

CITY OF NEWTON

IN BOARD OF ALDERMEN

PUBLIC FACILITIES COMMITTEE REPORT

WEDNESDAY, APRIL 22, 2015

Present: Ald. Crossley (Chair), Lennon, Albright, Brousal-Glaser, Danberg, and Lappin

Absent: Ald. Gentile and Laredo

Also present: Ald. Fuller and Norton

City staff present: Maureen Lemieux (Chief of Staff/Chief Financial Officer), Dave Turocy (Commissioner of Public Works), Shane Mark (Director of Operations; Department of Public Works), Bill Ferguson (Project Manager; Public Buildings Department), and Josh Morse (Commissioner of Public Buildings)

**REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES**

#375-14(3) HIS HONOR THE MAYOR submitting recommended FY2016 Water, Sewer Storm Water Rates for implementation on July 1, 2015, as follows:

**Fiscal Year 2016 Tiers & Rates for Water and Sewer**

<u>HCF Per Quarter</u>	<u>Water Rate Per HCF</u>	<u>Sewer Rate Per HCF</u>
0-10	\$6.30	\$9.50
11-25	\$7.00	\$10.00
26-60	\$8.40	\$12.00
>60	\$10.00	\$14.00
Irrigation	\$10.00	

**Storm Water Flat Fees**

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>
Residential	\$25.00	\$75.00
Commercial	\$150.00	\$200.00

[04/14/15 @ 1:04 PM]

**ACTION:** **HELD 6-0**

**NOTE:** Chief of Staff Maureen Lemieux reviewed the proposed rates and fees for water, sewer and storm water with the Committee. The Administration is proposing a flat fee for storm water for both residential and commercial properties. Ms. Lemieux explained that before the City can move to a tiered fee structure for the storm water further work on the City's impervious surface area data is necessary to ensure that it is accurate. The impervious surface area data will be corrected and the Administration will be ready to move forward with the impervious surface area model no later than December 1, 2015, which means information will be getting to the Committee in the fall.

There is a caveat concerning moving towards the impervious surface model. The Administration discovered that there are two or three communities in Massachusetts that are charging a flat fee to residential properties and a tiered fee based on impervious surface area for

all other properties. The Newton Law Department interprets the State statute to require the City to charge the same type of fee to all properties. The City contacted the Department of Revenue to ask whether the City may charge one type of fee to residential properties and a different type of fee to all other properties. The Department of Revenue does not seem to be weighing in on how storm water fees are charged. The Committee urged Ms. Lemieux to push the Department of Revenue for a response before moving towards a flat fee for residents and a tiered model for commercial property owners.

The proposed storm waters are \$75 for residential and \$200 for commercial and other uses. The proposed increases in the storm water fees would generate just under \$2 million, which is enough revenue to fund operations at \$1,250,000, a \$100,000 reserve, and to begin implementing storm water infrastructure repairs. There would be \$400,000 for further engineering investigation and analysis. The Dedham Street Storm Water Project is now part of the Fiscal Year 2016 Capital Improvement Plan and Ms. Lemieux expects to bond the project. There is enough funding to accomplish what needs to be done in the storm water utility next fiscal year.

The biggest driver for setting the storm water rates at \$75 for residential and \$200 for commercial properties was the result of a previous discussion in the Public Facilities Committee. During the discussion there seemed to be a clear message from the Aldermen to move right to a \$75 fee for residential properties instead of increasing it incrementally over two years and to attempt to minimize the impact of the commercial fee increase on small businesses. Most of the businesses in the City are smaller businesses with minimal impervious surface area that do not have a significant amount of storm water runoff. When the City moves to the impervious surface area model, many small businesses are likely to pay a smaller fee than the proposed \$200 flat fee. The \$75 fee for residential properties should be in place for most residential properties for a number of years even when the City moves to the impervious surface area model; however, the commercial fee should be considered an interim fee that should only be in place for one year.

