

ARTICLE 14:

ARTICLE 14: To see if the Town will vote to grant the Town Manager authority to initiate the municipal aggregation process pursuant to Chapter 164, Section 134 of the Massachusetts General Laws, or any other enabling authority, to include, but not be limited to, researching, developing and entering into a contract, or contracts, to aggregate the electricity load of the residents and businesses within the Town of Plymouth and for other related services, including consulting services, independently, or in joint action with other municipalities for terms of more than two years, and for such consideration (if any), and on such other terms and conditions that the Board of Selectmen deems in the best interest of the Town, retaining the right of individual residents and businesses to opt-out of the aggregation, or take any other action relative thereto.

BOARD OF SELECTMEN

RECOMMENDATION: Approval (Unanimous, 13-0-1).

The Advisory & Finance Committee recommends Town Meeting approve Article 14. Approval of this article would allow the Town to enter into a municipal electricity aggregation effort spearheaded by the Old Colony Planning Council enabling residents who wish to participate to receive lower electricity supply rates that would be made available based on the volume of residents participating from Plymouth and six other southeastern Massachusetts communities.

Memo

To: Advisory and Finance Committee
From: Patrick Farah, Planning Technician/Energy Officer
Date: February 16, 2016
Re: Municipal Electricity Aggregation - 2016 Spring Annual Town Meeting

Municipal Aggregation is the process by which a municipality or a group of municipalities may purchase electricity in bulk from competitive electricity suppliers instead of an investor-owned utility. The electricity is purchased on behalf of the residences and small businesses within their communities. The Old Colony Planning Council (OCPC) is spearheading this initiative with seven municipalities (thus far) actively participating in this initiative.

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 and are interested in reducing their electricity rates. 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.

Municipal Aggregation provides municipalities with many benefits:

- Lower electricity supply rates via group purchasing power
- Pricing stability - long term budget certainty
- Broader choices for “green products”
- Local control over contract terms
- Plymouth customers will continue to receive a single bill from their Utility (Eversource)
- Customers will continue to contact their utility for services issues (outages, etc.)
- Customers can opt out without termination penalties anytime during the contracted period.
- Shelters residents from dubious offers



Town of Plymouth Municipal Aggregation Article 14

March 1, 2016

Article #14

To see if the Town will vote to grant the Board of Selectmen authority to initiate the municipal aggregation process entering into a contract, or contracts, to aggregate the electricity load of the residents and businesses within the Town of Plymouth for terms of two or more years.

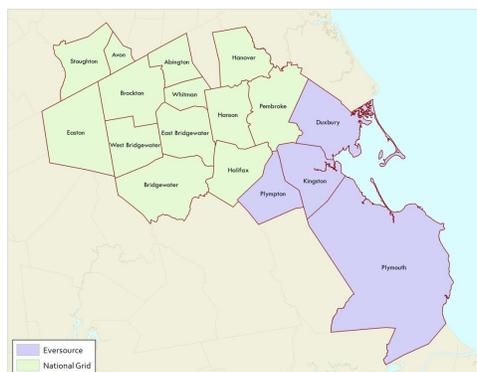
Overview of Municipal Aggregation

The process by which a municipality or a group of municipalities purchases electricity in bulk, on behalf of the residences and small businesses from competitive suppliers instead of the utility (Eversource).

Municipal Aggregation in Massachusetts: The 1997 passage of "An Act Relative to Restructuring The Electric Utility Industry in the Commonwealth", specifically MGL Chapter 164, Section 134

Electricity Providers in the Old Colony Planning Council (OCPC) Region

There are 17 municipalities in the OCPC Region currently serviced by either National Grid (13 communities) or Eversource (f/k/a NStar) (4 communities).



