

Town of Chelmsford

Municipal Aggregation Plan

July 2, 2015

The Town of Chelmsford (the “Town”) has developed the Chelmsford Choice program to bring the benefits of low cost power, renewable energy, and electricity choice to its residents and businesses. The program is part of the Town’s efforts to promote environmental sustainability and economic growth.

I. Key Features

The key features of the Town’s municipal aggregation program will include:

Price protection: The Town will secure its power supply by requesting competitive bids from the largest and most experienced power suppliers in the region. This competition will result in the best possible price.

Consumer protection: The Town’s program will include the strongest consumer protections, including the ability for any customer to leave the program at any time. There will be no hidden charges of any kind.

Local power sources: The Town will seek to purchase Renewable Energy Certificates (RECs) from renewable energy generators in the Town, including the solar energy projects in Town, and include these RECs in the power supply.

Product options: The Town will offer at least one optional product as an alternative to the standard product, giving customers a choice of environmental characteristics, terms of service, and price.

II. Statutory Requirements

The Municipal Aggregation Statute, G.L. c. 164, sec. 134, sets out the legal requirements for a municipal aggregation plan. Those requirements include procedural requirements, specified plan elements, and substantive requirements. The Town’s plan satisfies all of these requirements, as discussed below.

1. Local Approval

The Municipal Aggregation Statute provides that a town may initiate the process to aggregate electrical load upon authorization by a majority vote of town meeting. The Town obtained such authorization by vote at its Annual Town Meeting held on May 5, 2014. A copy of the Town Meeting vote is attached as Exhibit A.

2. Consultation with the Department of Energy Resources (DOER)

The aggregation statute also requires the Town to consult with the DOER in developing its aggregation plan. The Town submitted a draft of its Aggregation Plan to DOER and Town officials met with DOER to discuss that draft on June 5, 2015. DOER provided many helpful comments on the draft which were incorporated into the final version of the plan.

3. Citizen Review

The Town has made the Aggregation Plan available for review by its citizens at a public meeting of the Board of Selectmen on May 11, 2015. The draft Aggregation Plan was posted on the Town website with a comment period for the Town's electricity consumers to submit feedback.

III. Elements of the Plan

The Municipal Aggregation Statute requires that the Aggregation Plan contain the following elements:

- Organizational structure
- Program Operations
- Funding
- Details on rate setting and other costs to participants
- The method of entering and terminating agreements with other entities
- The rights and responsibilities of program participants
- The procedure for termination of the program

Each of those elements is discussed in turn below.

1. Organizational Structure

The organizational structure of the aggregation program will be as follows:

Board of Selectmen and Town Manager: The aggregation will be approved by the Board of Selectmen, the elected representatives of the citizens of the Town, and overseen by the Town Manager.

Consultants: The Town's aggregation consulting team (hereinafter jointly referred to as "Consultant") will manage the aggregation under the Town Manager's direction. Their responsibilities will include managing the supply procurement, developing and implementing the public education plan, interacting with the local distribution company, and monitoring the supply contract. Through a competitive procurement process, the Town has selected the team of Bay State Consultants and Peregrine Energy Group to provide these services for an initial term.

Competitive Supplier: The competitive supplier will provide power for the aggregation, provide customer support including staffing an 800 number for customer questions, and fulfill other responsibilities as detailed in the Competitive Electric Service Agreement.

2. Operations

Following approval of the Plan by the Department of Public Utilities (DPU), the key operational steps will be:

- a. Issue supply Request for Proposals ("RFP") and select winning competitive supplier
- b. Implement public information program, including 30-day opt-out notice
- c. Enroll customers and provide service, including quarterly notifications

a. Issue supply RFP and select winning competitive supplier

i. Power supply

After the DPU approves the Aggregation Plan, the next step is to procure an energy supply contract.

