Green Municipal Aggregation

May 22, 2015


KEEP
CALM
AND
PRESS
RECORD

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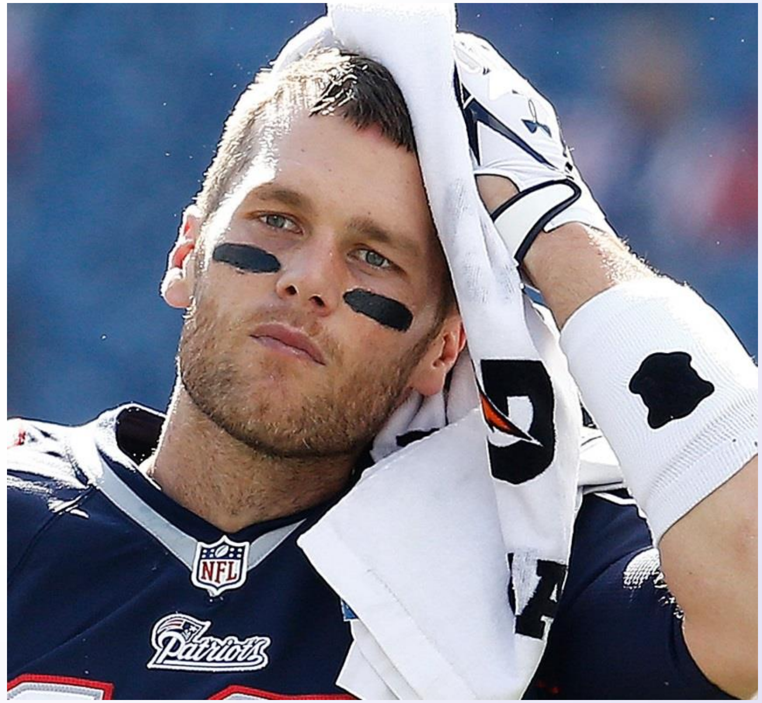


Stefano Loretto

Good Energy

Webinar Logistics

- Everyone is muted to avoid background noise.
- **Send questions to us via chat**...
  - We will answer them at the following question break.
- We will send you a recording of the webinar and a PDF of the slides afterwards.

Presentation Overview

- What is municipal aggregation, or community electricity aggregation?
- How can your community use it to promote the <u>right kind</u> of renewable energy?
- Mass Energy's place alongside [Good Energy]
- Spotlight on the City of Melrose
  - The process

What is municipal aggregation?

The process by which a municipality organizes the purchase of electricity in bulk from a competitive electricity supplier on behalf of the residents and small businesses in the community.

- This process was laid out in the 1997 Electric Industry Restructuring Act (M.G.L Chapter 164, Section 134).
- Large commercial accounts are usually already on competitive supply contracts.

It's about electricity supply.

Not about transmission, distribution, and other delivery services provided by National Grid or Eversource.

nationalgrid

SERVICE FOR
[redacted]

BILLING PERIOD
Oct 5, 2013 to Nov 2, 2013

PAGE 1 of 2

ACCOUNT NUMBER	PLEASE PAY BY	AMOUNT DUE
[redacted]	Nov 30, 2013	$ 54.32

www.nationalgrid.com
CUSTOMER SERVICE
1-800-322-3223
CREDIT DEPARTMENT
1-888-211-1313
POWER OUTAGE OR DOWNED LINE
1-800-465-1212
EMAIL BILLING INQUIRES
customerservice@us.ngrid.com
CORRESPONDENCE ADDRESS
PO Box 960
Northborough, MA 01532-0960
ELECTRIC PAYMENT ADDRESS
PO Box 11737
Newark, NJ 07101-4737
DATE BILL ISSUED
Nov 6, 2013

ACCOUNT BALANCE

Previous Balance		61.42
Payment Received on OCT 9 (*ACH*)	*THANK YOU*	- 61.42
Current Charges		+ 54.32
	Amount Due ▶	**$ 54.32**

A credit balance of $ 7.21 has been transferred from account [redacted] to this account.

➢ **GO PAPERLESS:** You'll help yourself and the environment by signing up to manage your bills online at www.nationalgridus.com/gopaperless.

DETAIL OF CURRENT CHARGES

Delivery Services

Service Period	No. of days	Current Reading -	Previous Reading =	Total Usage
Oct 5 - Nov 2	28	34847 Actual	34444 Actual	403 kWh

METER NUMBER [redacted] NEXT SCHEDULED READ DATE Dec 6

RATE Residential Regular R-1

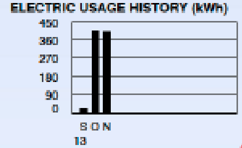
Customer Charge			4.00
Dist Chg First 403 KWH	0.03539	x 403 kWh	14.27
Transition Charge	0.0016	x 403 kWh	0.65
Transmission Charge	0.02132	x 403 kWh	8.59
Energy Efficiency Chg	0.00942	x 403 kWh	3.80
Renewable Energy Chg	0.0005	x 403 kWh	0.20
		Total Delivery Services	**$ 31.51**

Supply Services

SUPPLIER National Grid

Basic Service Fixed	0.07449141	x 403 kWh	30.02
		Total Supply Services	**$ 30.02**

ELECTRIC USAGE HISTORY (kWh)



Daily Averages	Nov 13
kWh	14.4
Cost	$ 2.19

■ Actual ☐ Estimated

KEEP THIS PORTION FOR YOUR RECORDS.