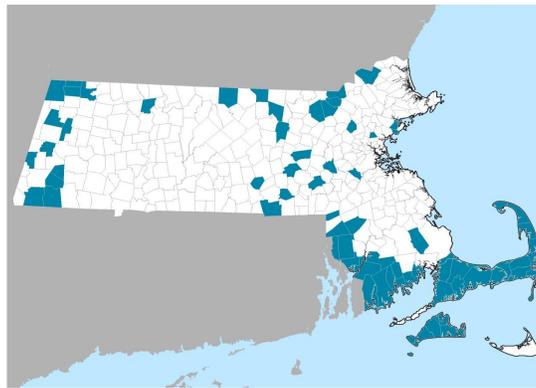
Benefits of Municipal Aggregation

Municipal Aggregation Benefits:

1. Lower electricity rates via group purchasing power
2. Pricing stability - long term certainty
3. Broader choices for %green products+
4. Plymouth customers will continue to receive a single bill Eversource
5. Plymouth customers will continue to contact Eversource for service issues (outages, etc.)
6. **Customers can opt out without termination penalties anytime.**

Municipal Aggregation in Massachusetts

According to the Department of Public Utilities (DPU) there are currently 72 municipalities in Massachusetts with approved municipal aggregation programs.



Overview of the Town's Municipal Aggregation Process

1. A multi-community aggregation committee is formed once it has been determined that a municipality is interested in electric aggregation. **Done!**
2. The OCPC will work with the committee to develop a Request For Proposal (RFP) to solicit proposals from qualified companies to serve as an aggregator. All responses were due by Feb 23, 2016. **Done!**
3. Select qualifying consultant. **Soon**

Overview of the Town's Municipal Aggregation Process

4. After a consultant is chosen to facilitate the aggregation process:
 - a. Authorization of Municipal Aggregation by Town Meeting or City/Town Council Vote **Town Meeting Process**
 - b. Develop Aggregation Plan with the Mass. Department of Energy Resources (DOER) **Consultant**
 - c. Hold a public hearing or review of the Aggregation Plan that was developed with DOER **Consultant**
 - d. Submit the Aggregation Plan to the Mass. Department of Public Utilities (DPU) **Consultant**

Estimate of Potential Savings

To determine the savings among the households in a community, the total number of households were compiled and assumed that 20% of them would either opt out of the program or be excluded due to already having a contract with an energy supplier.

The remaining number of households was then multiplied by the expected savings (OCPC formula).

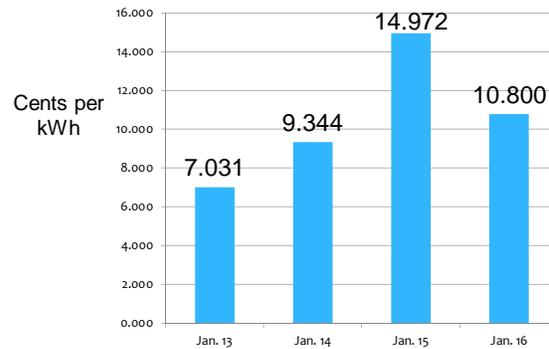
Estimate of Potential Savings

Potential savings on a community-wide basis are as follows for the following communities in the OCPC Region:

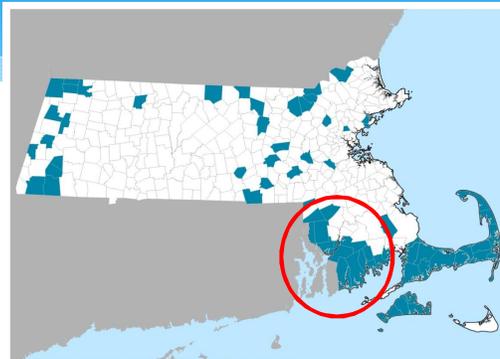
Abington	\$525,000 (4,864 H.H. @ \$108/household)
Duxbury	\$290,000 (4,275 H.H. @ \$68/household)
Easton	\$679,000 (6,292 H.H. @ \$108/household)
Halifax	\$247,000 (2,290 H.H. @ \$108/household)
Kingston	\$253,000 (3,732 H.H. @ \$68/household)
Plymouth	\$1,153,000 (17,015 H.H. @ \$68/household)
Whitman	\$458,000 (4,240 H.H. @ \$108/household)

Eversource Rate Fluctuations (Winter Rates 2013-2016)

Eversource rates have also fluctuated wildly over the past four winters, as shown below.



Case Study



In 2014, the Southeastern Regional Planning & Economic Development District (SRPEDD) embarked on this same initiative, and in November 2015, 23 municipalities executed a contract with ConEdison Solutions for electricity at **.0949 (9.49 ¢) kWh** for a period of 24 months.