



Groton Electric Light

23 Station Avenue
Groton, MA 01450

tel: 978-448-1150
fax: 978-448-1159



Dear GELD customer/owner:

It is wonderful to know that so many of our customers read our newsletters. Our May newsletter and direct mails regarding the 4/40 rate test this summer received a huge response that we are very happy with. We received many insightful questions, and I would like to answer some of the most common ones following.

Why is this rate increase being proposed: **The 4/40 rate is NOT a rate increase.** It is a rate re-distribution. Today, our rates are socialized across the entire residential rate class. For our average customer, the total paid under the 4/40 rate **will not** increase. For customers who use a lot of power in the evening, their total bill will increase unless they change the way they use electricity. For customers who do not use a lot of power in the evening, their bill will go down. With the 4/40 rate, the customers who drive up our transmission and capacity costs (see “Understanding Transmission and Capacity peaks” on back) will be paying their contribution to those increased costs.

When is the 4/40 rate test occurring: The 4/40 rate test will be occurring with our June through September bills this summer. Each bill runs from 11:00 pm on the 24th of the previous month until 11:00 pm on the 24th of the current month. The 4/40 rate test will run May 24th to September 24th. If you have been selected to be a part of the test you will have been notified via mail. If you have not received this notification nothing about your summer bill will change.

When would the rate become permanent: There are many challenges to meet before this rate would become permanent. The first step would be for us to evaluate the pilot program this summer. If the pilot is successful, we hope to introduce the new rate in the future.

Are there going to be discounts for seniors or low energy users: GELD is focused on having low rates for all customers. So, there would be no additional discounts for any groups.

How will the 4/40 rate affect customers with electric vehicles: Electric vehicles (EV’s) can draw substantial amounts of electricity when they are charging. GELD wants to encourage the use of electric vehicles while at the same time discouraging charging those vehicles during our peak hours. Most EV’s allow programming for when the charging occurs; so, even if you get home and plug in at 5:00 pm, it is very advantageous for all of us if the EV is programmed to start charging after 8:00 pm.

How will the 4/40 rate affect customers with electric heat: This is an important and complicated question. Up to this point, we have been trying to keep everything simple and easy to understand. All the effort to date has been on our summer capacity and monthly transmission peaks. The reality is that winter patterns are different and will require substantial analysis and most likely a different rate for those with electric heat. We are just beginning this analysis and will not have solid answers with numbers that are meaningful for another six months.

Why is the higher rate from 4:00 pm to 8:00 pm when our family is just getting home, and we are cooking: The reality is that our summer peaks occur between 5:00 pm and 8:00 pm and our winter peaks occur between 4:00 pm and 7:00 pm. This means it is much more expensive for GELD to provide electricity during these hours. Currently the additional costs are shared across all GELD customers, even if they do not contribute to those higher costs. The new 4/40 rate is a better reflection of the actual costs of supplying electricity during different hours of the day and encourages customers to lower their consumption at peak times.

Do timers help: Absolutely. Everything that you do not need running from 4:00 pm to 8:00 pm helps lower our capacity and transmission costs. Timers for hot water heaters and pool pumps are the most beneficial, but they tend to be higher voltage. It is legal for homeowners to install these timers themselves, but we recommend high quality timers be installed by a licensed electrician for devices that are using 240V.

How will the 4/40 rate affect customers with air conditioning: Air conditioning compressors are one of the largest drivers of our peak in Groton. So, minimizing the compressors running between 4:00 pm and 8:00 pm on peak days is one of our objectives. Last year, the customers who were the most successful shifting their electric use, pre-cooled their homes. Most of them used programmable thermostats to lower the temperature of the home between 2:00 pm and 4:00 pm; let the temperature rise during the evening with the fans still circulating air; then set the A/C to return to their ideal temperature at 8:00 pm. There are also outlet timers for window air conditioners that can be controlled using your smart phone.

How important is it to turn off my pool pump: Pool pumps draw a substantial amount of electricity. To help reduce our capacity and transmission costs it is beneficial to GELD if pool pumps are not running between 4:00 pm and 8:00 pm. A timer can be installed to insure this.

There are a lot of survey questions, and some seem odd: First, thank you to those who have completed the survey. The survey results will be used by our economist collaborator Dr. Andrea La Nauze to help us evaluate the rate test and understand the impacts on our customers. Some of the questions may seem odd, but they are a standard way of measuring, and will be used in an academic paper. The survey should take about 10 minutes to complete. As a thank you for your time, Dr. La Nauze secured funding from her university for ten, \$200 Amazon gift cards. Our first winner has been drawn and resides on Forge Village Road. We will continue to announce winners throughout the summer. Congratulations and keep those survey responses coming in!

Please help us by completing our customer survey!

As thanks for your participation, survey respondents will go into a draw to win one of ten \$200 Amazon Gift cards. Any GELD customer can complete the survey. In the survey you will need to provide your account number or other identifying information like your address. Your account number is in the top right corner of your bill, the third line down. **To participate in the survey please go to the following address or use the QR code on your phone:**

tinyurl.com/5556h2hw



Understanding Transmission and Capacity peaks

Over 20% of GELD's costs on a yearly basis are determined by one hour **each month** which is called the "transmission peak". At the end of every month, the hour that had the highest amount of electric generation in New England is determined. GELD is billed for our transmission costs based on our contribution to that one hour. Last year GELD's charges for the 12 monthly transmission peaks exceeded **\$2.1 million**. This transmission peak hour is typically between 5:00 pm and 8:00 pm, but as more solar enters the New England market, we expect the peak hour to be pushed past sunset. During the summer, air conditioning load can cause the peak hour to be earlier in the afternoon – as early as 4:00 pm on cloudy humid days when air conditioning is running, and solar generation is being thwarted by Mother Nature.

The "capacity peak" occurs **once per year** and will also account for approximately 20% of GELD's costs this year. Last year our total capacity charges were over **\$1.8 million**. This one peak hour of the year usually occurs on the third day of a heat wave (between mid-day and early evening) when there is minimal cooling the night before. GELD makes a "capacity payment" each month for twelve months based on this single highest amount of electric generation in New England.

As approximately 40% of GELD's costs are determined by an extremely small number of hours each year, you can see why we have a strong preference to postpone high electric use (EV charging, pool pumps, air conditioning, dehumidifiers, etc.) during "peak" hours.

In sincere appreciation for all you do to help keep GELD rates substantially lower than the surrounding towns,

A handwritten signature in black ink that reads "Kevin P. Kelly". The signature is fluid and cursive.

Kevin Kelly
Manager