

MEMORANDUM

To: Council President Eigerman and City Council
 From: Mayor Donna D. Holaday
 Energy Advisory Committee
 Date: January 25, 2021
 Re: City of Newburyport-Community Choice Electricity Aggregation Program

The City of Newburyport approved a Community Electricity Aggregation program (program) in 2015 authorizing our community to aggregate the electricity load (usage) of those residents and businesses that are on Basic Service with National Grid, see attached. The goals of the program then were, and continue to be, to:

- Provide residents and businesses with competitive choice for potential costs savings
- Provide long-term price stability

The above goals were explicitly approved by the City Council at its meeting on June 8, 2015¹ and included in the CITY OF NEWBURYPORT COMMUNITY CHOICE POWER SUPPLY PROGRAM AGGREGATION PLAN² that was approved by the Massachusetts Department of Public Utilities in Case Number D.P.U. 15-62. There is hope and the expectation that Newburyport will be able to amend its approved municipal aggregation plan to include, at minimum, the following two goals and attributes:

1. Provide the residents and businesses the opportunity to acquire more, locally sourced renewable energy in its electric supply mix than currently is mandated by the Commonwealth of Massachusetts state law; and
2. Offer a retail electric supply choice that has the oversight protections, explicitly included in the CITY OF NEWBURYPORT COMMUNITY CHOICE POWER SUPPLY PROGRAM AGGREGATION PLAN, to protect residents with fixed incomes, those with English as a second language and senior-age residents from being drawn into the execution of alternative electric retail supply contracts from unscrupulous providers with unfair, un-competitive terms.

We want to reacquaint and introduce you to the program and how it will work once it is rolled out. We continue to work with Colonial Power Group, an independent energy consulting

¹ See https://www.newburyportnews.com/news/local_news/energy-aggregation-plan-goes-to-state-for-review/article_fa616b3c-b680-5d95-930a-406b6abdc46c.html

² See <https://colonialpowergroup.com/wp-content/uploads/2017/12/Newburyport-Aggregation-Plan.pdf>

“The goals of this Plan are as follows:

- provide the basis for aggregation of eligible consumers on a non-discriminatory basis;
- acquire a market rate for power supply and transparent pricing;
- provide equal sharing of economic savings based on current electric rates;
- allow those eligible consumers who choose not to participate to opt-out;
- provide full public accountability to participating consumers; and
- utilize municipal and other powers and authorities that constitute basic consumer protection to achieve these goals.”

company that specializes in helping municipalities to create and manage electric Community Choice Power Supply (Municipal Aggregation) Programs. We have worked with Colonial since 2014 as Newburyport's municipal aggregation plan selected consultant and vendor. Currently, almost half of all Massachusetts cities and towns have approved aggregation programs of which Colonial has helped 75 of them including Boston. Soon aggregation programs may represent a larger purchasing pool for electricity than the utilities. We should be part of that market and help ensure retail competitive forces will work to drive the electric supply markets to produce the products demanded by society at the lowest available costs.

ENROLLMENT³ - This is an “opt-out program”, meaning any resident and business will be automatically enrolled in the Newburyport Community Choice Electricity Program unless one chooses not to participate. Every Basic Service customer in Newburyport will receive an opt-out letter 30 days prior to the start of the program. They can sign the card and put it in preaddressed stamped envelope or call a dedicated 800 number to opt -out. They can also go online to opt-out of the program. Colonial manages all opt-out program logistics. One must mail and postmark their opt-out card on or before a specified date to avoid automatic enrollment in the aggregation program.

SUPPLY⁴ -After Colonial manages a competitive bid process, an energy supplier will be selected as our electricity supplier with a contract term from execution date to a date to be determined based on the various pricing we get for each supply period. There is no guarantee of savings compared to National Grid “Basic Service”. The primary intent of the program is to provide residents with price stability and the assurance of fair access to competitively priced electric products over the duration of each contract term (typically 1-to-3 years). However, NGrid rates for electric supply change every six months (May 1 and November 1) for Residential and Small Business & Lighting customers and every three months for Large Business customers. Thus, NGrid's Basic Service rates may be above or below the Newburyport Community Aggregation program rates during any subsequent 6-month Basic Service Rate period. While we cannot guarantee that the residential and business electric consumers of Newburyport will, in aggregate, save money relative to National Grid's Basic Service electric energy supply over the full term of a given supply contract, we will have the peace of mind that we had the freedom to choose the contract terms and pricing rather than having had those default to National Grid, our area's franchised monopoly supplier. The City decides whether they wish to proceed or not, and Colonial is the consultant in this process. This is about bringing local control and decision to the electricity market place while providing consumers at least five levels of protections:

1. Consultant vets offers and brings them to the City,
2. Mayor and their advisory team review offers and will only sign contracts that appear favorable,

³ See: “4.1.4 Notification of Enrollment for Eligible Consumers” at <https://colonialpowergroup.com/wp-content/uploads/2017/12/Newburyport-Aggregation-Plan.pdf>

