Important Update: Rate Increase Notification

As the result of a regulatory event, the Town of Winchendon's current aggregation rate **will increase by $0.01196 per kWh effective with the March 2026 meter reads**. The new rate (increasing from $0.13913 per kWh to $0.15109 per kWh) will be in effect for the remainder of the term, ending November 2026.

For comparison purposes, National Grid's Basic Service rates are fixed from February 1 through July 31, 2026 -- Residential at $0.15372 per kWh and Commercial at $0.14493 per kWh.

WHAT IS A REGULATORY EVENT AND HOW CAN IT RESULT IN A RATE ADJUSTMENT? A regulatory event is an action taken or change enacted by a regulatory authority that results in a direct, material increase or decrease in costs during the term of an electric power supply contract.

- ⇨ **ISO-NE Day-Ahead Ancillary Services Initiative (DASI or DAAS)** – DASI introduces a co-optimized day-ahead market that simultaneously considers energy and ancillary services, replacing the previous Forward Reserve Market. This approach ensures that resources providing essential services like operating reserves are adequately compensated and obligated to perform when needed, thereby improving system reliability. By implementing DASI, ISO-NE aims to provide targeted compensation and establish clear financial obligations and incentives for flexible resources, which are crucial for maintaining grid reliability amid the increasing integration of renewable energy sources. The Federal Energy Regulatory Commission (FERC) approved DASI, recognizing that it would significantly improve operating reserve resource readiness, efficiency, and day-ahead price formation in ISO-NE. [*See* *https://www.iso-ne.com/participate/support/participant-readiness-outlook/day-ahead-ancillary-services-initiative*.]
- ⇨ **In other words,** DASI lessens the need for fast start generation assets and diminishes loads settled on the real time market over time. This new market structure operates on the day-ahead market, so costs are more variable. Most notably, DASI includes a new component to the ancillary market. This new component was designed to bridge the gap between supplier bids and expected demand. This cost is set on the real-time market, which means increased costs for consumers during times of uncertainty (e.g. heat wave, cold snap).
- ⇨ This regulatory event results in an **increase** in the Town's aggregation rate (effective with the March 2026 meter reads) pursuant to a provision in the Electric Service Agreement (ESA).

WHY IS THE AGGREGATION RATE CHANGING IF THE TOWN SIGNED A FIXED PRICE CONTRACT? DASI was implemented in March 2025 and, given the newness of the program, costs were unhedgeable and had to be estimated based on guidance from ISO-NE.

- ⇨ **Original Projections vs Actual Costs** – The Cost Impact Analysis that ISO-NE filed with FERC estimated DASI costs at $120 to $150 million/year or $1 to $1.25/MWh which were approved as *just and reasonable and not unduly discriminatory or*

preferential. However, actual costs have far exceeded initial expectations with December 2025 coming in at ~$17/MWh and January 2026 at ~$48/MWh. The recent cold snap complicated matters further and resulted in two years of expected costs being incurred in only two days – January 26 and January 27.

- ⇨ **Per the ESA,** the Town's aggregation rate included a *cost estimate* of $6/MWh (or $0.006/kWh) for DASI, which was more than sufficient at the time given ISO-NE's projections, with a fully reconcilable provision once actual costs were known. This rate adjustment is a direct result of the pass-through costs that far exceeded initial estimates.

WHAT IS THE IMPACT OF THE RATE ADJUSTMENT? Given average usage of 600 kWh per month, the Town's new aggregation rate represents an increase of $7.18 per month versus the current rate.

All electricity suppliers operating in Massachusetts, including National Grid, are subject to the new market structure and the associated increase in cost (i.e. all ratepayers will be impacted). Winter Basic Service rates (effective August 1, 2026 through January 31, 2027) are expected to be elevated as a result of DASI.

The Town launched its electricity program in December 2015. From inception through September 2025, the program has saved residents and small businesses over $2.9 million in electricity costs as compared to National Grid Basic Service.

For questions about the Town's rate adjustment or your options, please visit colonialpowergroup.com/winchendon or call Colonial Power Group at (866) 485-5858 ext. 1. You may OPT-OUT or OPT-IN at any time in the future with NO CHARGE.