The Town will solicit bids from leading competitive suppliers, including those currently supplying aggregations in Massachusetts and other states. The RFP will require that the supplier satisfy key threshold criteria, including:

- Licensed by the DPU
- Strong financial background
- Experience serving the Massachusetts competitive market or municipal aggregations in other states
- Demonstrated ability, supported by references, to provide strong customer service

In addition, suppliers will be required to agree to the substantive terms and conditions of a Competitive Electric Service Agreement, substantially in the form of the Town's model Competitive Electric Service Agreement. The agreement requires the supplier to:

- Provide all-requirements service
- Allow customers to exit the program at any time
- Agree to specified customer service standards
- Comply with all requirements of the DPU and the local distribution company

The Town will solicit price bids from suppliers that meet the threshold criteria and agree to the terms and conditions prescribed in the Competitive Electric Service Agreement. The Town will request bids for a variety of terms and for power from different sources. If none of the bids are satisfactory, the Town will reject all bids and repeat the solicitation as often as needed until market conditions yield a price that is acceptable to the Town.

ii. RECs

In addition to soliciting bids for power supply that meets the required MA RPS obligation, the Town will solicit bids to supply additional Renewable Energy Certificates (RECs) for the optional product. The Town will seek RECs from a variety of renewable sources, and will choose the proposal that offers the best combination of environmental benefit and price.

The Town will ask bidders to identify the technology, vintage, and location of the renewable generators that are the sources of the RECs. The Town will require that the RECs either be created and recorded in the New England Power Pool Generation Information System or be certified by a third party such as Green-e.

b. Implement public information program, including 30-day opt-out notice

Once a winning supplier is selected, the Town will implement a public education program.

The delivery of a public education plan and associated materials are pivotal to ensuring clarity, participation, and enthusiasm for the aggregation. The Town will use a variety of communication vehicles to communicate the plan's objectives, the primary terms and conditions of the contract, and the right to opt out at any time.

The public education plan will include both broad-based efforts and a 30-day opt-out notice to be mailed to every eligible customer on basic service.

i. Broad-based education efforts

The broad-based efforts will take advantage of traditional media, the Web, and social media to ensure as many people as possible learn about the aggregation. Planned elements include:

- An announcement introducing the program and the competitive supplier, which will be sent to media contacts at local newspapers, the local radio station, and other outlets identified as valuable by the Town
- A dedicated informational Web site that explains the Aggregation Plan, community benefits, the opt-out process, and other helpful information. This site will be available during the initial educational outreach and also on an ongoing basis so that customers can find information about the program for its duration.
- A toll-free customer information and support hotline
- Interviews with local media outlets, including the local cable access channel
- Public service announcements on the local cable access channel
- Social-media-based connections with local community groups. Specifically, the Town will provide announcements on Town social media accounts.
- Informational documents that mirror the aggregation web site content and can be used as handouts during the community presentation. These materials will also be made available through the web site as downloadable files and in the Town Hall and other public buildings.
- A community-wide presentation, open to all community members.

A detailed timeline for these efforts will be developed by the Town as the launch gets closer.

ii. 30-day opt-out notice

In addition to the broad-based education initiatives, a 30-day opt-out notice will be mailed to every eligible customer on basic service. The notice will be an official Town communication, and it will be sent in an envelope clearly marked as containing time-sensitive information related to the program. The notice will: (1) introduce and describe the program; (2) inform customers of their right to opt-out and that they will be automatically enrolled if they do not exercise that right; (3) explain how to opt out; and (4) prominently state all program charges and compare the price and primary terms of the Town's competitive supply to the price and terms of National Grid's basic service. The opt-out notice is attached to this Plan as Exhibit B.

The direct mailing will include an opt-out reply card. Customers will have 30 days from the date of the mailing to return the reply card if they wish to opt out of the program by this method. The notice will be designed by the Town and printed and mailed by the competitive supplier, who will process the opt-out replies. The opt-out reply card is attached to this Plan as Exhibit C.

c. Enroll customers and provide service, including quarterly notifications

After the completion of the 30-day opt-out period, the competitive supplier will enroll into the program all basic service customers that did not opt out. All enrollments and other transactions between the competitive supplier and National Grid will be conducted in compliance with the relevant provisions of DPU regulations, National Grid's Terms and Conditions for Municipal Aggregators (as amended or

superseded from time to time), and the protocols of the Massachusetts Electronic Business Transactions Working Group.