⁴ See: “4.1.2 Acceptance of ESAs by City Council and Mayor” and “4.1.3 Signing of ESA by City Council and Mayor” at <https://colonialpowergroup.com/wp-content/uploads/2017/12/Newburyport-Aggregation-Plan.pdf>

3. The City Council has oversight and approval authority of the principles of the Municipal Aggregation Program and the procedures that need to be followed to solicit, consider, and approve contract offerings;
 4. The MA Department of Utility Control has oversight and approval authority of the program that the City proposes to offer to its citizens, monitors the annual results of the program through required periodic reporting, and is an authority to which concerns and complaints can be raised for possible investigation; and
 5. The individual consumer can choose to opt out of the Municipal Aggregation Program with appropriate, timely notice being provided within the monthly billing cycle and will be automatically be re-enrolled in National Grid's Basic Service for the supply of electric energy.
1. **ADMINISTRATIVE ADDERS**-In accordance with the terms of the CITY OF NEWBURYPORT COMMUNITY CHOICE POWER SUPPLY PROGRAM AGGREGATION PLAN, all program fees are included in the rates offered by the electric supplier(s). These fees are: \$0.001/kWh for the aggregation consultant Colonial which is a standard fee across the industry. It should be noted that under the terms that generally are available under competitive retail electric supply contracts, CITY OF NEWBURYPORT COMMUNITY CHOICE POWER SUPPLY PROGRAM prices also could increase as a result of a Change in Law that results in a direct material increase in electric supply costs during the term of the electric supply agreement. Colonial will always vet any anticipated or pending change in law and discuss that with the city.

PROGRAM DETAILS

Each eligible residence or business in Newburyport:

- Will be automatically enrolled in the program and have a municipal aggregation account established unless they choose to opt out.
- May leave the program at any time for any reason without early termination fees.⁵
- May return to the program at any time for any reason without fees or penalties.⁶
- Will continue to receive one bill from NGrid.
- Will continue to send payments to NGrid.

⁵ "If a commercial or industrial consumer directly notifies NGRID of the choice to terminate generation service from the Competitive Supplier, the generation service shall be terminated on the date of the customer's next scheduled meter read. If a residential, commercial, or industrial customer notifies the Competitive Supplier of the choice to terminate receipt of generation service, the termination shall take place on the date of the customer's next scheduled meter read, so long as the Competitive Supplier has submitted the transaction to NGRID no fewer than two business days prior to the meter read date." (see: "4.1.6 Beginning of Opt-Out Period" at <https://colonialpowergroup.com/wp-content/uploads/2017/12/Newburyport-Aggregation-Plan.pdf>)

⁶ "Eligible consumers who opt-out and subsequently wish to Re-enroll may be enrolled at the Competitive Supplier's contracted rate and pursuant to NGRID's Terms and Conditions for Competitive Suppliers, M.D.P.U. No. 1201, as amended or superseded from time to time." (see: "4.1.6 Beginning of Opt-Out Period" at <https://colonialpowergroup.com/wp-content/uploads/2017/12/Newburyport-Aggregation-Plan.pdf>)

- NGrid will continue to respond to emergencies and outages.
- Reliability and quality of service will remain the same: NGrid continues to be responsible for the wires and distribution.
- Colonial will provide a scope of services that includes full broker service, organizational structure design, a public education plan and outreach program, and analysis of the marketplace for the life of the contract. See attached list for complete scope of services. Many towns and cities have had created for their constituents a dedicated website to educate the public and to provide a single source to gather information and forms they need to manage their participation in the Municipal Aggregation Program.

TIERS and RENEWABLE ENERGY

The City may decide to make amendments to the CITY OF NEWBURYPORT COMMUNITY CHOICE POWER SUPPLY PROGRAM AGGREGATION PLAN so that the standard product that can be offered will be able to automatically include at least five percentage points more of local renewable energy originating from qualified Massachusetts Class 1 renewable energy sources than is currently required by state law⁷. If so, the City Council must vote on the amended plan. Options we hope to offer in the future include:

1. Receive a default level of Class 1 locally-sourced renewable electricity which is at least 5% beyond that required under state law total
2. Opt-up to 100% renewable electricity
3. Opt-down and receive the state mandated “Renewable Portfolio Standard” minimum
4. Opt-out. Stay with the current supplier (NGrid basic service) or other individually negotiated contract.

Members of the Newburyport Energy Advisory Committee and Colonial Power will be happy to make themselves available to answer any questions that you might have and to provide additional information if-and-when needed.

⁷ That is, it is hoped that NBPT can have a retail supply of electricity for its citizens that exceeds the 2022 Class I RPS target of 18 percent by 5 percentage points, for a total of 23 percent Class I renewables in its energy mix at the same price, or less, than National Grid Basic Service which would only be required to have the lower 2022 Class I RPS target in its electric energy mix.