



## Competitive Procurement Process Guidelines

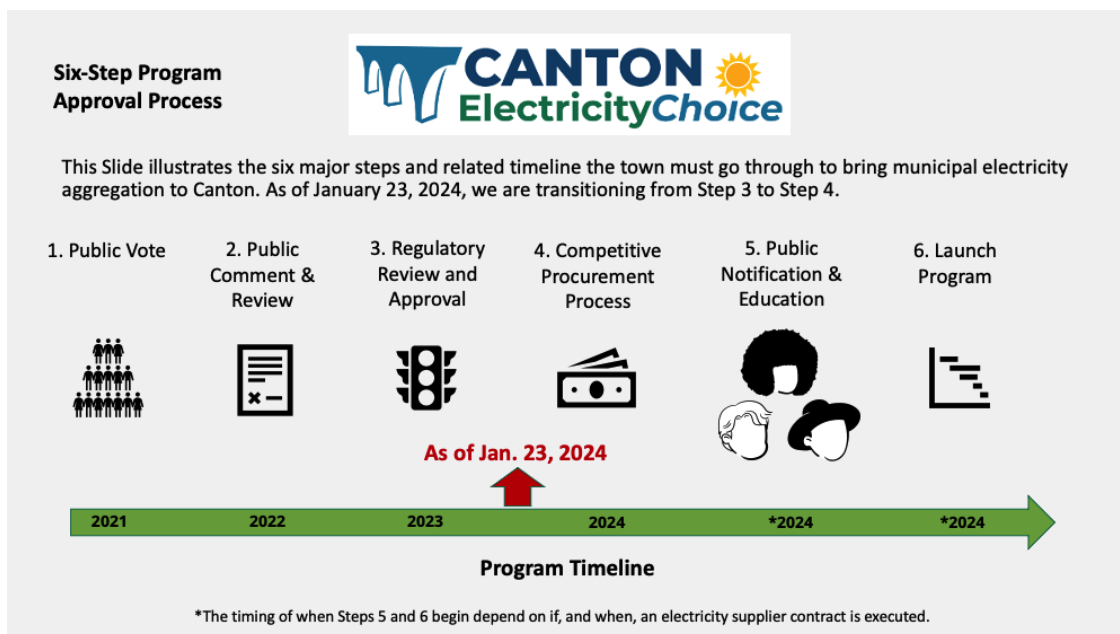
### Purpose

The purpose of these Competitive Procurement Process Guidelines (“Guidelines”) is to help ensure that Canton Electricity Choice - the town’s municipal electricity aggregation program, offers all Canton residents and businesses at least one electricity supply option (i.e., Canton Basic) that costs less than or equal to Eversource’s Basic Service supply rate (“Basic Service Rate”) at the time of contract signing.<sup>1</sup> In addition, these Guidelines help ensure the other two options (i.e., Canton Standard Green and Canton Plus Green) include, among other things, incremental renewable energy content above the state mandated percentages.

### Scope

These Guidelines address Step 4 of Canton’s overall six-step municipal electricity aggregation program approval process. See **Diagram 1** for an illustration of this entire six-step process. Step 4 is the Canton Electricity Choice procurement decision-making process, which is based on program goals established with these Guidelines.

**DIAGRAM 1 - Canton’s Six-Step Municipal Electricity Aggregation Program Approval Process**



<sup>1</sup> For purposes of these Guidelines, Eversource’s “Basic Service Rate” refers to the line item labeled “Supply Charge” that appears on a customer’s Eversource bill. Savings compared to future basic service prices are not guaranteed.

## **Canton's Competitive Procurement Process Guidelines**

### **Background**

Per M.G.L. c. 164, § 134(a), Canton is not obligated to sign or renew a competitive municipal electricity aggregation supply contract. Therefore, the timing of signing this type of new contract will depend, in large part, on the prices Canton receives from competitive electricity suppliers as compared to Eversource's Basic Service Rate. So, Step 4 may take several months, given wholesale electricity prices are constantly changing due to demand, weather, etc. The timing of renewing an existing municipal electricity aggregation contract will depend on the terms of the current supply contract and other market conditions at that time.

### **Roles and Responsibilities**

This document provides guidance to Canton's Competitive Procurement Team related to Canton Electricity Choice. Canton's Competitive Procurement Team includes the Select Board, Town Administrator, Town Planner, Canton Energy Advisory Committee, and Canton's hired municipal electricity aggregation consultant.