Once customers are enrolled, the electricity supplier will provide all-requirements power supply service. The supplier will also provide ongoing customer service, maintain the program web site, and process new customer enrollments, ongoing opt-outs, opt-back-ins, and customer selections of optional products. Prior to the expiration of the initial power supply agreement, the Town intends to procure a new supply agreement

As part of its ongoing service, the Town will provide the quarterly disclosure information required by G.L. c. 164, § 1(F)(6) and 220 C.M.R. § 11.06. Like the other Massachusetts aggregations, the Town requests a waiver from the requirement that the disclosure label be mailed to every customer and seeks permission instead to provide the information through alternative means, including press releases, announcements on cable television, postings at Town Hall, and postings on the program website. As the DPU has found with other aggregations, this alternate information disclosure strategy will allow the Town to provide the required information to its customers as effectively as quarterly mailings.

c. Annual report to DOER

On an annual basis, the Town will report to DOER on the status of the program, including number of customers enrolled and opting-out, kilowatt-hour sales, customer savings, participation in green products, and such other information as DOER may request.

3. Funding

All of the costs of the program will be funded through the supply contract.

The primary cost will be the competitive supplier's charges for the power supply. These charges will be established through the competitive solicitation for a supplier.

The administrative costs of the program will be funded through a per kilowatt-hour adder that will be included in the supply price and paid by the competitive supplier to the Consultant, as specified in the Competitive Electric Service Agreement. This fee will cover the services of the Consultant, including developing the Aggregation Plan, managing the DPU approval process, managing the supply procurement, developing and implementing the public education plan, providing customer support, interacting with the local distribution company, monitoring the supply contract, and providing ongoing reports. This charge has been set initially at \$0.001 per kilowatt-hour.

4. Rate Setting and Other Costs to Participants

As described above, the program's generation charges will be set through a competitive bidding process and will include the administrative adder. Prices, terms, and conditions may differ among customer classes. The Town will seek bids for a variety of terms and may also seek bids for a variety of pricing periods within each contract term. For each customer class, prices will be fixed for periods at least as long as the default basic service pricing period for the class.¹

¹ Default service customers have two pricing options: prices that are fixed for six months and prices that change monthly (for the largest customers, three months and monthly). The default option varies by customer class. For residential and small commercial and industrial customers, the default option is six-

The program affects only customers' electricity supply charges. Delivery charges will be unchanged and will continue to be charged by National Grid in accordance with tariffs approved by the DPU.

Participants will receive one bill from National Grid that includes both the electricity supply charge and National Grid's delivery charges.

5. Method of Entering and Terminating Agreements with Other Entities

The Town's process for entering, modifying, enforcing, and terminating all agreements associated with the Aggregation Plan will comply with the Town's charter, federal and state law and regulations, and the provisions of the relevant agreement.

When the Town has decided that it is timely to solicit bids for a new electric service agreement, the procurement steps will be as follows:

1. The Town's consultants will prepare and issue an RFP on behalf of the Town for both energy and RECs
2. The Town will receive and evaluate contractual responses (without prices)
3. The Town's consultants will issue a final call for prices
4. A few days prior to the pricing date the Town will receive from its consultants a memo providing the most recent information on energy market trends
5. On pricing day, the Town will receive and evaluate bids and, if acceptable, execute a contract with the winning bidder. The Board of Selectmen will be responsible for executing the supply contract.

If the prices bid on any given bid date are not satisfactory, the Town will wait to see if market conditions improve and then repeat the process.

If the Town determines that it requires the services of an aggregation consultant for the period after the expiration of the Town's current contract with Bay State Consultants, the Town will conduct a competitive procurement pursuant MGL c 30B, § (1)(b)(32).

6. Rights and Responsibilities of Program Participants

All participants will have the right to opt out of the program at any time. They may exercise that right by any of the following: 1) calling the Competitive Supplier's toll-free number; 2) contacting National Grid and asking to be returned to basic service; or 3) enrolling with another competitive supplier. Customers on the standard product will be able to opt out without charge. Customers that have selected an optional product may be subject to an early termination fee associated with that optional product; any such fee will be fully disclosed in advance.

