

January 25, 2022

Dear Members of the Select Board,

We are writing to you to introduce Community Electricity Aggregation (CEA), a form of group electricity purchasing that has been adopted by many cities and towns in the Commonwealth. A CEA contract can dramatically lower a municipality's Greenhouse Gas (GHG) emissions, enabling the municipality to take a significant step toward Net Zero emissions.

As the Select Board recognized in commissioning a Climate Action Plan (CAP) for Needham, climate change is advancing and all communities must take steps to lower their carbon footprint. Massachusetts recently adopted a Climate Roadmap with ambitious targets for reducing GHG emissions across the state, including a 50% reduction by 2030 and Net Zero emissions by 2050. Per the Select Board's charge, our CAP will commit the Town to meet or exceed the State's climate mitigation and resilience goals.

A CEA contract will almost certainly be an essential element of our CAP, as an electricity contract which significantly increases the use of renewable energy is an important step toward a zero emissions future. The CAP will identify steps that the town should take to reduce its GHG emissions, but it will not implement them. Since we already know about the opportunity that a CEA contract presents, we can work to implement it now without delay.

Briefly, in a CEA, the Town negotiates electricity rates for residents and small businesses directly with an electricity supplier. As part of the negotiation, the town contracts with the supplier to source a substantial amount of the electricity from renewable sources, thus reducing the town's GHG emissions. Many of our neighboring municipalities already have electricity aggregation contracts in place. In addition to reducing GHG emissions, the contracts typically lower electricity rates for residents and small businesses. Thus, in most cases, CEA is a win-win for residents and the environment. CEA also gives residents more choices; they can participate in the aggregation contract or opt out at any time with no fee. Finally, because of the way the contracting process unfolds, there is little burden on town staff.

Because of the substantial benefits to be gained, the League of Women Voters of Needham, Mothers Out Front-Needham, and Green Needham Collaborative request that the Town enter into a CEA contract for the residents and businesses of Needham.

Implementing a CEA program is a multistep process beginning with a Town Meeting vote authorizing the Town to develop a plan. Asking Town Meeting to authorize the Town to begin the process to pursue a CEA does not commit the Town to any specific path, but the Town cannot proceed until Town Meeting has passed the necessary authorization. Given the urgency of the climate crisis, and the time required to begin a CEA program, a Town Meeting vote could prudently be scheduled for the Annual Town Meeting this coming May.

We offer our support to the Select Board as it considers this request. We have prepared the attached document explaining CEA in more detail, outlining how a plan is developed and implemented, and listing summary information about the CEA contracts of some neighboring communities.

We note, in closing, that Needham has an excellent track record of seizing opportunities to reduce our environmental footprint while also benefiting our residents and businesses. CEA represents an exceptional opportunity to forward these goals. We look forward to working with you on this project and are available to answer any questions you may have about the process.
Regards,

Green Needham:

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Eleanor Rosellini
Stephen Frail
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Deb Schmill
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An Overview of Municipal Community Electricity Aggregation

Prepared for:

Needham Select Board
January 25, 2022

Prepared by:

Green Needham
League of Women Voters - Needham
Mothers Out Front Needham

Background - Electric Service in Massachusetts

Electric service is divided into two parts: supply service and delivery service. Suppliers buy electricity from power generators and sell it to utility companies and consumers. Delivery is provided by the regulated public utilities. They are the public-facing part of electric service: they provide customer service; respond to service interruptions; maintain the power grid infrastructure, such as poles and wires; and handle billing.

The utility companies we are familiar with, such as Eversource and National Grid, are deliverers and typically also default suppliers for towns and cities. There are other suppliers that are not deliverers; they are less well-known.

Electricity consumers in Massachusetts cannot choose their deliverer; electricity is delivered by the utility that owns the power lines serving the building. In Needham, our deliverer is Eversource.

Since 1997, Massachusetts consumers have had the option to choose their own electricity supplier. The default supplier for Needham is Eversource, but any residential or commercial user is free to contract with a different supplier. Consumers might choose to do so in order to get a lower rate or to get electricity that is generated using only renewable sources. When a consumer chooses a supplier other than Eversource, their deliverer remains Eversource.

If a consumer stays with the default supplier (Eversource in Needham), the consumer receives “basic service.” Utility companies (deliverers) are required to purchase half of their anticipated usage at least twice a year, so they cannot lock in long-term rates with suppliers. As a result, the cost for a kilowatt hour of basic service can change every six months.