Ms. Lemieux reviewed the proposed water and sewer rates with the Committee. The water and sewer rates are based on the need to generate enough revenue in both enterprise funds to cover the Massachusetts Water Resource Authority (MWRA) assessments, operation costs, and continue with the infrastructure improvements. The Administration's goal for the proposed water and sewer rates for the upcoming fiscal year is to make the rates reasonable for everyone. The proposed water and sewer rates for Fiscal Year (FY) 2016 include micro tiers in both rate structures in an effort to protect subsistence level use. Every property billed for water and sewer use is billed the same rate for the first ten Hundred Cubic Feet (HCF) used. The water tier structure also includes a tier for irrigation water set at \$10.00 per HCFs of water. In order to recognize the gap in sewer revenues created by the addition of separate metering for outside water, the Administration is proposing a redistribution of the sewer rates for FY 2016. Ms. Lemieux will provide models for the water/sewer rates and storm water fee public hearing on May 4, 2015.

The proposed rates and fees are less than the yearly 3.9% overall increase in utility rates that the Administration committed to a few years ago. The revenue generated for all three

utilities is expected to total \$55.2 million, which is less than the \$56 million raised in FY 2015. There are additional sources of revenue like grants and reserve funds that are part of the FY 2016 water and sewer budgets. The increase in the bills is due to the storm water fee increase and the redistribution of sewer charges. There is currently \$17.5 million in water and sewer reserves and the administration expects to add an additional \$1.6 million to the sewer reserve and \$1.5 million in the water reserve in the FY 2016 budget. A summary of the available water and sewer reserve funds is attached. Ms. Lemieux thinks that the City will be raising the right amount of revenue for FY 2016. If the City raises too little revenue, there would need to be significant increases to the rates in FY 2017.

Some Committee members felt that the irrigation rate should be higher than the other water tier rates. There was also concern that the proposed rates may not sufficiently protect the low end user. Ms. Lemieux will provide a model of the water and sewer rates and storm water fees that further protect the lowest tier users and provide a progressively higher percentage increase between tiers as the tiers increase. She will also provide a second model with an \$11 per 100 HCF irrigation rate for both the Administration's proposed rates and for the other model with the progressive rate increases. The models will be included in the May 1, 2015 packet for the Aldermen. With that, Ald. Albright moved hold, which carried unanimously.

#358-14      FINANCE COMMITTEE requesting that the Public Facilities Committee receive updates on the clean up of the Rumford Avenue Landfill every three months.  
[09/11/14 @ 12:01 PM]

**ACTION:**      **HELD 6-0**

**NOTE**      Commissioner of Public Works David Turocy explained that the City received a fine for violations of the Department of Environmental Protection (DEP) regulations at the Rumford Avenue Landfill. The City received a \$12,000 fine, which it paid. The Public Works Department is in the process of bringing the landfill into compliance with DEP requirements to avoid further fines. The excavate that fell into the swale has been removed. The department is awaiting special material to repair the membrane tear to bring the site into full compliance. The Commissioner stated that the Public Works Department began stockpiling excavate on the northern side of landfill and some of that excavate spilled over the banking resulting in the violations. Although, the excavate is ultimately crushed for reuse in other paving projects, since the override increased the volume of work, the City has been generating more excavate than it can reuse.

He added that the City will be entering into a contract to haul excavate and other debris like street sweepings from the landfill. The removal of excavate and other materials should have a big impact and bring the landfill into compliance with the DEP. Funding for the hauling will be included in next year's Public Works Department budget. The Department continues to work on cleaning the entire site to set-up for future operations and a possible solar array. The City is in the process of evaluating the benefits of a solar array at the Rumford Avenue Landfill. In addition, the Public Works Department is still in the process of doing a cost benefit analysis on selling compost versus hauling the yard waste. If the yard waste is hauled away, the space could be used for snow storage. The City has limited space for snow storage and any additional space

would be a benefit. The Committee would like further updates on the progress of cleaning the landfill; therefore, Ald. Lappin's motioned to hold the item carried unanimously.