RETURN THIS PORTION WITH YOUR PAYMENT.

nationalgrid

PO Box 960
Northborough MA 01532

ACCOUNT NUMBER	PLEASE PAY BY	AMOUNT DUE
[redacted]	Nov 30, 2013	$ 54.32

ENTER AMOUNT ENCLOSED

$

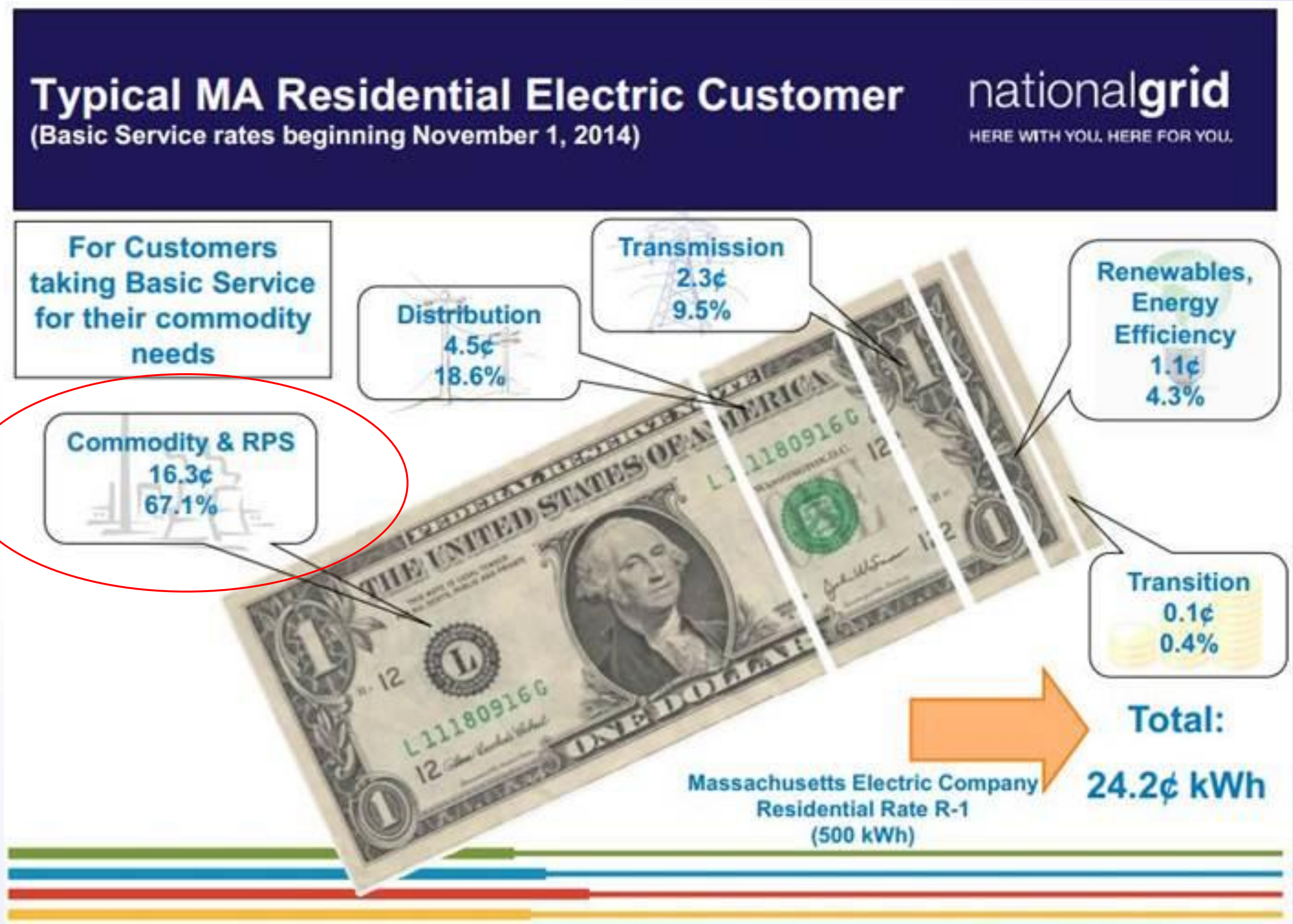
Write account number on check and make payable to National Grid
Please pay Gas & Electric bills separately

[redacted]

[redacted]

NATIONAL GRID
PO BOX 11737
NEWARK NJ 07101-4737

It's about the "Commodity & RPS"



Benefits and risks of aggregation

Benefits include:

- Price stability for 12-36 months instead of 6 month Basic Service increments
- Potential savings through group purchase
- Consumer protections: no termination fees, transparent rates
- Public procurement process
- Consumer education and increased awareness of competitive electricity supply market
- **The opportunity to purchase more than the minimum green power offered by National Grid or Eversource Basic Service**

Risks include:

- Higher rates – after the supply contract is executed, the Basic Service rate (changes every 6 months) could fall below the new supply rate
- Complaints because the program is required by law to be opt-out rather than opt-in (consumer education and outreach is key for this reason)
- Administrative time spent pursuing it

Why consider aggregation now?

