

Frequently Asked Questions About Community Electricity Aggregation

**In support of a Needham Fall Special Town Meeting warrant article to
authorize the Town of Needham to begin the process of considering a
Community Electricity Aggregation for Needham**

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Text of CEA Warrant Article

ARTICLE X: AUTHORIZE COMMUNITY ENERGY AGGREGATION

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.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT:

Article Information: Community Electricity Aggregation (CEA) is the process by which, under state law, a town or city purchases electricity in bulk from a competitive supplier on behalf of the residents and businesses within the community. A CEA allows cities and towns to pool the purchasing power of residents and businesses to directly purchase energy from competitive power suppliers and secure a cleaner mix of energy at tiered rates for the community. Over 170 cities and towns in Massachusetts currently have a CEA in place. Resident and business participation in a CEA is voluntary, and those who participate still receive a single electricity bill from Eversource, who will continue to deliver the electricity, maintain poles, and wires, and provide other customer services. Customers who choose not to participate in a CEA will continue to receive Eversource's basic electricity service.

The October 25, 2021 Special Town Meeting approved a resolution asking the Select Board to prioritize climate change initiatives and in particular projects that reduce greenhouse gas emissions. The Climate Action Plan Committee – approved by the Board in 2021 – has identified a CEA as the single most impactful step that Needham can take in the immediate term to reduce greenhouse gas emissions. Needham can enter into an aggregation with no cash expenditure by the Town, and residents and businesses may opt out of the aggregation program at any time, without restriction or penalties. A vote of Town Meeting is required to authorize the Select Board to start the process, which will take several months to complete. Specific details about the structure of the plan will be developed and communicated, and public input will be sought by the Select Board. The Town may also choose not to finalize a contract for a CEA if the bids received from competitive electricity suppliers are unfavorable.

Executive Summary

- What:** A Community Electricity Aggregation (CEA) program is a form of bulk-purchasing of electricity. A municipality contracts with an electricity supplier on behalf of its residents, businesses, and sometimes the municipality itself.
- Why:** Many Massachusetts municipalities have entered into CEA contracts with electricity suppliers in order to increase the amount of electricity generated using renewable sources and stabilize electricity prices for consumers.
- Cost:** Needham can enter into an aggregation with no cash expenditure by the Town.
- Benefits:** The Climate Action Plan Committee has identified a CEA *as the single most impactful step that Needham can take in the immediate term to reduce our greenhouse gas emissions*. In addition, an aggregation would stabilize electricity prices for Needham residents and businesses.

Community Electricity Aggregation FAQs

What is Community Electricity Aggregation?

Community Electricity Aggregation (CEA) happens when a city or town contracts with an electricity supplier on behalf of its residents, businesses, and sometimes the municipality itself.

The two main goals of an aggregation are 1) to reduce greenhouse gas emissions, and 2) to stabilize electricity costs. The municipality is able to achieve these goals because it is leveraging the purchasing power of its residents and businesses to negotiate favorable prices on greener electricity than the local utility's standard offering. An individual household or small business cannot negotiate prices and terms with an energy supplier, but a town representing thousands of electricity users can.

How does a CEA reduce fossil fuel use & create demand for renewable energy sources?

In the United States, most electricity is generated using fossil fuels, which emit greenhouse gasses that contribute to climate change. Massachusetts energy suppliers are required to source 20% of electricity from local renewables such as wind and solar (these local renewables are referred to as Class I RECs). The required percentage of Class I RECs goes up each year, but not fast enough to reach our climate goals. With an aggregation, a city or town can set an entry point for renewables at a higher percentage, say 40% or 60%.

In addition to quickly lowering greenhouse gas emissions, **an aggregation contract creates demand for the development of additional renewable energy sources.**

How does a CEA stabilize, and possibly lower, electricity prices?

Electricity supply prices from the utility, Eversource in Needham, for residential users and small businesses (known as Basic Service) are adjusted every six months. Prices in an aggregation remain constant for the length of the contract, which is typically two to three years. In an aggregation, because the town is bargaining for thousands of consumers, it may be able to secure more favorable prices, but that is not guaranteed.

Why should Needham consider having an aggregation?

