

MASSACHUSETTS ELECTRIC COMPANY  
 NANTUCKET ELECTRIC COMPANY  
 RENEWABLE ENERGY RECOVERY PROVISION

The Company's rates for Retail Delivery Service and Basic Service are subject to adjustment to reflect recovery of payments under long term renewable energy contracts and transmission service agreements specific to long term renewable energy contracts, both of which the Company has executed pursuant to §§83 of *An Act Relative to Green Communities* ("GCA") along with contract remuneration arising in relation to payments made under such contracts, as approved by the Department.

The Long-Term Renewable Energy Contract Adjustment ("LTRCA") Factor shall be a uniform per kilowatt-hour factor based on the estimated kilowatt-hours to be delivered by the Company.

Long-Term Renewable Energy Contract Adjustment Factor:

		Above/Below Market Factor	+	Transmission Service Agreement Factor	+	Contract Remuneration Factor	+	Net Energy Sales Factor	+	Procurement/ Contract Development Factor	+	Over/Under Factor
LTRCA Factor	=											
LTRCAF <sub>x</sub>	=	A/BMF <sub>x</sub>	+	TSAF <sub>x</sub>	+	CRF <sub>x</sub>	+	ESF <sub>x</sub>	+	PCDF <sub>x</sub>	+	PPRAF <sub>x</sub>

Where

- LTRCAF<sub>x</sub> = The Long-Term Renewable Energy Contract Adjustment Factor for the current twelve month period;
- A/BMF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of A/BM<sub>x</sub>, calculated as A/BM<sub>x</sub> ÷ FkWh<sub>x</sub>;
- TSAF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of TSA<sub>x</sub>, calculated as TSA<sub>x</sub> ÷ FkWh<sub>x</sub>;
- CRF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of CR<sub>x</sub>, calculated as CR<sub>x</sub> ÷ FkWh<sub>x</sub>;
- ESF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of ES<sub>x</sub>, calculated as ES<sub>x</sub> ÷ FkWh<sub>x</sub>;
- PCDF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of PCD<sub>x</sub>, calculated as PCD<sub>x-1</sub> ÷ FkWh<sub>x</sub>;
- PPRAF<sub>x</sub> = The component of the LTRCAF<sub>x</sub> associated with the recovery of PPRA<sub>x-1</sub>, calculated as PPRA<sub>x-1</sub> ÷ FkWh<sub>x</sub>;
- x = The twelve month period during which the annual LTRCAF component associated with the estimated above/below-market value, estimated contract remuneration, net energy sales, and procurement/contract development costs will be in effect;

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- A/BM<sub>x</sub> = The estimated above/below-market value associated with renewable energy certificates and clean energy certificates, estimated for the current twelve month period;
- TSA<sub>x</sub> = The estimated payments under transmission service agreements (“TSA”) entered into by the Company for the purpose of transmitting energy under renewable energy contracts covered under this provision, estimated for the current twelve month period;
- CR<sub>x</sub> = The estimated contract remuneration associated with renewable energy contracts and TSAs entered into by the Company estimated for year x calculated as the estimated payments under the contract multiplied by 2.75%;
- ES<sub>x</sub> = The estimated net energy sales associated with renewable energy contracts entered into by the Company estimated for year x calculated as the estimated payments under the contract for the purchase of energy less estimated proceeds received from the sale of purchased energy into the New England energy market and received from the Independent System Operator of New England (“ISO-NE”) plus an estimate of costs incurred by the Company associated with selling energy into the market;
- PCD<sub>x-1</sub> = Procurement and contract development costs associated with long term renewable energy contracts executed pursuant to §§83C and 83D, consisting 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;
- PPRA<sub>x-1</sub> = The Past Period Reconciliation Amount defined as the ending balance of the difference between (a) the actual contract remuneration associated with §§83A, 83C, and 83D renewable energy contracts and TSAs for year x-1 (calculated as the actual contract payments multiplied by 2.75%), plus the market value of energy purchased under contracts for year x-1, less proceeds from the sale of such energy received from ISO-NE, less actual reimbursements received by the Company under the contracts associated with energy sales during hours having a negative locational marginal price, plus actual costs incurred by the Company associated with selling energy into the market, plus actual payments under TSAs, plus actual PCD, and (b) the sum of revenues billed through the A/BMF<sub>x</sub>, TSAF<sub>x</sub>, CRF<sub>x</sub>, ESF<sub>x</sub>, and PCDF<sub>x</sub>, as approved by the Department for year x-1; and
- FkWh<sub>x</sub> = The forecasted kWh for year x, defined as the forecasted amount of electricity to be delivered to the Company’s retail delivery service customers.

For billing purposes, the LTRCA Factor will be included with the distribution kWh charge on customers’ bills.

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The Company shall file its revised LTRCA Factor annually on or around January 15 to reflect a revised estimate of the costs associated with renewable energy contracts ((A/BM<sub>x</sub>, CR<sub>x</sub>, and ES<sub>x</sub>), estimated payments associated with TSAs (TSA<sub>x</sub>), and the recovery of procurement and contract development costs (PCD<sub>x-1</sub>) and the Past Period Reconciliation Amounts (PPRA<sub>x-1</sub>). The effective date for the annual change shall be March 1 or as otherwise approved by the Department.

This provision is applicable to all Retail Delivery Service tariffs of the Company. The operation of this Renewable Energy Recovery Provision is subject to Chapter 164 of the General Laws.