



LAST RESORT SERVICE _____ (July 2024)

Pursuant to R. I. Gen. Laws § 39-1-27.3, The Narragansett Electric Company, d/b/a Rhode Island Energy (“Company”) is required to provide retail access to power supply, from nonregulated power producers to all customers. The Company is also required to provide a power-supply offer to customers that do not obtain supply services in the competitive market. The Company’s power supply offering is known as last-resort service (“LRS”) and prior to 2020 it was known as standard power-supply offer (“standard offer”).

Procurement of Last Resort Supply

The Company procures LRS supply in the wholesale power market in accordance with a Public Utilities Commission (“PUC”) approved procurement plan (“plan”). The Company may file to prospectively revise its plan due to changed market conditions or other factors.

The Company categorizes each rate class into one of three groups for the purpose of procuring supply and establishing rates. The three customer groups and the rate classes included in each are as follows:

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
Rate Classes	A-16 Basic	C-06 Small	G-32 Large Demand
	A-60 Low-Income	G-02 General	B-32 Large Demand Backup
		Streetlighting Rates	X-01 Electric Propulsion

Under the current plan, the Company conducts quarterly competitive solicitations for a specific term and load¹ obligation. For the industrial class, each solicitation is for monthly prices for 100% of the load requirements for the following quarter. For example, a solicitation in the 1st quarter of a calendar year will be for 100% of the load for the upcoming months of April, May and June with each month priced separately. For the residential and commercial classes, the Company acquires 90% of the load through five separate solicitations with the first solicitation occurring more than a year prior to the start of a pricing period. Each solicitation is for either 15% or 20% of the load. The final 10% of the load requirements is procured on the spot market. This approach provides additional pricing points over time with the goal of mitigating price volatility for consumers.

Last Resort Supply Pricing

The LRS retail rate is based on the underlying contract prices and other cost components of providing the service². The Residential and Commercial Groups, have two six-month pricing periods from April through

¹ “Load” refers to the electrical demand, or the amount of power consumed.

² Other costs include administrative costs, reconciliation of prior over/under recoveries, cost of Renewable Energy Credits (REC’s) necessary to comply with Rhode Island’s Renewable Energy Standard. The Company is allowed to recover the cost of providing LRS, however they do not recover a profit margin (In other words, this portion of the customer bill is a “pass-through” cost). The final PUC approved LRS rate has all the cost components embedded in the rate, which is the price that can be compared to offers from competitive suppliers.

September and October through April. The rate for the Residential Group is fixed for the term of the pricing period. For the Commercial Group, there is a fixed price option where the price is fixed for the term of the pricing period and a variable price option with monthly prices that reflect the underlying monthly contract prices. The rates for the Industrial Group are fixed monthly fixed prices. To provide customers with ample notice of price changes, the Company files new rates approximately 75 days prior to the start of a pricing period for Residential and Commercial customers.

See the following link for a recent history of LRS rates:

<https://ripuc.ri.gov/utility-information/electric/national-grid-last-resort-service>

Last Resort Customer Counts:

The majority of the Company's Industrial customers obtain their power supply in the competitive market with LRS comprising less than 10% of the supply for these customers. Traditionally, a significant portion of residential and small commercial customers remained on LRS. With the recent adoption of municipal aggregation in several communities, the number of customers on LRS has declined by approximately 100,000 from 450,000 to 350,000 over the past 18 months.

How Does a Customer Know if they are on Last Resort Service?

The name of the customer's power supplier is listed on the Supply Services section of their bill. Customers taking LRS supply will have Rhode Island Energy listed as the supplier.