All participants will have the consumer protection provisions of Massachusetts law and regulations, including the right to question billing and service quality practices. Customers will be able to ask questions of and register complaints with the Town, Consultant, the competitive supplier, National Grid, and the DPU. As appropriate, the Town and Consultant will direct customer complaints to the competitive supplier, National Grid, or the DPU.

month pricing. For medium and large commercial and industrial customers, the default option is monthly pricing.

Participants will be responsible for paying their bills and for providing access to metering and other equipment necessary to carry out utility operations.

7. Extension or Termination of Program

Prior to the end of the term of the initial Competitive Electric Service Agreement, The Town will solicit bids for a new supply agreement and plans to continue the program with the same or a new competitive supplier.

Although the Town is not contemplating a termination date, the program could be terminated upon the termination or expiration of the Competitive Electric Service Agreement without any extension, renewal, or negotiation of a subsequent supply contract, or upon the decision of the Board of Selectmen to dissolve the program effective on the end date of any outstanding supply agreement. In the event of termination, customers would be returned to National Grid's basic service via Electronic Data Interchange (EDI) by the competitive supplier in accordance with the rules set forth in the Electronic Business Transactions (EBT) Working Group Report unless the customers choose an alternative competitive supplier.

The Town will notify National Grid of the planned termination or extension of the program. In particular, the Town will provide National Grid notice: (1) 90 days prior to a planned termination of the program; (2) 90 days prior to the end of the anticipated term of the program's ESA; and (3) four business-days after the successful negotiation of a new electricity service agreement.

IV. Substantive Requirements

The Municipal Aggregation Statute also requires that the aggregation plan satisfy three substantive requirements:

- Universal access
- Reliability
- Equitable treatment of all customer classes

The Town's program will satisfy all three requirements, as discussed below.

1. Universal Access

The Aggregation Plan provides for universal access by guaranteeing that all customer classes will be included in the program under equitable terms.

Most importantly, all customers will have access to the program. All existing basic service customers will be automatically enrolled in the program unless they choose to opt out.

As new customers move into the Town, they will have an opportunity to join the program. New customers will initially be placed on basic service. They will then receive an opt-out notice and will be enrolled in the aggregation unless they choose to opt out with the 30-days of the opt-out notice. New customers will be enrolled at the same price as the existing customers, with the exception of new Very Large C&I Customers ("VLC&I Customers"). New VLC&I Customers are defined as any customer that is on the utility's largest rate class and has historical or projected consumption in excess of 1,000,000 kWh per year. These customers, if any, will be enrolled at a price that reflects market prices at the time of enrollment.

All customers will have the right to opt out of the program at any time. Customers that opt out will have the right to return to the program at a price that reflects market prices at the time of their return.

2. Reliability

Reliability has both physical and financial components. The program will address both through the ESA with the competitive supplier. From a physical perspective, the ESA commits the competitive supplier to provide all-requirements power supply and to use proper standards of management and operations (ESA, Article 2.) The local distribution company will remain responsible for delivery service, including the physical delivery of power to the consumer, maintenance of the delivery system, and restoration of power in the event of an outage. From a financial perspective, the ESA requires the supplier to pay actual damages for any failure to provide supply at the contracted rate (i.e., to pay the difference between the contract rate and the utility supply rate). The ESA also requires the competitive supplier to maintain insurance (ESA, Article 16). Accordingly, the program satisfies the reliability requirement of the statute.

3. Equitable Treatment of all Customer Classes

The Aggregation Statute requires “equitable” treatment of all customer classes. The DPU has determined that this does not mean that all customers must be treated “equally,” but rather that similarly-situated classes be treated “equitably.” In particular, the DPU has allowed variations in pricing and terms and conditions between customer classes to account for the disparate characteristics of those classes.

The program makes four distinctions between groupings of customers. First, the program will distinguish among customer classes (residential, commercial, industrial) by soliciting separate pricing for each of those classes. The program will use the same customer classes that National Grid uses for its basic service pricing.

Second, the program will distinguish between customers receiving the standard product and customers that affirmatively choose an optional product, such as a green product. Customers selecting an optional product will receive the price and terms of service associated with that product.