Community Electricity Aggregation

The same 1997 law that gave consumers the right to choose an electricity supplier also gave municipalities the option to negotiate with electricity suppliers on behalf of their residents, in order to secure more favorable rates and longer term contracts. When a city or town introduces Community Electricity Aggregation (CEA), residents and businesses that are on basic service are automatically switched into the aggregation program. They can opt out of the program at any time and at no cost.

In Massachusetts, suppliers are legally required to produce a portion of their power from renewable sources, such as solar panels and wind farms. The current mandate is that 20% of the power generation comes from renewable sources and that percentage increases by 2% each year.

When a community opts for CEA, it can contract with the supplier to have a larger share of its energy generated from renewables than is mandated by law. For example, a town might contract with a supplier to use renewables equal to the state mandate plus an additional thirty percent. The Town can also specify renewable energy that is sourced locally, which both ensures that new green energy is brought online and that it generates benefits to the local economy.

Typically, a CEA contract will offer multiple “tiers” for residents to choose from. Each tier has a different percentage of renewable energy. The municipality chooses a default tier, ranging from slightly above the state minimum (20%) to as much as 100% renewable (Lexington). Residents can easily move from tier to tier, either increasing or decreasing their percentage of renewable energy.

Benefits and Risks of Community Electricity Aggregation

Benefits

- *Possibility of lower rates* - Because aggregation promises a large and stable supply of customers, municipalities are often able to negotiate lower rates than the basic rate, even with a higher renewables requirement.
- *Rate stability* - Aggregation contracts typically last from one to three years. They can therefore lock in prices to protect consumers from some of the volatility in the electricity supply market.
- *Increased renewable portfolio* - Municipalities committed to reducing GHG emissions can often dramatically increase the use of renewable energy in the community.
- *Consumer education* - When embarking on CEA, municipalities typically educate their residents about their electricity service via public meetings, posted notices, press releases, notifications enclosed in electric bills, etc. This information increases consumers’ awareness of their options concerning suppliers.

- *Consumer protection* - Consumers are sometimes approached by predatory sellers who offer them contracts that cause the consumers to pay more for their electricity than they would if they remained with basic service. Aggregation allows a city or town to vet consultants and suppliers for their residents through their procurement process.
- *Operational adder* - In a CEA contract, a municipality can add a small fee to the rate that consumers pay for electricity and have the supplier return the fee to the city or town. The funds generated can be used for a variety of purposes, including funding projects related to energy efficiency or sustainability, or furthering the community's equity goals relating to energy.
- *Electric consumption information* - Aggregation makes it easier for municipalities to get information about their community's electricity use. This information is useful for working toward a goal of reduced energy consumption.

Risks

- *Higher rates* - Because rates for basic service are typically changed every six months, it is possible that the basic rate will fall below the contracted rate in the municipal program. Consumers can choose to return to basic service at any time.
- *Administrative costs* - Municipalities work with a consultant to secure CEA contracts (see more on the process below) but municipal employees must monitor the process and the consultant and respond to inquiries from the public. Of note, the customer service the consultant provides can also be viewed as a strong advantage, as the consultant provides resident education and fields inquiries on behalf of the municipality as part of their contract.

List of benefits and risks adapted from: MAPC "[Start a Green Municipal Aggregation Program](#)," updated 2020.

Note: Green Municipal Aggregation is an alternative name for CEA

Plan Development & Implementation

Overview

A CEA plan is typically developed with assistance from a consultant who knows the industry and has experience creating, implementing and running aggregation programs. Choosing a consultant is therefore the first step in the process. In eastern Massachusetts there are three consultants with the requisite experience.

After the town has chosen a consultant, the consultant will do much of the work. The consultant will help draft the program, get input and approval from relevant departments in State government, issue an RFP for bids from electricity suppliers, choose a supplier and execute a contract, educate the public about the new service, and implement and monitor the

new aggregation contract. The consultant will handle questions and concerns from the public during the transition to the new program and for the duration of the contract. The timeframe to develop and implement an aggregation program is a minimum of 12 to 18 months and is subject to regulatory approval.

The consultant is paid via a small fee added to the price of each kilowatt hour of electric service used by town residents and businesses enrolled in the aggregation program. This payment method means that the town has no upfront costs for the consultant and no ongoing costs while the program is in place. The cost to the town of the aggregation program is the time that town staff use selecting and working with the consultant.

Steps

The steps below are adapted from a toolkit created by the Massachusetts Area Planning Council (MAPC) to help cities and towns understand and implement CEA programs.

