three to six months, there is no guarantee that the Program price will be below the Basic Service rate in future periods. All participating customers may leave the Community Electricity Aggregation Program at any time and without penalty.

Further Information

Please go to your community's dedicated webpage at www.MASSCEA.com for a rate comparison chart and information about the program. If you have any questions regarding the price increase or your options, please call 844-MASSCEA (627-7232).