#83-15 ALD. CROSSLEY, GENTILE, & ALBRIGHT requesting a discussion and update from the Administration on the following energy related items: status of municipal power purchasing contracts for gas and electricity; status of the Power Purchase Agreement including solar PV rooftop installations, power offset (cost benefit) to date and review of potential future projects; and an update on municipal energy consumption including the recent Green Communities report filed with the Department of Energy Resources. [03/26/15 @ 9:19 AM]

**ACTION:** **HELD 6-0**

**NOTE:** Public Buildings Project Manager Bill Ferguson and Commissioner of Public Buildings Josh Morse joined the Committee for a discussion of a number of energy related items.

### **Green Community Report**

The first topic of the discussion was the Green Community Annual Report for 2014. In 2014, there is a 9% reduction in total energy consumption when compared to the baseline year when raw numbers are used. However, Mr. Ferguson feels that the Committee should look at the normalized data (weather adjusted) for the purpose of the discussion. Although, the Massachusetts Department of Energy Resources (MDOER) does not currently require normalized data, it has begun including that data in its database. When the data is normalized for weather, there is an over 19% drop in energy consumption from the base year. The overall energy reduction using normalized data for this fiscal year appear to show improvement over last year's numbers.

### **Phase I Preferred Vendor Program**

Mr. Ferguson moved onto an update on Phase 1 of the Preferred Vendor Program. Phase 1 of the program is 75% complete. The City is using two vendors for the work included in Phase I. A large part of Phase 1 was to install LED lighting in the schools and a few other municipal buildings, which is 100% complete. The comments from School Department employees, students and municipal employees have been positive regarding the new lighting. Both vendors are using the same LED lighting systems and products for the new lighting.

The remaining work in Phase I is related to heating and cooling particularly the installation of energy management systems. The City added four schools to the original scope of work. The contractor is working on the installation over the school vacation week. Once the energy management systems are installed, heating and cooling the buildings, including individual room management, will be programmed and monitored remotely via the internet.

Mr. Ferguson expects that all of the work in Phase I will be complete at some point in July.

## **Phase II Preferred Vendor Program**

The Public Buildings Department is ready to move forward with Phase II of the Preferred Vendor Program; however, the administration still needs to review it. Phase II will be funded through the Energy Stabilization Fund, which currently contains \$874,000. In addition, the Public Building Department will be applying for a green community grant in the near future, and if the City receives the grant, there will be over \$1 million in funding for Phase II. Phase II involves additional LED lighting projects, as electricity rates are increasing and LED lighting offers quick savings.

The Committee would like a list that includes the range of work, how it is prioritized, and how the prioritization is determined for the Preferred Vendor Program. It is important to recognize that Phase II is not the end of the program. If the City frontloads the lighting projects, it generates rebates from the energy company. It is important to complete the Phase II work in the upcoming fiscal year to qualify for grant funding for Phase III of the program. As you go out in the future for planning purposes, the projects become more amorphous but Commissioner will provide an outline of planned projects.

## **Solar Projects**

The discussion continued with a review of the existing Power Purchase Agreement (PPA) with Ameresco Solar, Inc. for solar arrays on four school buildings. The City is receiving a 20 ¢ metering credit per kilowatt generated from the solar arrays. Ameresco receives 10 ¢ of each metering credit. The City netted \$48,000 over the past year from the solar arrays but it will net more next year because the solar array at Newton North High School has only been on-line for half the year.

The City is moving forward with evaluating additional solar projects that include solar canopies (carports with built in solar array) on top in municipal lots and a large ground mounted solar array at the Rumford Avenue Landfill. It is important that the City move forward quickly with solar projects as the federal tax credit is expiring at the end of 2016 and there is the possibility that there will be caps on the saving at the state level. If the City gets the arrays in before the changes, it would be grandfathered.

The City has hired a solar consultant that has much experience with solar installations on landfill, having developed three Requests for Proposals (RFP) for other municipalities that have been approved by the Department of Energy Resources. The consultant will provide good input, help evaluate, select and finalize any solar project proposals. The Administration also intends to meet with representatives of other municipalities that have installed solar arrays.

The Administration is currently looking at developing an RFP for ten locations for smaller arrays that would generate 1 megawatt of electricity and an RFP for the Rumford Avenue Landfill, which would generate three megawatts of electricity. If the City installs the arrays, the electricity saving would be significant.