To ensure timely decision-making and compliance with the MA Department of Public Utilities' (MA DPU) approved procurement process, the Town Administrator was granted the authority by the Select Board on January 23, 2024, to sign applicable electricity supplier contracts, including deciding applicable contract terms. This delegation of authority is important primarily because wholesale electricity prices change rapidly and are becoming more volatile over time. As a result, any firm bids Canton receives from competitive electricity suppliers are only good for one day. So, it is not practical to wait for the next scheduled Select Board meeting to make this type of decision.

### **Step 4 - Competitive Procurement Process**

The competitive procurement process should include a comparison of applicable electricity supplier bids against each other with Eversource's Basic Service Rate acting as the benchmark.

The Town Administrator should also base his or her decision on whether to execute any municipal electricity aggregation supply contract on other general factors, including:

- The quality of each supplier's bid;
- Policy guidance from the Select Board as captured in these guidelines;
- Technical support from the Energy Advisory Committee and Canton's hired municipal electricity aggregation consultant; and
- How well a given contract fosters the development of new clean energy on the regional New England electrical supply grid as well as supports Massachusetts' and Canton's evolving climate goals.

The following are five broad decision criteria the Town Administrator should consider as part of the competitive procurement process:

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1. The price of electricity supply at three different tiers (i.e., Canton Basic, Canton Standard Green, and Canton Plus Green) compared to Eversource’s Basic Service Rate (i.e., \$ Rate / kWh);
2. The percentage of renewable energy at each tier over the state mandated minimum percentage, and where these resources are located (e.g., New England or elsewhere);
3. The duration of a given contract (e.g., 12, 24 or 36 months, etc.);
4. The reputation and experience of the given supplier and related market conditions; and
5. The cost and benefits of hiring a town-based program manager position.

See **Table 1** below for an illustration showing how the above criteria should be used as part of this competitive procurement decision process for a typical residential customer. For example, this illustration assumes a fixed electricity supply rate over a 24-month period. It also compares Eversource’s Basic Service Rate to the three tiers offered under the Canton Electricity Choice program.

**TABLE 1 - Sample Illustration of the Canton Electricity Choice Program**

Canton Electricity Choice	SAMPLE FOR ILLUSTRATIVE PURPOSES ONLY			
	Eversource Basic 1/	Canton Basic 2/	Canton Standard Green 3/ (Default Option)	Canton Plus Green 4/
Sample \$ Rate / kWh	\$0.17/kWh	\$0.15/kWh	\$0.16/kWh	\$0.17/kWh
Fixed Rate for 24 months	N/A	Yes	Yes	Yes
More renewables from New England than either Basic Service option	N/A	N/A	Yes	Yes
Level of Renewable Energy 5/	Meets MA minimum renewable energy standards	Meets MA minimum renewable energy standards	Includes 25% more Renewable Energy Certificates (MA Class 1 RECs) than required	Includes 50% more Renewable Energy Certificates (MA Class 1 RECs) than required
Contract Duration 6/	6 Months	24 Months	24 Months	24 Months
Customer Required Action 7/	Manually Opt Out	Manually Opt Down	Automatically Opt In	Manually Opt Up

**NOTES:**

1/ Eversource Basic represents what a typical residential or commercial customer is paying today if they are enrolled in Eversource's Basic supply option. Customers preferring to remain on Eversource Basic will need to manually "opt out" of the Canton Standard Green option during the initial enrollment period or anytime thereafter.

2/ Canton Basic represents what a typical residential or business customer would pay if they manually "opt down" from the Canton Standard Green option. In this example, the benefit of Canton Basic over Eversource Basic is more price certainty (i.e., a longer duration period) and lower cost (savings compared to future basic service prices are not guaranteed). Canton Basic will offer the same level of renewable energy as the Eversource Basic option.

3/ Canton Standard Green represents what a typical residential or commercial customer would pay when they are automatically enrolled in the Canton Electricity Choice program. This is also know as the "default option". In this example, the benefit of Canton Standard Green over Eversource Basic is more price certainty (i.e., a longer duration period) and lower cost (savings compared to future basic service prices are not guaranteed). The benefit over Canton Basic includes 25% more MA Class 1 RECs.