- **More suppliers are coming to MA** to offer competitive supply contracts to consumers (i.e. Dominion, Viridian, Direct Energy, Just Energy, Energy Plus, etc.)
- **Marketing heavily** using direct mail, door-to-door sales, and other tactics.
- Deals are **often too good to be true** and the **devil is in the details**:
  - Initial rates are good for only 3 to 6 months then go up to variable or undisclosed rates
  - High termination fees
  - Promise big savings but don’t really offer any

Who else has done aggregation?

Who else has done aggregation?

Approved Aggregation Plans to date:

- Cape Light Compact
- Marlborough
- Lanesborough
- Ashland
- Lunenberg
- Lancaster
- Lowell
- Natick (Plan at DPU)
- Greenfield

Considering Aggregation:

- Salem/Swampscott
- Lexington
- MAPC regional procurement that about eight communities expressed interest in

In addition to Massachusetts, states with aggregation activity:

- California
- Illinois
- New Jersey
- Ohio
- Rhode Island

An Energy Efficiency Tool?

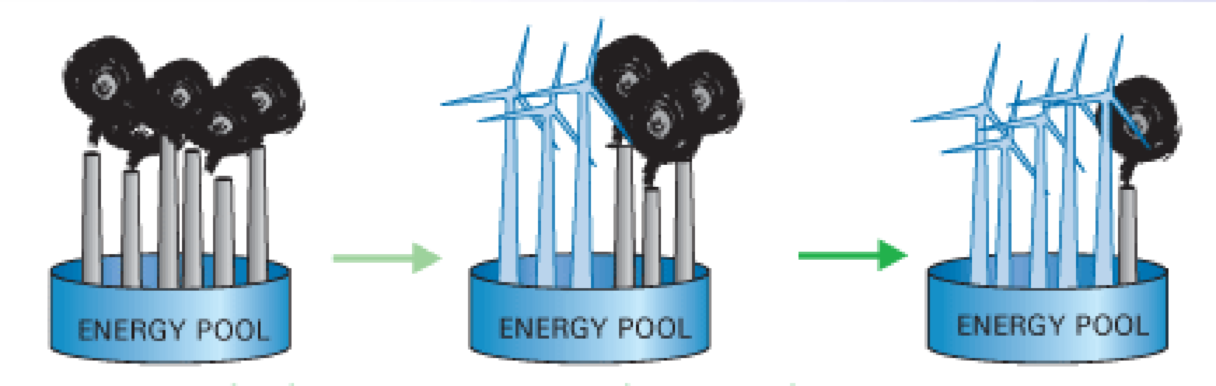
- Municipal aggregators may also petition DPU to become energy efficiency program administrators (e.g. Cape Light Compact)
- Chapter 164, Section 134, paragraph (b)
- Mass Energy recommends using this as leverage to improve Mass Save service in your community

