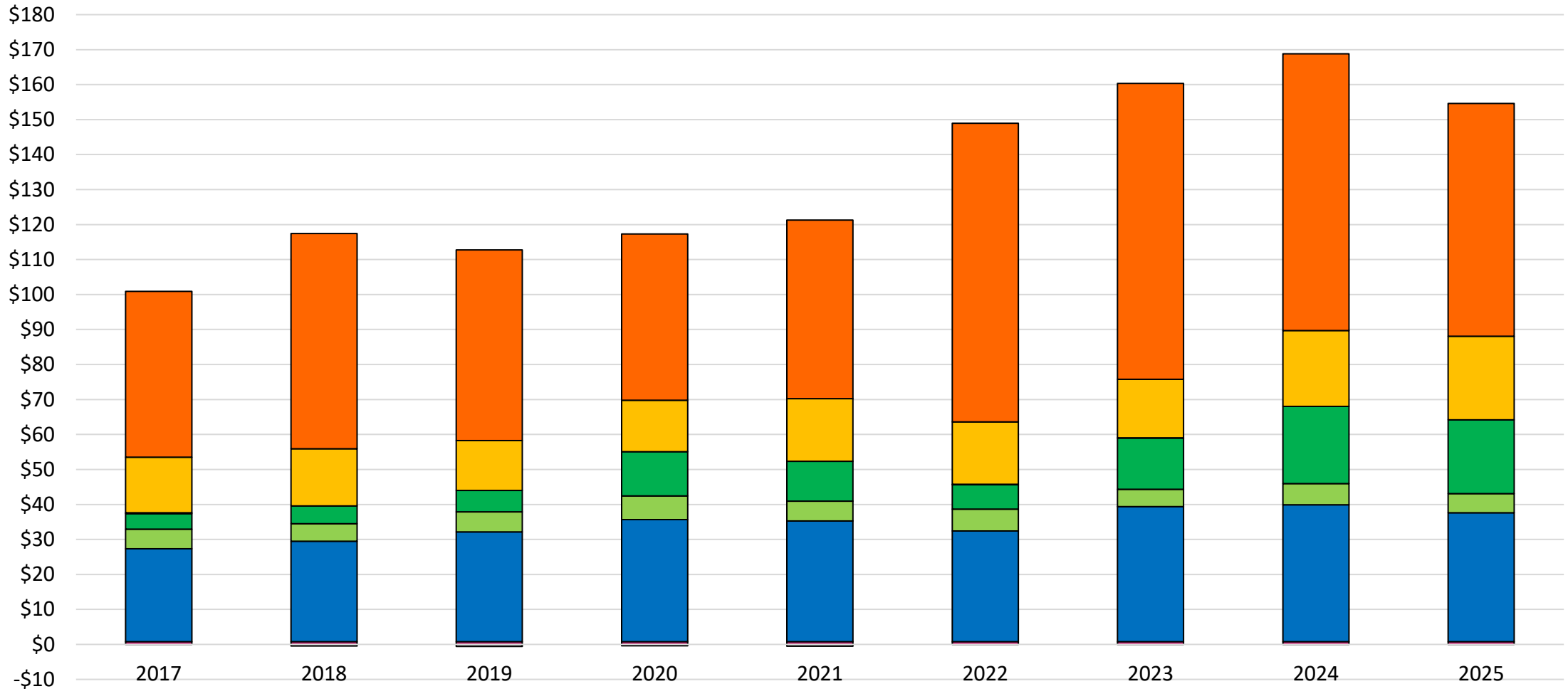


October bill for typical residential customer (500 kWh/mo)