4/ Canton Plus Green represents what a typical residential or commercial customer would pay if they manually "opt up" from the Canton Standard Green option. In this example, the benefit of Canton Plus Green over Eversource Basic is more price certainty (i.e., a longer duration period), but no price difference. The benefit of Canton Plus Green over Canton Standard Green includes 25% more MA Class 1 RECs.

5/ The exact level of MA Class 1 RECs (i.e., units of electricity generated from 100% clean renewable energy sources located within the New England region) to be included in the Canton Standard Green and Canton Plus Green options will be guided by the Canton Electricity Choice Program Goals captured in Canton's Competitive Procurement Process Guidelines.

6 / The exact duration of any competitive supply-related contract will be guided by the Canton Electricity Choice Program Goals.

7 / All supply options will be available to all Canton residents and businesses. Canton Electricity Choice's approved Education and Outreach Plan will help ensure customers understand how to "choose" the best option for their needs (i.e., remain in the "default option" or manually "opt out," "opt up," or "opt down"). This Plan will be launched following the signing of any competitive supply contract. The process to manually choose alternative options will involve a few simple steps that can be completed either on-line or by calling a toll-free number.

## Canton's Competitive Procurement Process Guidelines

### Canton Electricity Choice Program Goals

According to the MA Division of Energy Resources' Municipal Aggregation Manual & Best Practices Guide, a critical step in this competitive procurement process is to establish clear program goals. Below is a detailed list of key goals for consideration by Canton's Competitive Procurement Team consistent with the above five broad decision criteria. These goals may change from time to time as additional information becomes available and the town's needs evolve, including during future competitive supply procurement renewal opportunities.

Prior to signing Canton's initial municipal electricity supply contract, the Town Administrator should ensure that the following goals are met to the extent practical for all applicable customer classes:

1. Pricing Goals
  - The Canton Basic rate should be less than or equal to Eversource's Basic Service Rate;
  - The Canton Standard Green rate should not exceed Eversource's Basic Service Rate by more than 10%, subject to the town's evolving renewable energy content goals; and
  - The Canton Plus Green rate should not exceed Eversource's Basic Service Rate by more than 20%, subject to the town's evolving renewable energy content goals.
2. Renewable Energy Content Goals
  - The Canton Basic offering contains at least as much renewable energy content from similar sources as Eversource's Basic Service Rate;
  - The Canton Standard Green offering contains up to 25% more renewable energy content above Eversource's Basic Service Rate;
  - The Canton Plus Green offering contains up to 100% renewable energy content over Eversource's Basic Service Rate; and
  - 100% of all incremental renewable energy content offered in each of Canton's three Electricity Choice tiers (i.e., Canton Basic, Canton Standard Green, and Canton Plus Green) above the state mandated percentages should be Massachusetts Class 1 Renewable Energy Certificates (RECs) to the extent practical.<sup>2</sup>
3. Contract Duration Goals
  - The duration of any applicable contract (e.g., 12, 24 or 36 months, etc.) should provide as much price certainty as reasonably possible, while allowing for the timely adaptation to more favorable market conditions. This is analogous to a consumer deciding between a fixed versus a variable mortgage, which depends on numerous inputs.
4. Supplier Credentials and Market Conditions
  - A given supplier's credentials should be part of any contract decision-making, including their experience with municipal aggregation programs, historical ability to reliably deliver electricity supply, financial stability, business reputation, and customer service.

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<sup>2</sup> The term "MA Class 1 RECs" refers to a unit of electricity generated from 100% clean renewable energy sources located within the New England region (versus elsewhere in the country). The purchase of MA Class 1 RECs maximizes Canton's ability to successfully reduce regional greenhouse gas emissions resulting from power generation by contributing to both the supply and demand of local, clean, renewable electricity. Think triple win - "build local, buy local, save local."

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- Recent historical, current, forecasted market conditions, and other relevant information should also be assessed to inform this decision-making process.
- 5. Operation "Adder" Goal (i.e., a minimal incremental charge to support program operations)
  - The Town Administrator should authorize, whenever practical consistent with the above-stated goals, the inclusion of an Operational Adder of up to \$0.001 per kilowatt-hour to off-set certain Canton Electricity Choice program operational costs.
  - These operational costs shall be pre-approved by the MA DPU.
  - Only Town-related personnel costs associated with supporting this program, which are not otherwise being performed by Canton's hired municipal electricity aggregation consultant, may be recovered using this Operational Adder.
  - The Town Administrator will oversee any town staff hired to perform these duties.