Implementation Steps	Objectives	Key Implementers	Estimated Time Frame
1. Conduct initial research	Learn about municipal aggregation and the potential role it could play in your community.	Town Administrator, Relevant Municipal Staff, or Relevant Committee Members, <i>with assistance from Green Needham, League of Women Voters - Needham, Mothers Out Front - Needham</i>	2-3 months <i>Target: Winter 2022</i>
2. Authorize program	Prepare for and authorize development of an aggregation plan by majority vote in city council or town	Select Board and Town Meeting	2-3 months <i>Target: Spring Town Meeting 2022</i>

	meeting.		
3. Issue solicitation for energy consultant (optional, but recommended)	Hire a consultant for assistance in the design, implementation, and ongoing monitoring of the aggregation plan.	Town Administrator or Relevant Municipal Staff	2-3 months
4. Develop aggregation plan with the Department of Energy Resources (DOER)	Draft a plan with the input of DOER that meets the goals of the community and the requirements of the Department of Public Utilities (DPU).	Consultant, Town Administrator, and/or Relevant Municipal Staff	2 months
5. Approve aggregation plan	Approve plan to be filed with the DPU.	Select Board	1 month
6. Submit aggregation plan to DPU	Petition the DPU to authorize the program.	Consultant	6-9 months
7. Issue RFP for competitive supplier	Solicit competitive bids for the municipal aggregation contract.	Consultant	1 month
8. Execute contract with supplier	Choose a supplier for the aggregation.	Town Administrator or Relevant Municipal Staff, with support of Consultant	Varies based on market conditions

9. Notify customers of opt-out period	Inform customers about the program and the opt-out period.	Consultant with Town Administrator or Municipal Staff support	2 months
10. Begin automatic enrollment	Enroll basic service customers who have not opted out.	Utility	1 month
11. Monitor market	Monitor the electricity market for rate changes.	Consultant	Ongoing
12. Submit annual aggregation status report to DPU	Compile program performance data.	Consultant, Town Administrator, and/or Municipal Staff	Annually

MAPC [“Start a Green Municipal Aggregation Program,”](#) updated 2020.

Community Electricity Aggregation in Neighboring Cities and Towns

[Full list of towns/cities in Massachusetts with Community Choice Aggregation](#)

[Arlington Community Electricity \(ACE\)](#) (2016, renewed in 2019 through 2022)

“Arlington Community Electricity (ACE) is a program offered by the Town to provide residents and businesses more electricity supply options and more renewable energy. The program is a Town-vetted alternative to Eversource’s default supply and other third party electricity suppliers.” Arlington Community Electricity (ACE) offers four electricity products for you to choose from: Basic (state mandate percentage), Local Green (state mandate +11%), Local Greener (+50%), Local Greenest (100%).

[Dedham Community Electricity Aggregation \(CEA\)](#) (2016. renewed 2021)

In early 2016, the Town of Dedham launched a community electricity aggregation (CEA) program designed to provide residents and businesses with competitive choice, long-term price stability, and reduced electricity rates. In 2021 the program was renewed. Dedham's CEA now offers four opt-in options: Basic, Local Green (10% over state mandate), Local Green 50%, Local Green 100%.

[Lexington Community Choice Program](#) (2020)

"Lexington's Community Choice Program: A Town electricity program that helps reduce the Town's greenhouse gas emissions by providing 100% renewable electricity. This program is managed by a company selected by the Town, which currently is Constellation NewEnergy (Constellation). Eversource still manages service or power outages, and they are still the company that bills residents for electricity use. Lexington's plan offers three levels for residents/businesses to choose from: 100% Green, New England 100% Green (generation of power is all done in New England), and Basic (current rate with Utility). Users have the option of changing from one rate to another at any time and those changes are managed by Constellation."

[Natick Community Electricity Aggregation \(CEA\)](#) (2015, renewed in 2020)

"The Natick Electricity Aggregation Program is a Town electricity aggregation program that gives Natick residents and businesses more clean electricity and a Town-vetted alternative to Eversource's Basic Service and other electricity supply offers in the marketplace. Participants enjoy consumer protections and long-term, stable pricing."

"The Natick Electricity Aggregation Program offers three consumer-friendly electricity choices. New electricity accounts in Natick and new program participants are automatically enrolled in Standard Green, the program's default offering. You will receive 36% of your electricity from new renewable energy sources in New England. If you wish to receive all of your electricity from newer renewable energy sources in New England and you are willing to pay a bit more for it, you can opt up to the 100% Green option. Or you can choose to receive just the minimum amount of renewable electricity required by state law with the Natick Basic/Brown option."