Green Municipal Aggregation

Using municipal aggregation to increase renewable energy content

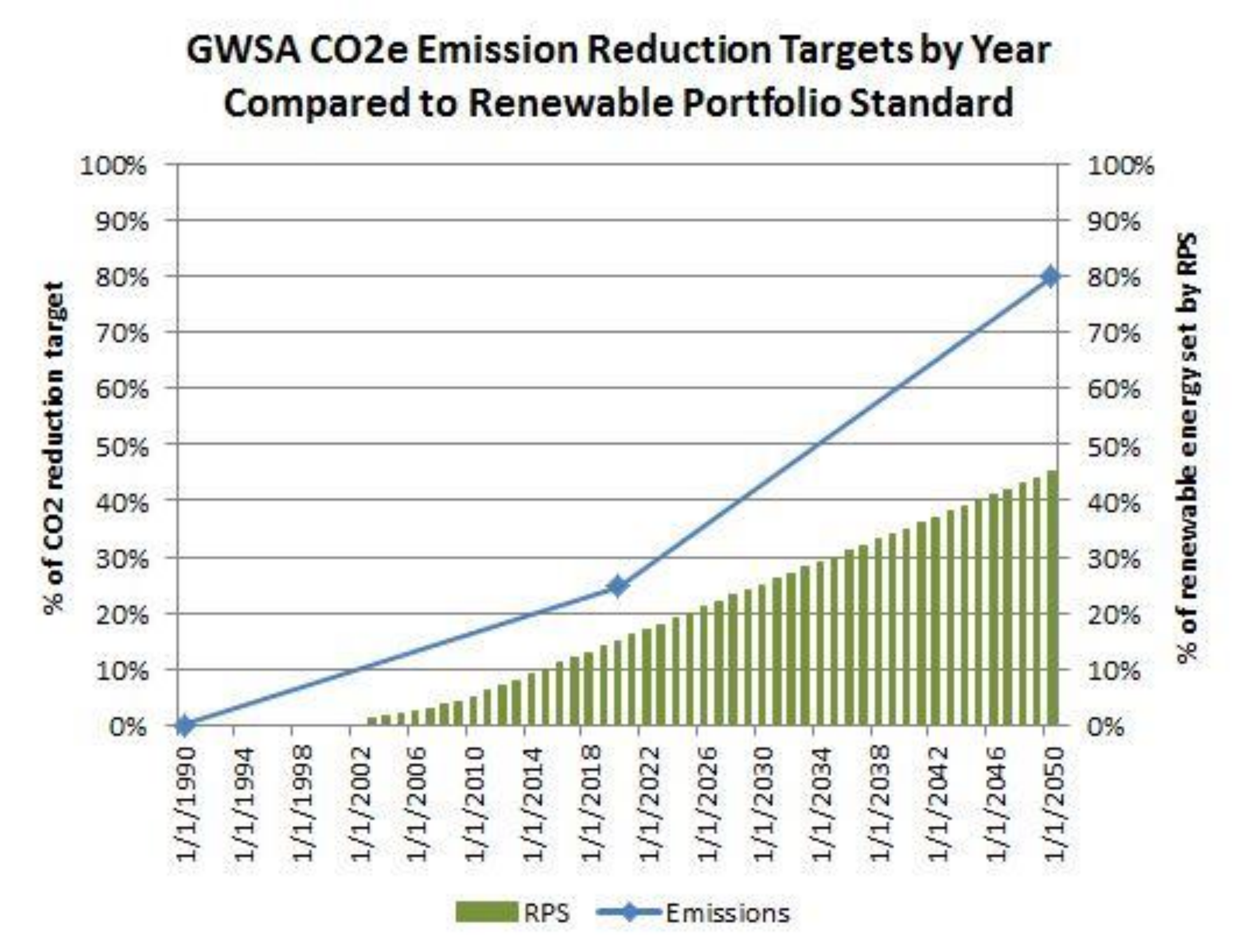
Object of the Game

- Mass. Renewable Portfolio Standard increases clean energy over time
  - But not fast enough