There was discussion related to the possibility of installing carport solar arrays. There was concern about the aesthetics of the carports and whether the City would have to clear the snow from the solar panels. The City owns a number of parking lots that could potentially house carports for solar arrays. The installation of carports does have benefits that include reduction in snow plowing and use of salt and they would keep cars cool in the summer. In addition, it is not necessary to clear snow from the solar panels because they generate enough heat to melt the snow.

### **Gas and Electricity Contracts**

The Administration has a broker that is working on necessary electricity data to solicit prices for electricity. The City will be asking for the lowest best price, narrowing the field and asking for the lowest best price again, and narrowing the field further and again asking for the lowest best pricing. The Administration feels that this is the best approach to ensure that it is getting the best price. It is easier to solicit rounds of pricing than setting up reverse auctions.

The City must enter into a contract before the end of June. The solicitations will include different scenarios like different numbers of years and different numbers of accounts. The last time the City went out to bid it had 18 variations. If the city receives unfavorable bids, it can opt to go with a month-to-month contract and wait to lock in when the rates are more favorable.

The City has entered a gas contract that is less than the contracted price four years ago.

### **Municipal Electric Aggregation**

**NOTE: Please see attached information on starting a municipal electric aggregation from Metropolitan Area Planning Council.**

Chief of Staff Maureen Lemieux stated that a plan for municipal aggregation purchasing would take a few years to develop but the Administration is looking at the possibility. The City currently belongs to a consortium for gas purchasing but it is not the lead. If the City were to join an existing aggregation, it would be quicker but Ms. Lemieux is not sure if that is in the best interest of the City. If the City formed a municipal aggregation, it would result in the City negotiating electric supply for residents and business within the City. The idea requires discussion with other municipalities that have gone with municipal aggregation.

Ald. Norton pointed out that it would give the City opportunity to move forward with green power purchasing above the State requirement and encourage development of regional green power companies. She suggested that the Committee invite the Energy Coordinator from the Metropolitan Area Planning Council to discuss municipal electric aggregation. Chair of the Citizens Commission on Energy Eric Olsen voiced his support of the possibility of the City moving towards municipal aggregation. The City and citizens would see moderate savings, an increase in renewable energy sources in the New England area, and stability in electricity rates. The City could even give residents options like whether or not to pay a higher rate for greener

electricity generation. He added that residents could opt out of the aggregation if they do not wish to participate. Mr. Olsen added that he feels the City could create an aggregate in a shorter timeframe than a few years.

### **Comment**

Citizen Commission on Energy Member and Jonathan Kantar praised the Public Buildings Department's work on improving energy efficiency in City buildings. He thought it would be beneficial to tie in an energy education piece for students and employees to create a better understanding of how much energy is being used to heat, cool and light buildings and how energy efficiency projects impact performance.

He added that the City cannot lose sight of its multi-year approach to energy improvements once the Preferred Vendor Program is reduced. The City needs to comprehensively address energy improvements in all municipal buildings.

### **Integrated Design**

Public Buildings Commissioner Josh Morse provided an overview of taking an integrated design approach to constructing and renovating buildings. Integrated design is a holistic approach to a construction project that brings everyone involved in the building process together to look at all aspects of a building project, as it moves through the planning, design, construction and occupancy phases to develop a safe, energy efficient building. The integrated design approach provides opportunities for monetary savings now and in the future.

Citizen Commission on Energy Member and Design Review Committee Member Jonathan Kantar stated that integrated design is difficult to practice particularly when the City is building schools and fire stations rapidly. Often times there is not enough time to ensure that all possible energy efficiencies are being incorporated into the projects. The City needs to hold architects and design teams accountable by providing a goal for energy use for each building.

### **Conclusion**

Ald. Albright suggested that the Committee consider and develop action items to docket during the next discussion. Ald. Lappin moved hold on both Docket Item #83-15 and #100-15, which carried unanimously.