Aggregation contracts are an incredibly powerful tool in the fight against climate change. The Needham Climate Action Plan Committee has identified a CEA program as the most impactful action the Town can take in the immediate term to reduce its greenhouse gas emissions. Each aggregation gradually changes the overall grid with each new customer who purchases green electricity.

In addition, an aggregation stabilizes electric costs for users, and may reduce them, although cost savings cannot be guaranteed.

Eversource is our electric utility. How can we contract with a different supplier?

Electric service has two parts - supply and delivery. The two parts can be performed by different companies. The *supplier* buys electricity from power generators and sells it to end-users, such as large businesses and utility companies. The utilities, like Eversource, deliver the electricity. The *deliverer* controls the physical power infrastructure (the poles and power lines); handles customer service, such as billing; and responds to service problems, including power outages.

In Needham, Eversource is our electricity delivery company - it controls the physical power lines and other infrastructure that take electricity from its source to our homes and businesses. Eversource is also the default electricity supplier, which means that unless you choose your own supplier, you will automatically be provided with electricity that Eversource contracts with from power producers at their negotiated price. This is often referred to as Eversource's "Basic Service" but it is not the only electricity supplier option customers have. Customers can switch out of the Basic Service in two ways:

- Individual customers already have the option choose a different supplier by shopping for deals on www.energyswitchma.gov, a website that the Massachusetts Department of Public Utilities developed to assist consumers in shopping for electric suppliers.
- The other way customers can select a different electricity supplier is through a community electricity aggregation, if their municipality offers one.

How would an aggregation be structured?

A typical aggregation contract includes three or four tiers representing different amounts of renewables. The municipality chooses a default option and other terms for its electricity users. For most existing CEAs, the default tier adds between 5% and 10% more green electricity generation than is mandated by the State. Most CEAs also offer an opt-in tier that provides significantly more green electricity generation for customers who want to lower their carbon footprint further (e.g., 60%, 80%, or 100% renewable electricity).

Participants in the aggregation are automatically assigned to the default tier unless they select a different tier. Households and businesses can easily choose to select a different tier within the aggregation, opt out of the program and return to Basic Service supply offered by Eversource, or contract directly with another supplier.

Some municipalities have procured much greener electricity through their CEAs. Natick's aggregation plan has three tiers: 20% renewable, 36% renewable (default), and 100% renewable. Brookline's program has four tiers: 20% renewable, 50% renewable (default), 85% renewable, and 100% renewable.

How would CEA affect electricity costs for residents & businesses?

Electricity prices would be determined in a competitive bidding process. The Town, with the help of a consultant, would determine when, and if, to enter into an aggregation. The Town may choose not to finalize an aggregation if it determines that the prices are not favorable. If the Town does enter into an aggregation, typically the prices are locked in for a period of time, such as three years. Because the Eversource Basic Service prices reset every six months, at any point in time, the prices paid under the aggregation, which are locked in for several years, may be higher or lower than the Eversource Basic Service at different points in the life of the aggregation.

Residents and businesses may leave the aggregation and return to the Eversource Basic Service at any time, without penalty.

How would CEA affect electricity service for residents & businesses?

There is no change in service through an aggregation: Eversource continues to deliver the electricity, maintain lines, and provide other services. Electricity bills will continue to be sent out by Eversource.

How would CEA affect Town finances?

There are no upfront cash outlays by the Town to enter into a CEA. The consultant will do much of the work, including helping to educate the public, prepare a Request For Proposal (RFP), prepare documents for State regulatory review, etc. The consultant does not charge for this work, but is paid by attaching a small fee to electric prices for the duration of the aggregation contract. If the municipality decides not to move forward with an aggregation, for any reason, the consultant simply does not get paid.

There is some Town staff time associated with selecting a consultant and working with the consultant to devise and implement a CEA program.

Once the aggregation is in place, the consultant handles most ongoing tasks, such as customer service and mandatory reporting to the State. The cost to the Town is limited to staff time.

What is the process for moving Needham toward an aggregation?

The Select Board has adopted pursuing a CEA as a goal for this year.

The first step in the process is for Town Meeting to approve this warrant article authorizing the Town to research, develop and participate in an aggregation contract.

