Community Choice Aggregation

MCAN Webinar
August 26, 2015
What is Community Choice?

• Community Choice Aggregation (CCA) allows local governments the option of consolidating residential and commercial retail electricity demand to seek proposals for cleaner sources of power on behalf of their residents and businesses.
Current Electricity Generation

Source: Current utility buying and building energy supplies

Delivery: Eversource delivering energy, repairing lines, serving customers

Customer: You using conventional Basic Service electricity
What is Community Choice?

How CCA Works

source → CCA
buying and building energy supplies

delivery → EVERSOURCE
delivering energy, repairing lines, serving customers

customer → YOU
benefitting from cleaner energy, local control
Global Warming Solutions Act

• Emission Reduction Goals
  – 25% reduction by 2020
  – 80% reduction by 2050

• Primary Methods
  – Energy Efficiency / Demand Reduction
  – Greening the Grid
    • Community Choice accelerates our progress
2012 GHG Emissions in Lexington

- Electricity: 44%
- Transportation: 28%
- Natural Gas: 15%
- Heating Oil: 10%
- Waste: 2%
- Municipal & School: 1%
Renewable Energy Future

Modern Grid System

- Renewable Generation
- Local energy generation
- Advanced Meters
- Smart Appliances
- Heat Pump
- Smart Charging
- Time Varying Rates
- High Efficiency Homes
- Power Plant
Fuel Switching Effect

Current emissions from all gasoline vehicles and fossil fuel heated buildings

If all gasoline vehicles and buildings shift to electricity: 50% GHG Reduction

Further GHG reductions from increased renewable electricity: up to 80% reduction

Current RPS (16-19%) by 2030

50%

75%
Renewable Energy Cost Trends

• The state’s biggest utilities have signed long-term contracts to buy wind-generated electricity at prices below the costs of most conventional sources, such as coal and nuclear plants.

• Over the life of the 15 to 20 year contracts, utilities would pay an average price of less than 8 cents per kilowatt hour, compared with projected prices of about 10 cents for coal & 11 cents for nuclear.
Competitive Supplier Status

- All electricity consumers in Massachusetts have the option to select an alternate retail electricity supplier.
- But only 10% of Lexington’s residential customers have switched to competitive suppliers (1,200 out of 11,650 - Source: Eversource)
- Vendor selection process can be complicated and time consuming, creating concern about making the right choice.
• In contrast, 86% of the electricity consumed by Lexington’s commercial customers comes from competitive electricity suppliers.

• Large commercial customers have proven that they can obtain significant benefits by switching to competitive suppliers.

• The Town of Lexington is purchasing cleaner electricity from a competitive supplier for less than the Eversource Basic Service rate.
Customers continue to receive one bill

Electric Bill Summary

Electric Bill Comparison

<table>
<thead>
<tr>
<th>Current Month</th>
<th>Last Month</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Charges</td>
<td>$120.10</td>
<td>$111.99</td>
</tr>
<tr>
<td>Total Electricity Use (kWh)</td>
<td>576</td>
<td>531</td>
</tr>
<tr>
<td>Delivery Charges (per kWh)</td>
<td>9.2¢</td>
<td>9.5¢</td>
</tr>
<tr>
<td>Generation Charges (per kWh)</td>
<td>11.5¢</td>
<td>11.5¢</td>
</tr>
<tr>
<td>Delivery Charges Total</td>
<td>$53.34</td>
<td>$50.45</td>
</tr>
<tr>
<td>Generation Total</td>
<td>$66.76</td>
<td>$61.54</td>
</tr>
</tbody>
</table>

Bill Analysis

- Billing Days: 33
- Avg. Daily Electric Use (kWh): 17.4
- Avg. Daily Temp (degrees): 49

Your Electricity Use By Month At A Glance

Community Choice supplier’s name listed here
Community Choice

- Residents and businesses can opt out at any time without penalty, choose their own competitive supplier, return to Eversource Basic Service or opt back into the program at any time.
Community Choice Approval Process

- Town Meeting approval
- Issue RFP to hire an energy broker (at no cost to Town)
- Broker develops aggregation plan with DOER (At no cost to Town)
- Selectmen approve aggregation plan (with no obligation to choose a competitive supplier)
- DPU approval of plan (at no cost to Town)
- Broker issues RFP for competitive supplier
- Town chooses competitive supplier
  - No obligation to proceed and no cost to Town if none of the proposals are acceptable
Why Community Choice?

• Local governments are achieving a powerful range of objectives for their constituents

• Transition to a cleaner, more efficient energy supply

• Consumer choice, consumer protection, local control

• Competitive electricity rates
Community Choice

• Board of Selectmen submitted and unanimously recommended Warrant Article 36 seeking Town Meeting authorization for the Board of Selectmen to enter into a Community Choice Electricity Aggregation program.

• The Community Choice Task force unanimously supported Warrant Article 36.

• Appropriation Committee unanimously supported passage of Warrant Article 36.

• Sustainable Lexington Committee unanimously supported Warrant Article 36.
Warrant Article 36

• To see if the Town will vote to authorize the Board of Selectmen to enter into a Community Choice Electrical Aggregation Program and contract for electric supply for Lexington residents and businesses as per MGL 164, Section 134, or act in any other manner in relation thereto.

• Town Meeting approved Warrant Article 36 by a vote of 141 to 1.
Lexington’s Electricity Usage

- Town of Lexington, residents, and businesses use about 450 million kWh of electricity per year.
- About 150 million kWh is supplied by NSTAR at Basic Service Rates.
- Currently Town of Lexington is buying 9 million kWh per year of cleaner electricity from a competitive supplier.
Getting Started

- Forming your team
- Engaging Stakeholders
- Building Credibility & Momentum
- Securing Approvals
- Procurement & Broker Selection

- Read – MAPC’s Start a CCA Program
  - bitly.com/StartCCA
Forming your team

• Recruit a Sponsor from Board of Selectmen or Town Staff

• Create your Task Force
  – Town staff, resident experts, liaisons from sustainable, energy, finance committees
Next Steps

If you want to connect with other towns, if you need help building your team, or if you want to connect with other people doing this, you can email Carol Oldham, the Executive Director of MCAN, at carololdham@massclimateaction.net

If you want to learn more about CCA in Lexington, you can email Mark Sandeen at mark.sandeen@sustainablelexington.org
Competitive Suppliers

• The Massachusetts DPU must approve all competitive electric suppliers that are allowed to supply electricity in the Commonwealth.

http://web1.env.state.ma.us/DPU/FileRoom/Licenses
http://www.nationalgridus.com/masselectric/home/energychoice/4_supplier_list.asp
https://www.eversource.com/nstar/CustomerCare/residential/CompetitiveSupplierAdmin/CompetitiveSuppliers
Community Choice
A Public - Private Option

IOU
Investor-Owned Utility
- IOU or Customer Procures Power
- IOU Maintains Transmission Lines
- IOU Provides Billing & Customer Service

CCA
Community Choice Aggregation
- Local Town Procures Power
- IOU Maintains Transmission Lines
- IOU Provides Billing & Customer Service

Municipal/
Public Utility
(also Co-ops)
- Muni Procures Power
- Muni Maintains Transmission Lines
- Muni Provides Billing & Customer Service

MCAN
Mass Climate Action Network

Sustainable Lexington Committee Presentation