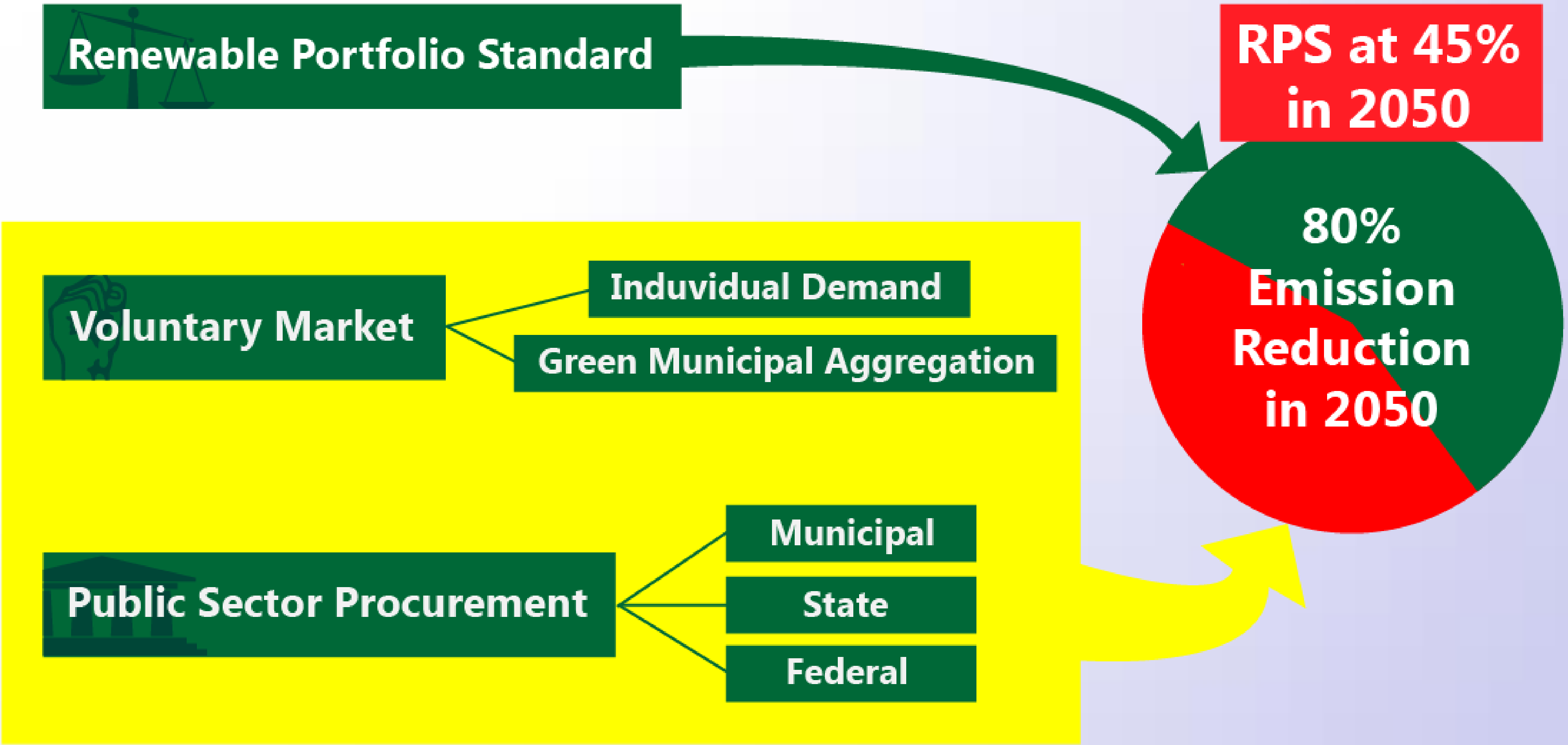


- Accelerate the pace, turn spigot **down** on fossil fuels, **up** on renewables

C02 goals vs. Mass. RPS



35% More Renewable Energy Needed



The GREEN component

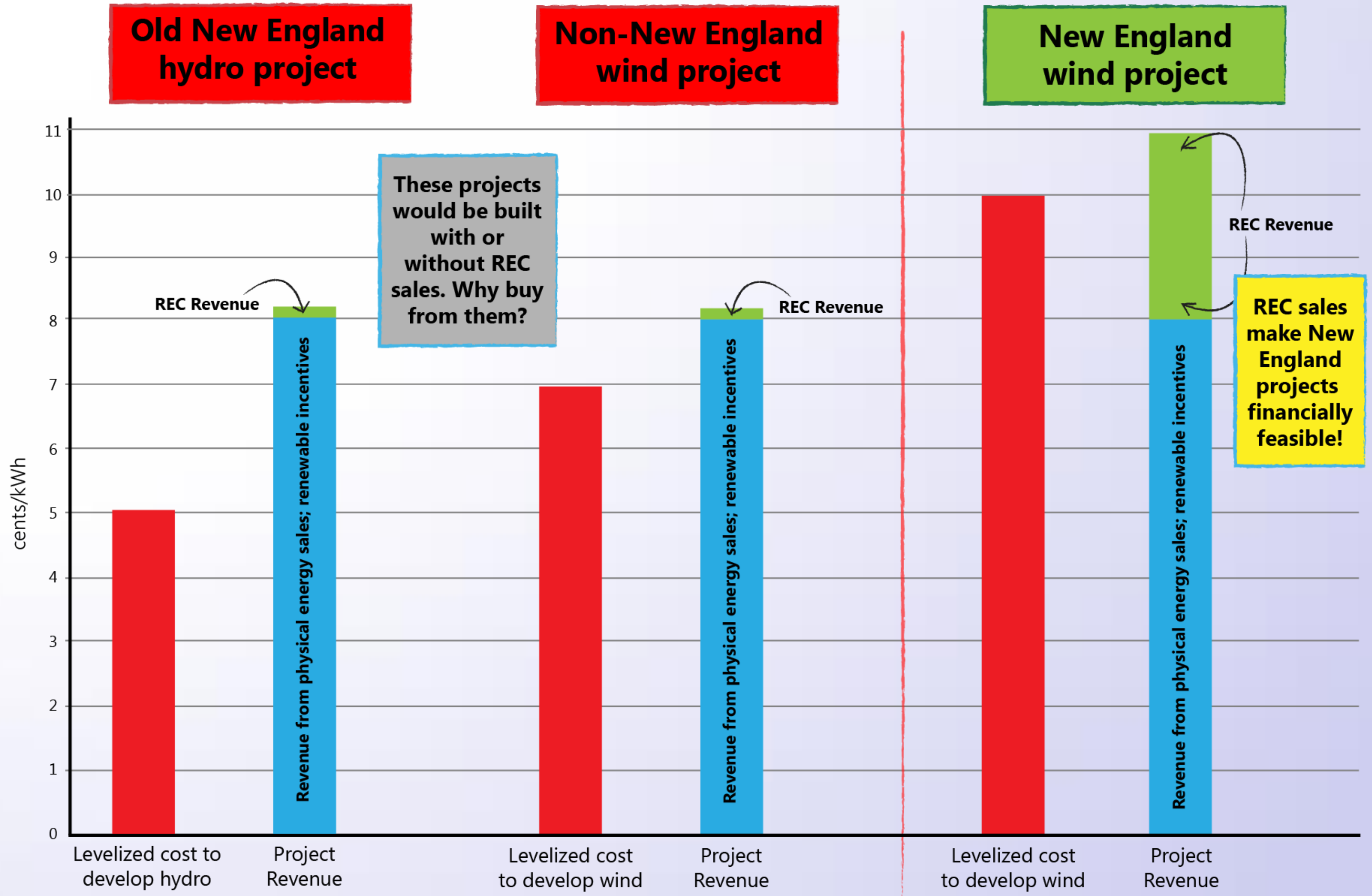
- How do you choose the right kind of renewable energy to push fossil fuels off our power grid?