#100-15      ALD. NORTON, SANGIOLO, LEARY, AND ALBRIGHT requesting that the Administration pursue municipal aggregation of energy purchasing with the goals of reducing and/or stabilizing electricity costs for resident, businesses and the City; and requiring the purchase of Class 1 RECs at some percentage above the level required by the Massachusetts Renewable Portfolio Standard. [04/06/15 @ 9:12 AM]

**ACTION:**      **HELD 6-0**

**NOTE:**      See above note for discussion of this item.

#153-13      PUBLIC FACILITIES COMMITTEE requesting periodic updates on the progress of the citywide storm water system assessment needed to define the scope of repairs to the system, as well as methods of financing the assessment and an accounting of the storm water enterprise fund. [04/02/13 @ 11:02 AM]

**ACTION:**      **NO ACTION NECESSARY 6-0**

**NOTE:**      The City has received the storm water system assessment; therefore, Ald. Albright moved no action necessary, which carried unanimously.

Respectfully submitted,

Deborah Crossley, Chairman



CITY OF NEWTON, MASSACHUSETTS  
SUMMARY OF AVAILABLE FUNDS

July 1, 2014

Appropriations/  
Uses

Pending  
Appropriations

April 23, 2015  
Available Balance

	Available Balance	Additions	Uses	Pending Appropriations	Available Balance
Riverside - Lower Falls improvements	371	1	-	-	372
Riverside - Other improvements	15,627	22	-	-	15,649
N-W Hospital drainage mitigation	19,155	27	-	-	19,182
Tower Rd Traffic Light donations	-	-	-	-	-
Woodland Station I&I mitigation	85,380	-	-	-	85,380
Kessler Woods I&I mitigation	73,750	-	-	-	73,750
Marriott - Commonwealth Ave. Landscape maintenance	20,900	-	-	-	20,900
Cherry St traffic signalization improvements	2,000	-	-	-	2,000
Newton Centre maintenance (St.Petersburg Café)	3,000	-	-	-	3,000
O'Hara's Highlands pedestrian improvements	2,500	-	-	-	2,500
Café Santiago parking	-	2,500	-	-	2,500
Terry O'Reilly's Pub LLC	-	1,000	-	-	1,000
275 Washington St. Streetscape	2,500	-	-	-	2,500
258 Nevada St Linwood/Nevada St Handicapped Ramps	1,500	-	-	-	1,500
719 Washington St. - Village Café	2,500	-	-	-	2,500
335 Walnut St. Rox Diner Traffic/Parking Mitigation	-	2,500	-	-	2,500
CH Square I&I Mitigation	-	10,000	-	-	10,000

**Community Preservation Fund:**

Open space purposes	349,235	422,807	(772,042)	-	-
Historic preservation purposes	382,774	458,162	(528,007)	-	312,929
Community housing purposes	11,428	422,807	(434,235)	-	-
All CPA purposes	7,470,880	2,525,209	(834,532)	(1,057,000)	8,104,557

**Water and Sewer Funds:**

Stormwater Management Fund Surplus - Available for Appropriation	405,255	-	(405,255)	-	-
Sewer Fund Surplus - Budget Stabilization	3,360,283	-	-	-	3,360,283
Sewer Fund Surplus - Available for Appropriation	5,666,892	-	-	-	5,666,892
Sewer Operating Reserve - 2015 budget	-	3,185,897	(1,654,000)	-	1,531,897
Sewer Capital Reserve - 2015 budget	-	1,000,000	-	-	1,000,000
Water Fund Surplus - Budget Stabilization	2,306,743	-	-	-	2,306,743
Water Fund Surplus - Available for Appropriation	1,978,667	-	(500,000)	-	1,478,667
Water Operating Reserve - 2015 budget	-	1,439,986	-	-	1,439,986
Water Capital Reserve 2015 budget	-	750,000	-	-	750,000

**Capital Stabilization Fund:**

Fire station renovations	5,835	3,688	-	-	9,523
Energy conservation projects	121,776	763,871	(11,550)	-	874,097
FY 2014 Override capital projects	709,000	2,460,000	(2,492,836)	-	676,164

#375-14(2)



# Start a Community Choice Aggregation Program

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Community choice aggregation (CCA), also known as municipal electric aggregation, is a way for one or a group of cities and towns currently served by investor-owned utilities to use bulk purchasing power to negotiate electric supply on behalf of their residents and small businesses currently on basic service. Typically in Massachusetts, residents and businesses receive their utility's basic service supply by default. Communities with CCA can contract for rates and renewable energy content with competitive suppliers and obtain funds to provide energy efficiency services to residents. This strategy outlines how to initiate a community choice aggregation program.

