



Electric Bill/Rate Components

(Effective January 1, 2022)

The Office of Consumer Counsel (OCC) continues to receive numerous inquiries from the general public and government officials on the different components of the electric bill. OCC has heard the public concern and confusion over increased electric bills received in the middle of the COVID pandemic during the summer of 2020 and after the November 2021 announcements informing customers that effective January 1, 2022, the Generation Service Charge for Eversource's and United Illuminating's Standard Service will increase significantly for the first six months of 2022. To ensure consumers have accurate information, we are providing an updated description of the electric charges on the monthly residential bill as of January 1, 2022. Please note that PURA is currently considering (with OCC's input) additional bill reformatting that is intended to make charges more transparent and easier to understand. We expect additional changes to be implemented in the next six months, at which time we will update this information.

The charges are divided into two sections:

Supplier Services and ***Delivery Services***

Supplier Services includes the **Generation Services Charge (GSC)** and the **Bypassable Federally Mandated Congestion Charge (BFMCC)**, which have been combined into the "GSC Charge" on your bill.

This is the charge for the actual electricity or kilowatt hours that you use and is measured in kilowatt hours (kWh) per month. This charge is different depending on whether you are with a retail electric supplier or "Standard Service." This is the only portion of your bill where you have a choice of how much you pay based on which company you select. Standard Service is the default service for electricity provided to you by your electric distribution company (Eversource or United Illuminating) if you do not opt to purchase your electricity from a retail electric supplier. The rates for standard service change on January 1 and July 1 each year. The electricity sold through Standard Service is purchased or "procured" by the electric distribution companies, overseen by the State Procurement Manager and staff and consultants from PURA and the OCC. (Effective January 1, 2022, Eversource's GSC is 11.574¢ per kWh for Residential Rate 1 customers, UI's is 10.6731¢ per kWh for Rate R.)

Supply charges may also include **Bypassable Federally Mandated Congestion Charges (BFMCC)** (Also called FMCC-Generation). "Bypassable" FMCCs are charges that customers may avoid by selecting a retail energy supplier rather than receiving service through the electric companies' Standard Service rates. These charges are described as "energy-related" and include charges from the Independent System Operator-New England (ISO-NE), costs related to congestion on the transmission system, and certain financial instruments meant to offset those costs. (Effective January 1, 2022, Eversource's FMCC-Generation is -0.09¢ per kWh for Residential Rate 1 customers. When the BFMCC is netted with the Generation Service Charge, Eversource's GSC Charge is 11.484¢ per kWh. UI does not currently have a separate BFMCC so their GSC Charge is 10.6731¢ per kWh for Rate R.)

Delivery Services are supplied by the electric company you have always had - either Eversource or the United Illuminating Company (UI). There are many charges included under Delivery Services and you do not have a choice of how much you have to pay. No matter which Retail Electric Supplier you choose, Eversource or UI still will deliver your electricity, send you a bill each month for these delivery services, which are designed to ensure that your lights stay on.

The charges you pay for Delivery Services include:

1. **Transmission Charge** - The price for delivery of electricity over high voltage power lines from the generation company to the distribution company. These charges are regulated by the Federal Energy Regulatory Commission. Delivery charges have increased significantly since Connecticut restructured its electric industry. In the last twenty years, there have been billions of dollars spent on transmission lines throughout New England. The investment in transmission has been generally necessary to move power from generating stations located in Connecticut, other New England states, and imported from out of the region including power from Canada. Transmission charges are made up of local (CT only) charges as well as regional charges, which are charges from all of New England. (Currently: Eversource Rate 1, Transmission is 3.266¢ per kWh; UI Rate R, Transmission is 3.275¢ per kWh.)
2. **Customer Service Charge (Distribution)** - The monthly fixed charge covers costs related to customer billing, meter reading, customer service and maintaining the service line. The amount of the service charge varies by the type and size of customer, with larger customers paying higher monthly service charges. (Currently Eversource charges \$9.62 per month for Rate 1; UI \$12.84 for Rate R).
3. **Distribution Charge** - The price for delivery of electricity using the local wires, transformers, substations, and other equipment used to deliver electricity to end-use consumers from the high voltage transmission lines. As of December 31, 2017, Eversource has approximately \$4.5 Billion invested in its Connecticut distribution system; UI's distribution system has approximately \$1.3 Billion in its distribution system. (Currently: Eversource Distribution rate is 5.844¢ per kWh for Rate 1; UI Rate R, Distribution 8.756¢ per kWh.)
4. **Electric System Improvements (ESI)** – Is a ratemaking mechanism created in Eversource's 2017 Rate Case to recover the Company's investments that protect, strengthen or modernize the electric grid. These investments were over and above those contained in the approved Rate Plan and associated with approved system resiliency and/or grid modernization. Eversource's Rate 1 ESI charge is 0.582 cents per kWh. UI does not currently have an approved ESI mechanism.
5. **Revenue Adjustment Mechanism (RAM)** – Is a revenue decoupling mechanism that reconciles annual distribution revenues to the level allowed in the company's last rate case. Customers are charged if total annual revenues are below that set in a rate case, but customers are credited when total revenues exceed not allowed levels. For 2022, Eversource's RAM is set at 0.162 cents per kWh.
6. **Combined Public Benefits (CPB) Charge** - The CPB charge on electric bills combines three separate charges: (a) Systems Benefit Charge, (b) Renewable Energy Investment Charge, and (c) Conservation and Load Management (C&LM) Charge.
 - a) **Systems Benefits Charge (SBC)** - The cost of public education, hardship programs and other societal costs. The SBC varies by electric company over time. The SBC will produce approximately \$95.6 million for Eversource and \$24.2 million for UI. The primary uses of the SBC are