- Choose RECs from **recently built New England renewable generators.**

Buyer Beware

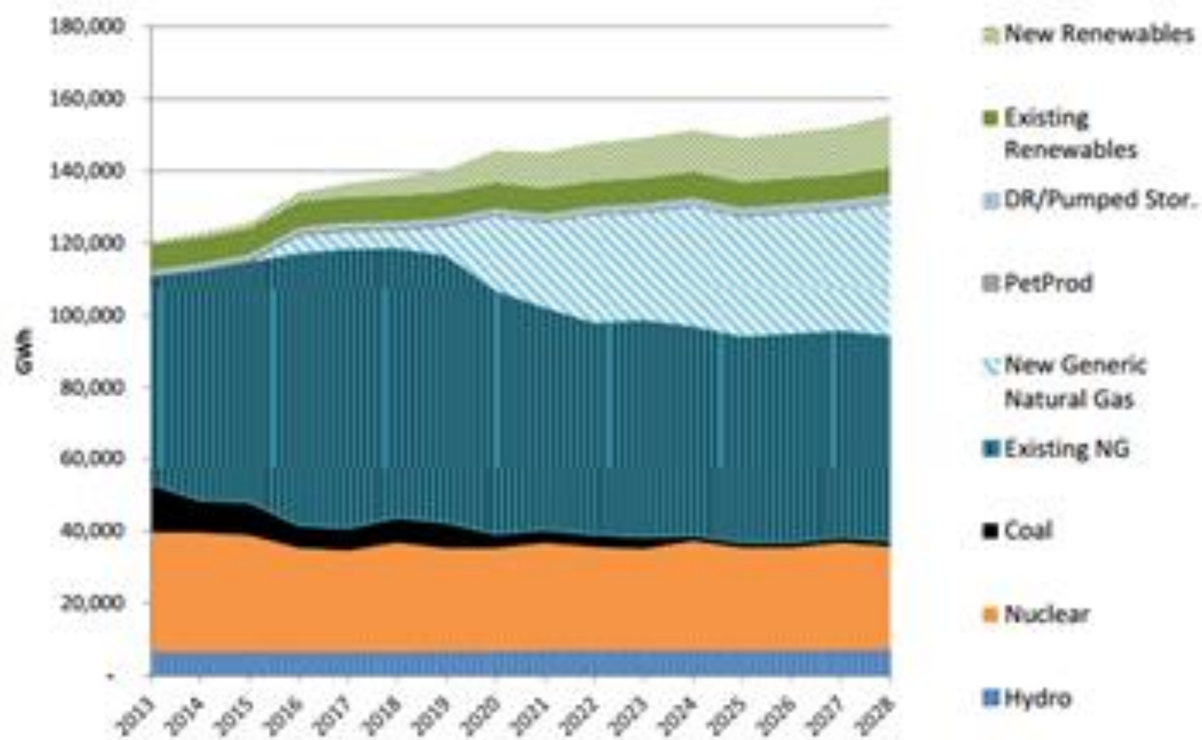
- Many ways for “green” municipal aggregation to go wrong…

Not all RECs are created Equal



What does existing hydro and Texas wind have in common?

New England Electric Generation Fuel Mix



Synapse Energy Economics, Inc.

Source: *Avoided Energy Supply Costs in New England: 2013 Report*. Synapse Energy Economics for the Avoided-Energy-Supply-Component Study Group, July 2013.

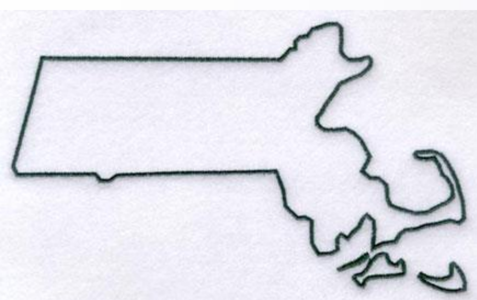
Mass Energy's Story

- It's greenwashing if it's not about RECs qualifying for the Mass. Class I Renewable Portfolio Standard

Questions?