## Advantages and Disadvantages of CCA

Note: Some of the following benefits of CCA may not be able to be realized at the same time, such as lower rates and higher renewable energy content.

### Possible advantages of CCA include:

- **Lower rates** – CCA rates can be lower than basic service rates depending on when rates are locked in and the bids are received. When deregulation occurred in Massachusetts in 1997, initial contracted rates were required to be lower than the investor-owned utility's standard offer. Since the standard offer expired in 2005, this restriction no longer applies.
- **Consumer education** – Public meetings, posted notices, press releases, newspaper articles and notifications enclosed in electric bills can lead to greater consumer awareness of where their electricity comes from and what other suppliers exist, in addition to informing consumers of their ability to opt out of the aggregation by choosing basic service or a competitive supplier.
- **Consumer protection** – As more energy brokers enter the deregulated market, consumers are increasingly approached by brokers attempting to sell them energy contracts. CCAs offer municipalities a way to vet brokers and suppliers for residents through government procurement procedures.

- **Increased renewable portfolio** – CCAs give communities the opportunity to purchase energy with a higher renewable content than the Massachusetts [Renewable Portfolio Standard](#), which requires electric suppliers to obtain a designated percentage of their energy content from renewable sources each year. Through 2013, the state RPS requires that eight percent of electricity sales to end-users come from new (built after December 31, 1997) renewable energy sources, increasing by one percent each year with no mandated expiration date.
- **Reserve fund** – A municipality can choose to receive a fee from the supplier that can be dedicated to funding energy efficiency or renewable projects, such as the purchase and installation of high-efficiency streetlights or solar photovoltaic panels.
- **Energy efficiency funds** – If a municipality chooses to collect the systems benefit charge for energy efficiency (0.25 cents/kWh), it will gain control of the funds to run its own energy efficiency programs. To date, only the Cape Light Compact has done so in Massachusetts – likely due to the economies of scale available to a large regional aggregation.
- **Electric consumption information** – By forming a CCA, communities are able to more easily obtain data on their residents’ aggregate energy use. This data, which is extremely useful for energy reduction and climate change planning purposes, can otherwise be difficult to acquire from investor-owned utilities (IOUs).
- **Rate stability** – CCAs can choose longer-term contracts (a year or more) in order to buffer customers from the volatility of the electricity market.

**Possible disadvantages of CCA include:**

- **Higher rates** – After the contract has been executed, the utility’s basic service rates could drop below the CCA rates. Note that as of November 27, 2013, the DPU has decided that aggregations cannot be temporarily suspended. If an aggregation puts its customers back on the utility’s basic service, it will need to go through the plan approval process again in order to return them to competitive supply.
- **Political fallout** – Some residents and small businesses may be upset that the program is opt-out rather than opt-in. Additionally, there could be backlash if basic service rates drop below the CCA rates or the program is disbanded.
- **Administrative costs** – While brokers who are paid by the supplier rather than the municipality do much of the research and paperwork for the CCA, municipal employees must monitor the brokers and deal with public response.

## Program Overview

Implementation Steps	Objectives	Key Implementers	Estimated Time Frame
<b>Initial research</b>	Learn about CCA and the potential role it could play in your community.	Town Administrator or Relevant Municipal Staff	
<b>Authorize CCA</b>	Authorize development of an aggregation plan by majority vote in city council or town meeting.	City Council or Town Meeting	1 month
<b>Issue RFP for energy broker (optional)</b>	Hire a broker for assistance in the design, implementation, and ongoing monitoring of the aggregation plan.	Town Administrator or Energy Planner	2 months
<b>Develop aggregation plan with DOER</b>	Draft a plan with the input of DOER that meets the goals of the community and the requirements of the DPU.	Broker, Town Administrator or Energy Planner	2 months
<b>Approve aggregation plan</b>	Authorize plan to be filed with the DPU.	City Council or Board of Selectmen	1 month
<b>Submit aggregation plan to DPU</b>	Petition the DPU to authorize the CCA.	Broker	6 months
<b>Issue RFP for competitive supplier</b>	Solicit competitive bids for the CCA contract.	Broker	1 month
<b>Execute contract with supplier</b>	Choose supplier for the CCA.	Town Administrator or Energy Planner	
<b>Notify customers</b>	Inform customers about the CCA and the opt-out period.	Broker	2 months
<b>Begin automatic enrollment</b>	Enroll basic service customers who have not opted out.	Utility	1 month

