

Ashfield News April 2023 Municipal Energy Aggregation on Town Meeting Warrant

Municipal Energy Aggregation is when a town purchases electricity from a competitive supplier other than our local utility, Eversource. This year the Energy Committee is introducing a warrant to town meeting for residents to vote on whether we want to do this. There are 2 reasons to consider taking this step: 1) it gives us as a town the opportunity to choose a higher percentage of renewables in our energy mix and 2) Stable, predictable electricity prices that do not change seasonally or at the whim of the electricity supplier/ Protection from high utility winter price swings. Additionally there is a possibility, though not a guarantee, of getting a lower electricity rate than the utility basic service. The municipal vote is non-binding: a municipality that votes to initiate an aggregation is not required to follow through to developing a plan or signing a supply contract.

Here is how Municipal Aggregation works:

.When you first open your electricity account, your electric utility provides you with two services:

- Electricity delivery: They deliver your electricity and maintain the delivery infrastructure (the poles and wires)
- Electricity supply: They buy, or supply, your electricity (Massachusetts utilities do not generate electricity. They buy it in the electricity market). When your utility is your electricity supplier, you have Basic Service.

The charges for delivery and for supply (the electricity you use) are presented separately on your bill. When added together, they equal your total bill.

In a community choice aggregation, your utility continues to deliver electricity, but your city or town chooses its own electricity supplier. The contract with that electricity supplier determines the sources and price of the electricity supplied to participants in the aggregation.

Your utility continues to send the bill for electricity, but when they calculate the supply charge portion of the bill, they use your community's aggregation price to make that calculation instead of their own basic service price. (Peregrine energy Group)

When a town decides to enter a municipal electricity aggregation it can take over a year to go through numerous regulatory hurdles before any change will happen. The town is not locked in even if the warrant is passed at town meeting. The town meeting vote is just to allow the town to continue working through the process. Nothing is final until the town signs a contract with a company providing aggregation services.

A municipality must:

1. Vote to initiate the municipal aggregation program.
2. Prepare a municipal aggregation plan in consultation with the Department of Energy Resources, often in partnership with a consultant.
3. Allow an opportunity for citizen review of the municipal aggregation plan.
4. Submit a municipal aggregation plan to the DPU for review and approval

<https://www.mass.gov/info-details/municipal-aggregation#overview->

The 3 major companies doing this in Massachusetts are Peregrine Energy, Good Power, and Colonial Power Group. When a town enters into an aggregation contract the Aggregation company they work with gets paid a fraction of a cent per kWh of electricity provided to the town each month.

As of July 2022 43% of Massachusetts Electricity customers were part of a municipal aggregation, 40% were on utility basic service, and 17% had signed up individually with another competitive supplier. <https://www.mass.gov/doc/municipal-aggregation-manual-best-practices-guide-draft-for-public-comment/download>

When a town signs a contract with an aggregation company we lock in an electric rate for the period of the contract. If the utility basic rate goes up our rate would stay constant for the period of the contract. “Basic service rates are reviewed and approved by the DPU every six months (current and historical rates can be viewed at the DPU website). Municipal aggregation supply contracts vary among aggregations, but contracts for fixed rates typically last between 18-36 months.” <https://www.mass.gov/doc/municipal-aggregation-manual-best-practices-guide-draft-for-public-comment/download>

Several years ago a number of neighboring towns created an aggregation, including Buckland, Shelburne, and Conway. While there is no guarantee we would save money by aggregating these towns certainly have. Bob Dean, of FRCOG (Franklin Regional Council of Governments), helped these towns and others with the aggregation process and also lives in Buckland. He reports currently paying approximately 9c/kWh while the Eversource basic rate here in Ashfield is currently 22c/kWh.

Another important thing to know about Municipal Energy Aggregation is it is an opt-out program. If the town decides to do this at some point before the start of the program all electric customers will be mailed a form to opt out and remain on basic service if they so choose. If they do nothing they will be automatically enrolled in the aggregation program. Customers can also at that time choose to enroll in an optional “Green” program, offering a larger mix of renewable energy usually at a slightly higher price per kWh. In addition to choice at the beginning of the program any customer can choose to leave the aggregation at any time with no penalty.

Increased renewable energy

Of course when a town chooses municipal aggregation with a higher percentage of renewable energy in the mix it does not mean that different electricity comes into our homes sourced from wind or solar. What it does mean is that the company contracted to provide our electricity has purchased a higher level of renewable energy credits, or REC’s. “Renewable energy credits are tradable, non-tangible commodities that represent proof that one MWh of electricity was generated from a renewable energy resource and was then fed into the shared system of power lines that transport energy.” <https://watchwire.ai/renewable-energy-credits-recs-explained/#:~:text=Renewable energy credits are tradable,power lines that transport energy.>

We can accelerate the transition to a carbon neutral, clean energy economy by purchasing energy produced by renewable sources.

Flexibility/Choice

What is nice about municipal energy aggregation is that it allows the town to take a positive step towards addressing climate change and more steady energy prices while maintaining customer choice. All residents would have the option to opt out and stay with basic service and people could change their

minds at any time about whether they want to be on utility basic service, the basic aggregation plan, or the more “green” aggregation option. Bill discounts for qualified low-income residents and arrearage management plans (AMP) would continue to be available to customers on the aggregation. Customers with solar arrays would still be credited for the electricity they produce.

Community Forum

The Ashfield Energy committee recognizes that Ashfield residents may have questions about this. We are planning to offer residents the opportunity to come to a community forum Saturday April 22 to ask questions and discuss any concerns. In addition to this article, basic fact sheets will be available between now and town meeting at the library and town hall.

Contact the Energy Committee at energy@ashfield.org with suggestions, comments and questions. The Energy Committee meets monthly in lower town hall. You are invited to attend a meeting. Propose ways to increase the use of clean energy and reduce our carbon footprint in Ashfield. Offer support for one of our projects. We truly welcome your input. Our next meeting will be **Friday April 7** at 8:30am.