FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

LONG-TERM RENEWABLE ENERGY CONTRACT ADJUSTMENT

SCHEDULE LTRCA

1.01 Purpose

The purpose of the Long-Term Renewable Energy Contract Adjustment ("LTRCA") is to provide Fitchburg Gas and Electric Light Company (the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Public Utilities (the "Department"), its rates for customers of distribution service to recover costs and contract remuneration arising in relation to payments made under long-term renewable energy contracts and transmission service agreements that are in place to satisfy the requirements of the Green Communities Act (St. 2008, c. 169, ss.83, 83A, 83C, 83D) ("the Act").

1.02 Applicability

The LTRCA shall be applicable to all Customers unless otherwise designated. For billing purposes, the LTRCA shall be included in the Distribution Charge.

1.03 Effective Date of Annual Adjustment Factor

The Long-Term Renewable Energy Contract Adjustment Factor ("LTRCAF") shall be effective on the first day of each calendar year commencing January 1, 2014, unless otherwise ordered by the Department.

1.04 Definitions

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

(1) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company.

(2) "Prior Year" is the twelve-month period immediately prior to the effective date of a proposed LTRCAF.

(3) "Remuneration" is the annual remuneration for the Company equal to a percentage of the annual payments under the long-term renewable energy contracts and transmission service agreements. A 4 per cent remuneration applies to contracts subject to Section 83 of the Act. A 2.75 per cent remuneration applies to contracts subject to Section 83A, Section 83C and Section 83D of the Act.

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SCHEDULE LTRCA (continued)

1.05 Long-Term Renewable Energy Contract Adjustment Factor Formula

$$LTRCAF_x = (LTRC_x - MR_x - SMR + RA_{x-1} + I_x) / FUse_x$$

$LTRCAF_x$ = The annual Long-Term Renewable Energy Contract Adjustment Factor for year “x”, where “x” is the forecast year.

$LTRC_x$ = The estimated long-term renewable contract and transmission service agreement expenditures plus Remuneration for $Year_x$. This includes the cost of energy, capacity, renewable energy credits (“RECs”) and Clean Energy Credits (“CEC”) as applicable under the long-term renewable energy contracts plus an estimate of expenses incurred by the Company associated with selling energy into the market.

MR_x = The Market Recovery, for the forecast year, is the estimated sum of: (1) the market value of energy products produced by the long-term renewable energy contract(s) and sold into the ISO-NE Real-Time energy market; (2) the market value of capacity products produced by the long-term renewable contract(s) and sold into the ISO-NE Forward Capacity Market; and (3) the market value of Class 1 RECs produced by the long-term renewable contract(s); (4) the market value of CECs produced by the long-term renewable energy contracts.

SMR = The Solar Market Recovery (“SMR”) shall mean the estimated sum of (1) the market value of Energy products produced by the solar facility and sold into the ISO New England (“ISO-NE”) Real-Time Energy Market; (2) the market value of Capacity products produced by the solar facility and sold into the ISO-NE Forward Capacity Market; and (3) the market value of Renewable Energy Certificates (“RECs”) produced by the solar facility, where such value is established by the Company either through competitive procurements of such RECs used to comply with the Renewable Portfolio Standard for Basic Service, or if not needed for Basic Service, the market value for RECs sold into the market, received for the previous 12-month period ended September 30th. For 2024, only SMRs beginning March 1st shall be included.

RA_{x-1} = The Reconciliation Adjustment for $Year_{x-1}$ shall be the amount of over/under collection from the end of the Prior Year. Reconciliations shall be performed monthly and shall be based on the actual LTRCAF revenue as recorded in the Company’s billing data base and expenses (LRC_{x-1}, MR_{x-1}, PCD_{x-1} I_{x-1}).

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SCHEDULE LTRCA (continued)

Interest shall be calculated on the average monthly balance using the prime rate after tax (i.e. prime rate * (1 – tax rate)). The tax rate shall be the combined federal and state income tax rate. The prime rate is to be fixed on a quarterly basis and established as reported in THE WALL STREET JOURNAL on the first business day of the month preceding the calendar quarter; if more than one rate is reported, the average of the reported rates shall be used. Interest shall be added to each end-of-month balance.

PCD_{x-1} = Procurement and Contract Development Costs related to Section 83C and Section 83D of the Act which consist of (1) the difference between actual expenditures incurred to solicit, evaluate, negotiate, execute, and obtain regulatory approval of long term renewable energy contracts and fees paid by bidders to participate in the solicitation, excluding internal labor costs; and (2) ongoing external costs of administering long term renewable energy contracts, excluding internal labor costs;

I_x = The estimated interest in the forecast period.

$FUse_x$ = The estimated kWh in the forecast period.

1.06 Information Required to be Filed with the Department

Information pertaining to the LTRCA shall be submitted as part of the annual reconciliation filing, along with complete documentation of the reconciliation adjustment calculations.
Additionally, the filing will include a complete list by sub-account of all long-term renewable contract accounts claimed as recoverable through the LTRCA over the relevant calendar year, data and supporting information on the actual amount of RECs purchased under the contract, the price paid or credited for the RECs as well as a comparison of actual prices to the forecast prices filed in D.P.U. 11-30, remuneration payments and all previous years’ cost data.

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SCHEDULE LTRCA (continued)

1.07 <u>Customer Notification</u>

The Company shall notify customers in simple terms of changes to the LTRCAF, including the nature of the change and the manner in which the LTRCAF is applied to the bill. In the absence of a standard format, the Company shall submit this notice for approval at the time of each LTRCAF filing. Upon approval by the Department, the Company shall immediately distribute these notices to all of its distribution customers either through direct mail or with its bills, or as a bill message.