

Important Update: Rate Increase Notification

As the result of a change in law, the Town of West Springfield's current aggregation rate **will increase by \$0.00744 per kWh effective with the August 2025 meter reads**. The new rate (increasing from \$0.13412 per kWh to \$0.14156 per kWh) will be fixed through the remainder of the term, ending December 2026.

WHAT IS A CHANGE IN LAW AND HOW CAN IT RESULT IN A RATE ADJUSTMENT?

A change in law is a regulatory event 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)** – 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 without causing undue increases in wholesale market costs.
- ⇒ **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 August 2025 meter reads) pursuant to the "Change in Law" provision in the Electric Service Agreement (ESA).

WHAT IS THE IMPACT OF THE RATE ADJUSTMENT? Given average usage of 600 kWh per month, the new aggregation rate represents an increase of \$4.46 per month versus the current rate.

All electricity suppliers operating in Massachusetts, including Eversource, are subject to the new market structure and the associated increase in cost (i.e. all ratepayers will be impacted).

For questions about the Town's rate adjustment or your options, please call Colonial Power Group at (866) 485-5858 ext. 1.