## Program Implementation Steps

### 1. Initial Research.

- **Conduct feasibility study** – Consider conducting independent research, as well as meeting with multiple energy brokers for expertise and guidance. Although the Department of Energy Resources (DOER) aggregation guide recommends feasibility studies, which outline potential savings, analyze power supply information and provide engineering evaluations of the distribution network, they are not required. However, brokers often include this information in their formal bid to the municipality or in informational sessions prior to release of the broker RFP. Therefore, paying for a formal feasibility study may be an unnecessary expense.

- **Contact DOER** – Municipalities should reach out to the DOER as early in the process as possible through the Green Communities Regional Coordinator for their region, even if the community has not received a Green Community designation.

## 2. Authorize CCA

- **Vote in city council or town meeting** – Before a municipality can design an aggregation plan, there must be an affirmative vote at city council or town meeting. If two or more municipalities decide to pursue a joint CCA, they must individually authorize it by majority vote.

## 3. Issue RFP for Energy Broker (Optional)

- **Hire a broker** – Massachusetts General Law does not require municipalities to contract with an energy broker to facilitate the CCA process; however, due to the significant time investment and technical knowledge brokers provide, the five individual municipalities that have implemented CCA in Massachusetts as of August 2013, hired a broker for assistance in the design, implementation, and ongoing monitoring of their aggregation. Brokers also assume the majority of the upfront risk for the process, including legal and Department of Public Utilities (DPU) filing fees. They do not receive compensation until after the competitive supplier has been chosen. Brokers are paid by the supplier, and in Massachusetts have historically received \$0.001 (a mil adder) per kWh consumed by the CCA. The broker helps develop the aggregation plan, assists in the DPU approval process, and issues the RFP for a competitive supplier once the aggregation plan has been approved. The broker can also facilitate the customer opt-out notification process (typically paid for by the supplier) and provides ongoing customer support. Additionally, the broker monitors competitive supply and utility rates on an ongoing basis.
- **Bid out contract** – Broker contracts are exempt from standard procurement procedure ([M.G.L. ch. 30B](#)), but procurement may provide transparency and defend the validity of the municipality's ultimate choice if those consulting services are obtained through a competitive Request for Proposals (RFP). Using the competitive process outlined in M.G.L. ch. 30B, even for exempt contracts, is considered a best practice by the Massachusetts Office of the Inspector General.

## 4. Develop Aggregation Plan with DOER

- **Draft plan** – The plan must demonstrate how the CCA will provide universal access, reliability, and equitable treatment of all classes of customers. The broker typically designs the plan based upon the specific needs of the municipality. Each municipality is required to consult with DOER prior to submitting the plan to the DPU. This consultation is intended to help streamline the DPU approval process by identifying areas in the plan that are unclear, that have previously caused delays for other CCAs, or that may otherwise be flagged by the DPU or the Attorney General.

## 5. Approve Aggregation Plan

- **Review and approve** – A municipality must make the plan available for review by its citizens through a public posting or hearing, and the plan must be approved by the board of selectmen or city council.

## 6. Submit Plan to DPU

- **File for DPU review and approval** – The municipality, with the help of the energy broker, must petition the DPU to officially authorize the CCA. This is typically the longest part of the process. It includes an initial filing with DPU, comment periods where other parties may intervene with questions or concerns (such as the Attorney General or the IOU in the service area), information request and discovery periods, and a public hearing. Electronic copies of DPU filings, comments and follow-ups are available on the [DPU website](#), and municipalities should review the proceedings of previous CCA plans to avoid delays caused by questions that have been addressed in prior filings. If a plan is found to be in compliance with regulation, it will be approved by a formal order.