paying electric company costs associated with hardship customers and providing a program that matches payments made by customers with arrearages that further reduces the amount they owe. Because most of these charges are related to residential consumers (as opposed to businesses), the residential SBC charge is higher than to commercial and industrial consumers. (Currently: Eversource Rate 1, SBC rate is 0.921¢ per kWh; UI Rate R, SBC is 0.4673¢ per kWh.)

- b) **Renewable Energy Investment Charge** - The payments to the Renewable Energy Investment Fund, which promotes the growth, development and sale of renewable energy sources. The renewables charge is a 0.1 cent per kWh charge to support renewable energy programs. It is the primary funding source for the Connecticut Clean Energy Fund, administered by the Connecticut Green Bank. Among other things, the Clean Energy Fund supports programs that provide incentives for residential, commercial, and industrial renewable energy programs.
- c) **Conservation Adjustment Mechanism (CAM) Charge** - This charge is to support energy efficiency programs. The CAM Charge includes the state mandated 0.3 cent per kWh Conservation & Load Management Charge and up to an additional 0.3 cent per kWh through the Conservation Adjustment Mechanism (CAM). The two C&LM Charges collected through the CAM line item brings in up to approximately \$160 million annually to fund conservation and energy efficiency programs. Given that during the COVID pandemic energy efficiency program activity was diminished and an unspent level of funding existed, the total CAM charge was reduced from 0.6 cents per kWh down to 0.515 ¢ per kWh for Eversource and 0.479 for UI.

- 7. **Competitive Transition Assessment (CTA)** – Originally, the CTA covered the electric distribution company's stranded generation costs that were still on the company's books at the time of restructuring. While some assets were sold for above book value, other items were sold below book value. The majority of these costs were recovered by 2011 for CL&P and 2013 for UI. Currently, the remaining charges and credits vary year to year and are associated with long-term purchased power contracts that remain from the 1980's-90's from cogeneration facilities that generated electricity and useful heat commonly used in large industrial process plants and trash to energy facilities. For Eversource Rate 1 the CTA is in a credit position of - 0.116¢ per kWh. For 2022, UI's CTA is 0.00¢ per kWh.
- 8. **Non-Bypassable Federally Mandated Congestion Charge (NBFMCC)** - (Also called FMCC-Delivery) By law, NBFMCCs are collected on electricity bills to cover certain costs approved by the Federal Energy Regulatory Commission (FERC) and related costs approved by the Public Utility Regulatory Authority (PURA) to reduce federally mandated congestion charges and reliability "must run" contracts (CGS § 16-1(35)). PURA reviews such charges to ensure that the electric companies recover no more (or less) than their costs. NBFMCCs capture costs that cannot be avoided if a customer chooses a retail electric supplier. These costs are sometimes characterized as "reliability related". Non-bypassable NBFMCCs include costs associated with ISO-NE, costs to avoid congestion on the transmission system, renewable energy incentives, the Millstone contract and other initiatives required by state law. (For January 1, 2022, Eversource NBFMCC rate is 1.585¢ per kWh for Rate 1; UI Rate R, NBFMCC is 1.720¢ per kWh.)