Case Study: MELROSE

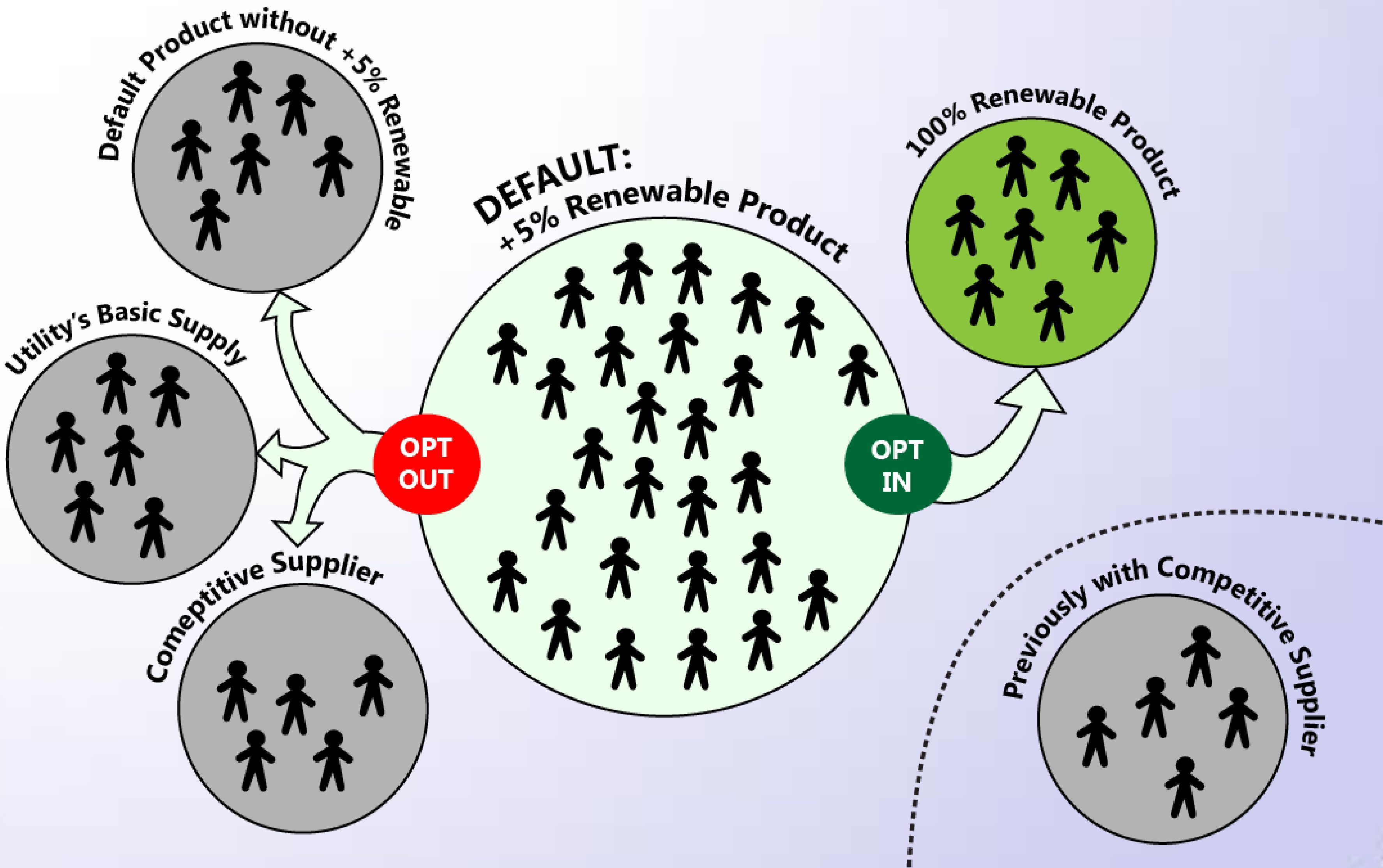
- Good Energy = municipal aggregation consultant
- New electric supply for resident will have:
  - 10% Class I RECS required by the RPS in 2015, 11% in 2016…
  - An ***additional*** 5% Class I RECs each year
- +5% Class I will be ***cost competitive*** with National Grid's Basic Service!
  - With a ***much bigger impact*** than 100% non-Class I