[Newton Power Choice](#) (2019, Three-year contract)

Newton Power Choice, an electricity program from the City of Newton for Newton residents and businesses: "As a new participant in Newton Power Choice, you will be automatically enrolled in the Standard offering at 13.452 ¢/kWh, and electricity generated by renewable sources will be purchased to match 82% of your electricity use. You also have two additional choices: the 100% Green option, which purchases renewable electricity to match 100% of your electricity use for 14.357 ¢/kWh, and the Basic option, which purchases only the minimum amount of renewable electricity required by Massachusetts law at 10.646 ¢/kWh."

[Medfield Community Choice Aggregation](#) (in process)

“The May 2021 Town Meeting authorized the development of a Community Choice Aggregation plan for the town. Community Choice Aggregation will allow the town to procure electricity on behalf of its residents and businesses at a competitive price with renewable energy content of choice (seeking to lower the town’s carbon footprint). The Committee will select a broker and then work with the broker to design an aggregation plan for Medfield, seek regulatory approval, choose a supplier, conduct community outreach and implement Community Choice Aggregation in Medfield. The Community Choice Aggregation Committee (Town Committee) recommended, and the Board of Selectmen approved, the selection of Good Energy to serve as the Town's energy broker.”

Sample Warrant Articles for Community Electricity Aggregation

[Article 17. Wayland Community Choice Aggregation of Electricity](#) (pages 65-67)

Proposed by: Board of Selectmen

To determine whether the Town will vote to authorize the Board of Selectmen to initiate the process of seeking to aggregate energy, whether independently or in joint action with other municipalities, and contract for electric supply for Wayland residents and businesses as authorized by M.G.L. Chapter 164, Section 134(a), and to authorize the Board of Selectmen to enter into contracts to decrease greenhouse gas emissions from the generation of electricity for Wayland residents by pursuing an amount of renewable energy higher than is required by the Massachusetts Renewable Portfolio Standard (RPS), as authorized by M.G.L. Chapter 164, Section 134(b).

RECOMMENDATION: The Finance Committee recommends approval. Vote 7-0-0

QUANTUM OF VOTE: Majority – see Massachusetts General Laws Chapter 164, section 134.

[Town of Medfield Spring 2021 Warrant](#)

Article 21. To see if the Town will vote to authorize the Board of Selectmen to initiate the process of seeking to aggregate electrical load through a Community Choice Aggregation Program (CCA) and contract for Medfield residents as authorized by M.G.L. 164, Section 134, and through CCA, decrease greenhouse gas emissions for the Town’s residents by pursuing a percentage of Class I designated renewable energy that is greater than that required by the Massachusetts Renewable Portfolio Standard (RPS); or do or act anything in relation thereto.

CCA is a program that allows local governments to procure power on behalf of their residents from an alternative supplier while still receiving transmission and distribution service from their existing utility provider (Eversource in Medfield). Nearly half of Massachusetts cities and towns have engaged with CCA programs since this was authorized by the Mass. Utility Restructuring Act (1997). Massachusetts was first, but today, seven states have programs that serve more than five million customers nationwide. Through a competitive bidding process for electricity supply, the Town has an opportunity to get a better price and add additional renewable energy

sources to our electricity. The warrant article allows the Town to explore aggregation but does not obligate it to pursue aggregation if conditions are not favorable.

The Board of Selectmen recommends passage.
Warrant Committee Recommends passage.

Canton, MA Municipal Energy Aggregation Program

Article 30 To see if the Town will vote to grant the Select Board authority to research, develop and participate in a contract, or contracts, to aggregate the electricity load of the residents and businesses in the Town and for other related services, independently, or in joint action with other municipalities, retaining the right of individual residents and businesses to opt-out of the aggregation, or take any other action relative thereto. Select Board

Sample Warrant Article From Good Energy, a Consultant:

To see if the Town will vote to grant the Board of Selectmen authority to research, develop and participate in a contract, or contracts, to aggregate the electricity load of the residents and businesses in the Town and for other related services, independently, or in joint action with other municipalities, retaining the right of individual residents and businesses to opt-out of the aggregation, or take any other action relative thereto. Comment: The Commonwealth of Massachusetts, by enacting Chapter 164 of the Acts of 1997, has established a competitive marketplace through deregulation and restructuring of the electric utility industry. The residents and businesses of our Town have substantial economic, environmental, and social interests at stake in enacting the program. If an aggregation of electricity load is implemented in our Town, individual residents and businesses would retain the right to opt-out of the aggregation with no penalty and to choose any other competitive supplier or stay with the default utility. Note: As of September 2021, Good Energy is working on revised text for Comment. Good Energy will share when available.