If the warrant article is approved, the Town will select a consultant to help the Town move forward. Together, the Town and consultant will complete the steps below. This chart is 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 Frames
1. Conduct initial	Learn about	Town Administrator,	2-3 months

research	municipal aggregation and the potential role it could play in your community.	Relevant Municipal Staff, or Relevant Committee Members, with assistance from Green Needham, League of Women Voters - Needham, Mothers Out Front - Needham	Complete
2. Authorize program	Prepare for and authorize development of an aggregation plan by majority vote in Town Meeting.	Select Board and Town Meeting	2-3 months Target: Special Town Meeting, Oct 2022
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, Relevant Municipal Staff, and any others appointed by the Town	2-3 months Target: January 2023
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 Target: March 2023
5. Approve aggregation plan	Approve plan to be filed with the DPU.	Select Board	1 month Target: April 2023

6. Submit aggregation plan to DPU	Petition the DPU to authorize the program.	Consultant	9 - 12 months <i>Target: January - April 2024</i>
7. Issue RFP for competitive supplier	Solicit competitive bids for the municipal aggregation contract.	Consultant	1 month <i>Target: May 2024</i>
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 price changes.	Consultant	Ongoing
12. Submit annual aggregation status report to DPU	Compile program performance data.	Consultant, Town Administrator, and/or Municipal Staff	Annually

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

When the plan is implemented, participating electricity customers will begin paying the contracted aggregation prices and receiving electricity at the default renewable tier, unless they have chosen a different tier. But again, electricity users always have the option to change their renewables percentage or opt out of the program entirely, and the Town, working with the consultant, is obligated by law to publicize the option to opt out of the CEA to all rate players.

Do other towns and cities in Massachusetts have aggregations?

Over [100 communities in Massachusetts](#) already have an electricity aggregation contract in place, including many of our neighbors.

This table gives examples of the tiers of renewables offered by other communities. The renewables are all local, Class I RECs.

Municipality	Tiers (default in blue) Percent renewables <i>including</i> <i>20% State mandate for Class I RECs</i>
Arlington	20%, 31% , 70%, 100%
Boston	20%, 30% , 100%
Brookline	20%, 50% , 85%, 100%
Dedham	20%, 30% , 70%, 100%
Lexington	20%, 40% , 100%
Lincoln	22%, 47% , 100%
Natick	20%, 36% , 100%
Newton	20%, 82% , 100%
Waltham	20%, 30% , 70%, 100%

Who exactly would be affected by an aggregation?

Any electric user in Needham who is on Eversource Basic service would be automatically included in the aggregation, unless the resident or business chooses to opt out. There is an initial period before the aggregation starts in which electric users can opt out. Once the program starts, any participating customer can leave the aggregation (opt out) at any time, without penalty.

What if a resident or business already contracts with a different electricity supplier?

If a resident or business already contracts individually with an electricity supplier, that resident or business will not be affected by the aggregation. Of course, they can join the aggregation if they wish, but should consult their current contract to evaluate any costs associated with leaving that contract.

What if a resident or business has solar panels?

There is no impact if a residence or business has a credit on their electric bill already (no grid usage, no bill). Net-metering credits work the same as without an aggregation. If the resident or business uses more electricity than their panels produce, that extra portion would be billed through the aggregation, unless the consumer has elected to opt out of the aggregation.

Will Town buildings participate in the CEA?

Like any electricity customer, the Town will have the option of participating in the CEA. The Town currently buys electricity from a third-party electricity supplier, so switching to the CEA would require careful coordination with the existing electricity supplier.

What if a resident or business doesn't want to be part of the aggregation, for any reason?

A resident or business can opt out of the aggregation at any time, at no cost. The process for opting out is easy. All electric users will receive information about the aggregation before it is implemented, allowing them to opt out before it begins. It is also easy to opt out once the program has started.

If a resident or business opts out of the aggregation, and then wants to rejoin, is that possible?

Yes, a resident or business can opt out of or into the aggregation at any time during the contract.

Could we make the aggregation opt-in, instead of opt-out?

No. State law requires that electricity aggregations will be opt-out. See Massachusetts General Laws, chapter 164, section 134.

More Information

- [Overview of Community Electricity Aggregation](#), Metropolitan Area Planning Council
- [Starting an aggregation program](#) (includes list of benefits and risks of aggregation)
- [List of Massachusetts communities](#) with Community Electricity Aggregation programs
- [Green Power at a Lower Cost](#), Green Energy Consumers Alliance