

## LICAP Update – March 8, 2006

On March 6<sup>th</sup> the ISO-NE filed with the Federal Energy Regulatory Agency (FERC) a Settlement Agreement that will impose fixed charges for capacity on all customers in New England (except in Aroostook County). This Settlement Agreement has been accepted by 4 of the 6 New England states – Maine and Massachusetts are opposing – and by all generator participants in the region. If the Settlement Agreement is accepted by FERC, then effective on December 1, 2006 customers of CMP and Bangor Hydro will pay approximately \$.009 per kwh in the form of these capacity charges. This figure will increase each year as shown in the table below:

### LICAP Settlement Agreement

		TRANSITION PERIOD			
		12/1/06 - 5/31/07	6/1/07 - 5/31/08	6/1/08 - 5/31/09	6/1/09 - 5/31/10
<b>Charge</b>	\$/kW/mo	\$3.05	\$3.05	\$3.75	\$4.10
<b>Effective Charge</b>	\$/kW/mo	\$3.57	\$3.59	\$4.39	\$4.73
<b>Cost per kWh</b>					
<b>Average for Maine</b>	\$/kWh	\$0.0088	\$0.0088	\$0.0108	\$0.0116
<b>Range (low)</b>	\$/kWh	\$0.0065	\$0.0065	\$0.0085	\$0.0095
<b>Range (high)</b>	\$/kWh	\$0.0120	\$0.0120	\$0.0150	\$0.0170

We believe that any charges for capacity in today's market, where we have a surplus of generating capacity, is unjustified and represents a multi-billion dollar "gift" to existing generators. Accordingly, we have fought alongside industrial consumers and the Maine Public Utilities Commission to prevent implementation of these charges, and we will continue to fight against this proposed plan.

Nevertheless, we recognize that our fight is an uphill one and may not be successful. Therefore, we are now recommending that customers take retail contracts that include LICAP where, all other things being equal, the price is less than \$.005 per kwh greater than the prices in those other contracts that do not include LICAP.

Please continue to monitor our web site for future updates on this issue.