= **10%** **CLASS I**

= **15%** **CLASS I**

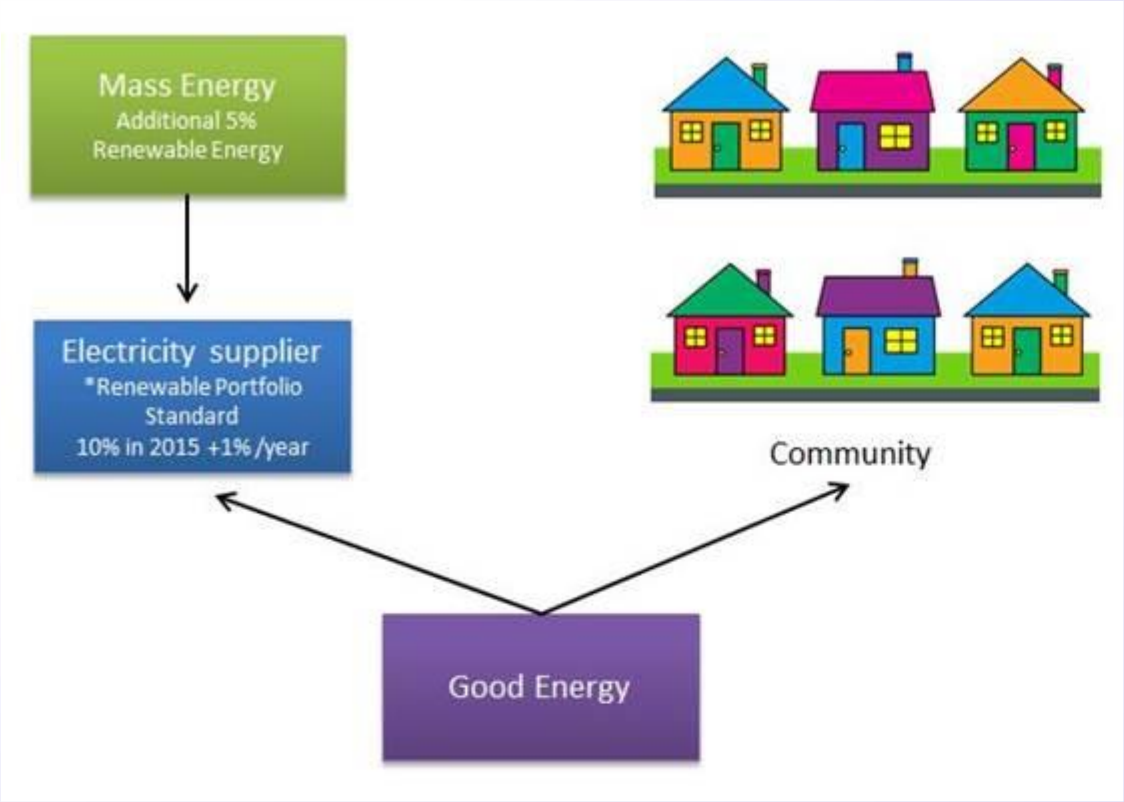
Resident Options



Good Energy and Municipal Aggregation

- Good Energy currently has 21 communities representing over 200,000 households committed to municipal aggregation in MA. 160 communities or 700,000 households signed up in IL and NJ.
- Good Energy is developing relationships with another 15 communities that are interested in municipal aggregation.
- Feb 2^{nd} Melrose hosted a Municipal Aggregation Round Table Luncheon for a presentation from Mass Energy Consumers Alliance and Good Energy that was attended by the municipalities of **Cambridge, Newton, Brookline, Dedham, Medford, Nantucket, Somerville and Arlington**.

The Team



Mass Energy
Additional 5%
Renewable Energy
Electricity supplier
*Renewable Portfolio
Standard
10% in 2015 +1% /year
Community
Good Energy

Why 5%?

- Puts your community 5 years ahead of state
  - Impactful but pragmatic
  - Would add ~ 0.2 cents per kWh
  - $15-$20 per household per year, or $1.50 per month or a nickel per day *(tax deductible!)*
- Sends right message to both consumers and state policymakers that we need more renewable energy

Melrose’s Process

- Review and acceptance of the aggregation documents by the Board of Aldermen
- Make aggregation documents available for review by citizens
- Completion of the Department of Energy Resources (DOER) review
- File aggregation documents with the Department of Public Utilities (DPU):
  - Public hearing;
  - Procedural conference;
  - Questions and comments by intervenors (DOER, Local Utilities, Attorney General)
- Approval of the aggregation documents by DPU
- Develop and issue RFP for competitive supplier bids
- Accept a competitive bid and start opt-out period
- Monitor and management of the aggregation program

Melrose's Timeline

Milestone	Estimated Date
RFP for competitive supplier issued	Sep 3, 2015
Electric Service Agreement executed	Oct 3, 2015
Broad-based educational campaign begins	Sep 4, 2015
Opt-out notice mailed to customers	Oct 14, 2015
Opt-out deadline	Nov 14, 2015
Supplier submits customer enrollment requests to local distribution company	Nov 24, 2015
Service begins as of each customer's next meter read date	Dec 1, 2015

Is There Enough Green Power?

- Based on SEA research,* the current pipeline of <u>wind</u> in New England is as follows:
  - 3500+ MW of projects under development and not yet permitted
    - 95+% in northern New England (VT, NH, ME)
    - About 1500 MW is dependent on the construction of new transmission
  - About 100 MW permitted but not yet under construction – still at risk of appeals
  - Almost 250 MW under construction

- ISO-New England reports that almost 4000 MW of <u>wind</u> projects are in their interconnection queue as of March 2015

New Plymouth Turbines

- Expected to come online at the end of 2015
- 4 turbines on a cranberry bog
- Mass Energy will be buying 30% of the MA Class I RECs

More voluntary demand for MA Class I RECs =

More clean generators in New England =

Less Fossil Fuels

Thank You!

- Larry Chretien: larry@massenergy.org
- Katy Kidwell: katy@massenergy.org

Call us anytime at 617-524-3950 x4