LIHEAP

Distribution

Energy Efficiency Program

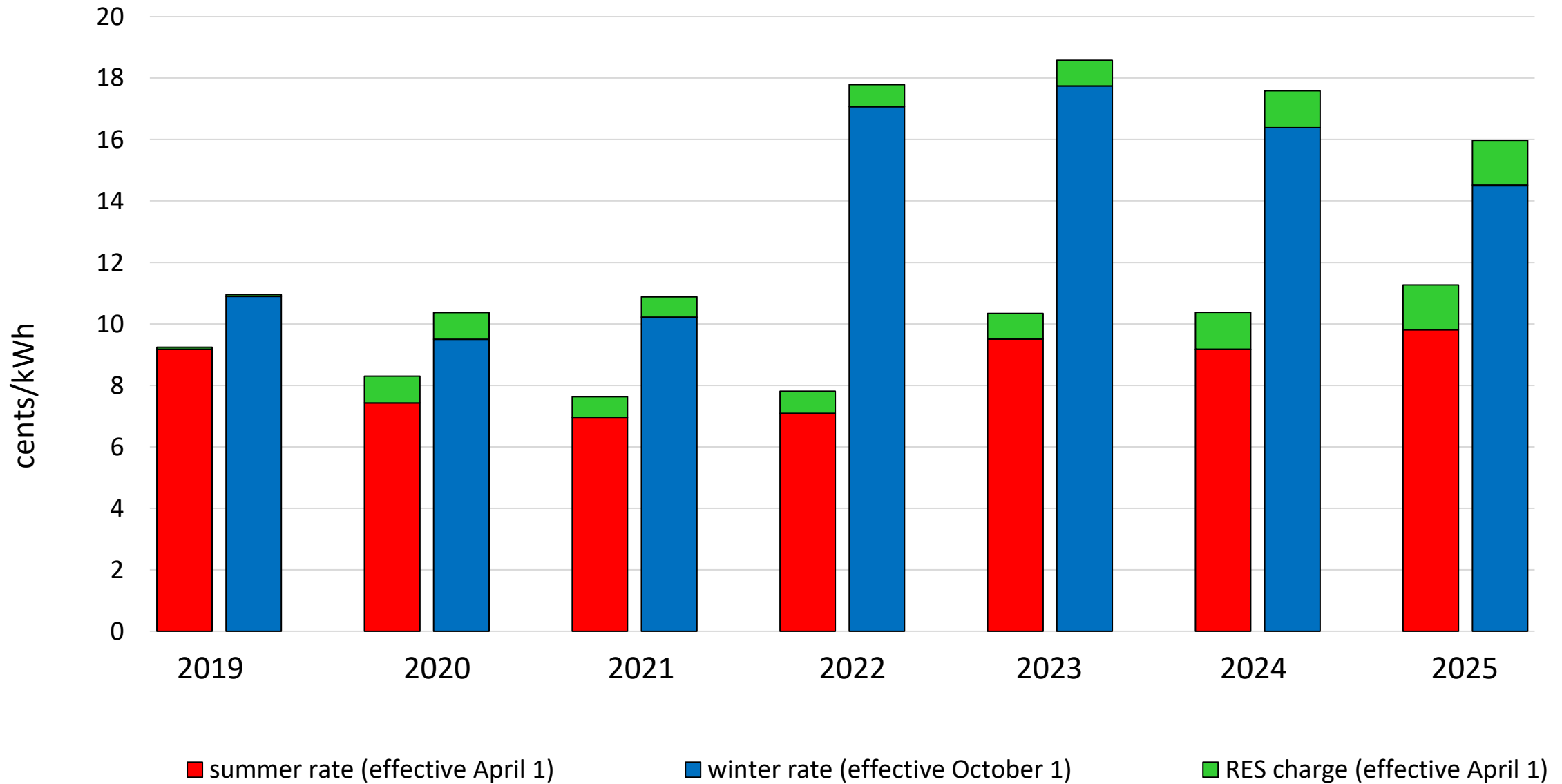
Renewable Energy Programs (including RES)

Transition

Transmission

Rhode Island Energy's LRS Supply (excluding RES)

Rhode Island Energy's residential Last Resort Service (LRS) rate



GLOSSARY FOR RATES CHARTS

Distribution charges = Distribution charges collect the cost to deliver energy from the regional transmission system to customers' properties. Residential customers have two distribution charges on their bill: a fixed monthly charge and a charge based on monthly kWh usage. These charges are designed to collect revenue for Rhode Island Energy's capital (e.g., infrastructure) investment costs plus a reasonable return on investment, reasonable expenses associated with operating and maintaining the distribution system, and adjustments for over- or under-collections from previous periods. In some periods the charges may include reallocation of costs between some rate classes and costs for certain programs approved by the PUC.

Energy Efficiency program charge = This charge is designed to collect the costs to implement Rhode Island Energy's Energy Efficiency program, approved annually by the PUC. Annual costs include: rebates and other incentives for participating customers; expenses Rhode Island Energy pays to energy efficiency contractors and program providers; reasonable expenses Rhode Island Energy incurs to implement, administer, market, and verify the program; costs to fund the Office of Energy Resources and the Rhode Island Energy Efficiency and Resource Management Council; \$5 million to fund the Rhode Island Infrastructure Bank; and a financial incentive paid to Rhode Island Energy based on its performance in implementing the approved program. Added to the program charge is a Renewable Energy Charge of \$0.0003/kWh, as required by law. Customers are billed based on their monthly kWh usage.

LIHEAP enhancement charge = This fixed monthly charge provides funding for the Low-Income Home Energy Assistance Program (LIHEAP) Enhancement Plan, designed to assist low-income electric and natural gas households with their home energy and heating needs. By law, this charge cannot exceed \$10 per year per customer and is set to collect, along with collections from gas customers, between \$6.5 and \$7.5 million annually.