## 7. Issue RFP for Competitive Supplier

- **Set parameter for supply bids** – The RFP for competitive supply should articulate the specific energy needs of the municipality identified in the CCA plan. Suppliers may be asked to bid on multiple supply and term options. For example, if the municipality wants to offer residents an option to buy power that exceeds the Massachusetts RPS, it may request that the supplier provide pricing for both a basic rate and “green” rates with certain percentages of renewable content. Many RFPs ask for 3-, 6-, 9-, 12-, and 24-month options. While longer-term contracts (6-plus months) may offer a certain amount of price stability, several of the approved aggregation plans have chosen to pursue six-month contracts that mirror the six-month timetable that the IOUs are required to follow. The energy broker is typically responsible for issuing the RFP for competitive supply on behalf of the town, evaluating bids according to the specific goals of the municipality, and recommending a supplier.

## 8. Execute Contract with Supplier

- **Choose competitive supplier** – The municipality ultimately chooses the supplier and executes the contract.

## 9. Notify Customers of Opt-Out Period

- **Detail opt-out choices** – The CCA must inform basic service customers by mail at least 30 days prior to automatic enrollment that their electric supply will be switched to the chosen competitive supplier and the new rate. They must also notify affected customers that they have the right to opt out of the CCA within 180 days without an exit charge and anytime thereafter (historically, also without an exit charge). The notification must also disclose the utility’s basic service rate and detail how customers can opt out or choose

another competitive supplier. The customer may also opt out or in at any point by contacting the broker or supplier. For the five individual municipalities that have authorized CCA, the opt-out process was funded by the supplier and administered by the energy broker. Customers could opt out by returning the initial opt-out postcard, by phone, or online by visiting the broker's website.

## 10. **Begin Automatic Enrollment**

- **Enroll basic service customers** – All ratepayers on the utility's basic service who do not opt out of the CCA will be automatically enrolled in the plan. They will continue to receive an electricity bill from their utility, which displays separate delivery and supply charges. Delivery charges (distribution, transmission) will remain with the utility, but the supply section (generation charge) will list the new competitive supplier. Customers will pay one bill directly to the utility, and supply charges will be passed through the utility to the supplier.

## 11. **Monitor Market (Ongoing)**

- **Watch rates** – The broker continues to monitor the electricity market, secures rates when they are favorable, and notifies the municipality if utility basic service rates have dropped below competitive rates.

## 12. **Submit Aggregation Status Report (Annually)**

- **Compile CCA performance data** – Within 30 days of the end of the first year of operation, a CCA must submit an annual aggregation status report to the Director of the Green Communities Division of DOER. The status report should include the number of participants by customer type (residential, commercial, industrial), the number of customers opting out by type, load served, contractor costs, and savings data.

## 13. **Pursue Energy Efficiency Systems Benefit Funds (Optional)**

- **Administer energy efficiency programs** – [Massachusetts CCA legislation](#) (M.G.L. Ch. 164 S. 134b) allows a municipality to administer the energy efficiency systems benefit charge currently paid by all ratepayers of IOUs. IOUs administer energy conservation and efficiency programs through MassSave, but municipalities pursuing CCA may choose to take this funding to run their own localized efficiency programming that conforms to MassSave guidelines. Currently, only the regional Cape Light Compact has pursued this option. The burden of administering efficiency programming might be cost-prohibitive for single-municipality CCAs due to economies of scale.
- **Adopt energy plan** – If a municipality decides to seek control of these funds, it must adopt an energy plan through an affirmative vote in city council or town meeting that articulates how the CCA will administer demand-side management programs. The plan must be approved by the DPU. Municipalities interested in administering the energy efficiency systems benefit charge should review the Cape Light Compact DPU filings and consult with the DOER.



## References

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- “Guide to Municipal Electric Aggregation in Massachusetts.” Department of Energy Resources. (2004)  
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- “Load Aggregation Programs.” M.G.L. Chapter 164 Section 134.  
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