Renewable Energy programs = this cost category encompasses the customer charges related to the procurement and sale of renewable energy products:

- **Net Metering** = Rhode Island Energy customers can enroll in net metering and receive bill credits for energy generated by eligible facilities, such as rooftop solar and remote net metering facilities. The value of these credits changes with Rhode Island Energy's Standard Offer/Last Resort Service, Transmission, Distribution, and Transition charges. The Net Metering factor, which is included in the Renewable Energy Distribution Charge on customers' bills, collects the difference between the total cost of net metering credits paid to participating customers and the revenue that National Grid receives from selling participants' energy into the regional wholesale market, with adjustments for over- or under-collections from previous periods. Rhode Island Energy does not collect a profit through the net metering charge. Customers are billed based on their monthly kWh usage.
- **Long-Term Contracting (LTC) Standard for Renewable Energy and Distributed Generation (DG) Standard Contracts** = Rhode Island Energy is required by law to have entered into long-term contracts with eligible renewable energy facilities. The LTC-DG factor, which is included in the Renewable Energy Distribution Charge on customers' bills, collects the difference between the cost of the contracts paid to the facility owners for those projects that are currently operational and the revenue Rhode Island Energy receives from selling the energy, Renewable Energy Certificates, and (in some instances) capacity output of the facilities into the regional wholesale market, with adjustments for over- or under-collections from previous periods. The cost of the contracts includes a statutory markup of 2.75% remuneration paid to Rhode Island Energy. Customers are billed based on their monthly kWh usage.
- **Renewable Energy Growth (REG) program** = Participants in the REG Program receive a fixed price for the output of their eligible renewable facilities. The REG Charge is a fixed monthly charge that collects the total cost of the REG program minus the revenue earned from the sale of

Renewable Energy Certificates, and (in some instances) the energy and capacity output of the participating facilities. The total program costs include the cost of the fixed price payments to participants, a statutory markup of 1.75% remuneration paid to Rhode Island Energy, revenue for Rhode Island Energy's eligible program expenses and capital investment costs, and adjustments for over- or under-collections from previous periods. Customers are billed a fixed monthly charge.

- **Renewable Energy Standard (RES)** = Retail electricity suppliers (excluding Block Island Utility District and Pascoag Utility District) are required to supply a defined percentage of their annual retail electricity sales from renewable energy resources that increases each year until it reaches 38.5% in 2035. Suppliers comply by annually procuring the appropriate number of Renewable Energy Certificates from the regional market or by making Alternative Compliance Payments to the RI Commerce Corporation. Rhode Island Energy's RES factor collects its costs to procure Renewable Energy Certificates or to make Alternative Compliance Payments, and adjustments for over- or under-collections from previous periods. For customers who receive their energy supply from Rhode Island Energy, the RES factor is embedded in their supply rate. Only customers who take their supply from Rhode Island Energy pay Rhode Island Energy's RES factor. Other energy suppliers embed a different, but likely similar, RES cost in their own supply rates. Rhode Island Energy's supply customers are billed based on their monthly kWh usage. Note that for design purposes, Chart 2 depicts Rhode Island Energy's RES factor separate from its supply charges.

Supply charges (excluding RES) = Supply charges represent the cost of supplying energy to customers, excluding charges for delivery, programs, and taxes. Customers may choose to take supply from an unregulated retail electricity supplier or from Rhode Island Energy. The costs shown in Charts 1 and 2 represent the charges for Standard Offer/Last Resort Service, Rhode Island Energy's supply product. Standard Offer/Last Resort Service supply rates include energy costs, administrative costs, and adjustments for over- or under-collections from previous periods. Unregulated suppliers set different, but likely similar, supply charges. Rhode Island Energy is not eligible to profit on the cost to serve Standard Offer/Last Resort Service supply. Rhode Island Energy's Standard Offer/Last Resort Service supply customers are billed based on their monthly kWh usage. For design purposes, Chart 2 depicts the RES factor separate from Rhode Island Energy's supply charges.

Transition charge = Each year, Rhode Island Energy is billed for contract termination charges by New England Power (NEP), a separate entity that is not regulated by the PUC. The contract termination charges reflect any incremental costs associated with the termination of power generation contracts that resulted from the Rhode Island Utility Restructuring Act of 1996, and can be positive (meaning Rhode Island Energy owes money to NEP) or negative (meaning Rhode Island Energy is credited money by NEP). The transition charge is designed to collect the cost of the contract termination charges or to refund the contract termination charge credits, with adjustments for over- or under-collection from previous periods, and are passed through to customers without markup. Customers are billed based on their monthly kWh usage.

Transmission charges = Transmission charges collect the cost to deliver energy from the power generators over the regional and local transmission system to Rhode Island Energy's local distribution system. The charge is designed to collect the costs that Rhode Island Energy pays for transmission service to regional and local transmission companies with adjustments for over- or under-collection from previous periods, and are passed through to customers without markup. Customers are billed based on their monthly kWh usage.

For more information on the different components of Rhode Island Energy's electric bill, please visit the How to Read Your Electric Bill webpage at: <https://www.rienergy.com/RI-Home/Help-Read-Your-Bill/Basic-Bill-Electric>