Third, as described above under “Universal Access,” among New Customers, the program will distinguish between a) New VLC&I Customers, and b) all other New Customers. The program will offer New Customers other than New VLC&I Customers the standard contract pricing. However, the program will offer new VLC&I Customers pricing based on market prices at the time the customer seeks to join the aggregation.

Finally, consistent with DPU rulings, among customers that are served by a competitive supplier at the time of program launch and later seek to join the aggregation, the program will distinguish between a) residential and small C&I customers, and b) medium, large, and very large C&I customers. Residential and small C&I customers will be offered standard contract pricing. Medium, large, and very large C&I customers will be offered market based rates which will reflect market conditions at the time the customer seeks to join the aggregation.

V. PLANNED SCHEDULE

Milestone	Day Estimate
RFQ for competitive supplier issued	Day 1
RFP for final supply prices issued	Day 35
Electricity Supply Agreement executed	Day 49
Broad-based educational campaign begins, including the announcement of supply contract and pricing and the launch of program web site.	Day 50
Opt-out notice mailed to customers	Day 56
Opt-out deadline	Day 86
Service begins as of each customer's next meter read date	Day 90

The planned schedule is presented for illustrative purposes. The final schedule will be established when the Town receives regulatory approval.²

VI. CONCLUSION

The Chelmsford Choice program meets all of the requirements of the municipal aggregation statute, including providing universal access and a reliable power supply and treating all customer classes equitably. The Town looks forward to the approval of this plan by the DPU so that the Town can launch the program and bring the benefits of renewable energy and electricity choice to its residents and businesses.

² The planned schedule is designed to give the competitive supplier sufficient time to satisfy EDI testing requirements. However, the schedule will be adjusted if additional time is needed to meet those requirements.

EXHIBIT A

Town Meeting Resolution Authorizing Aggregation



Office of the Town Clerk

Town of Chelmsford
50 Billerica Road
Chelmsford, MA 01824
978 250 5205
www.townofchelmsford.us

Onorina Z. Maloney, CMMC/CMC
Town Clerk

Thaddeus J. Soulé
Assistant Town Clerk

CERTIFICATE OF VOTE

**ARTICLE 27 "Municipal Electricity Aggregation"
2014 SPRING ANNUAL TOWN MEETING
Third and Final Session – MONDAY, MAY 5, 2014**

I, Onorina Z. Maloney, Town Clerk of Chelmsford, Massachusetts do hereby certify the following vote taken under Article 27 at the third and final session of the 2014 Spring Annual Town Meeting held at the Chelmsford Senior Center, 75 Groton Road, North Chelmsford. The meeting was called to order at 7:30 pm by Moderator Jon H. Kurland. There were 118 Town Meeting Representatives in attendance which satisfied the quorum of 82.

ARTICLE 27. : I move that the Town initiate a process to aggregate electrical load in accordance with the provisions of Massachusetts General Laws Chapter 164, Section 134.

SUBMITTED BY: Board of Selectmen

Finance Committee: no recommendation
Board of Selectmen: unanimously recommends approval

The electronic voting devices registered the following votes on Article 27:

YES: 125 NO: 6 ABST: 0

Article 27 carries.

A true copy attest:

Onorina Z. Maloney

EXHIBIT B

Opt-Out Notice

ELECTRICITY PROGRAM NOTIFICATION LETTER



Dear Chelmsford Electric Service Customer,

Welcome to **Chelmsford Choice** – your local option for electricity!

Chelmsford Choice is a new Town program that gives you electricity supply alternatives to National Grid while helping to support Chelmsford's sustainability efforts.

All eligible residential and commercial electricity customers will receive their electricity supply from <SUPPLIER NAME> instead of National Grid, starting on the first meter read after <MONTH> <DAY>, 2015.

How You Benefit

- **Savings:** Chelmsford has negotiated an electricity supply price that is lower than National Grid's price.
- **Choice:** In addition to giving you an alternative to National Grid, the program also allows you to choose a Greener Option with a higher percentage of renewable energy. (For more information, visit www.townofchelmsford.us/XXXXXXXX.)
- **Predictability:** Chelmsford has negotiated an XX-month contract with <SUPPLIER NAME>, which means your electricity supply price will not change in that time. (National Grid prices change every six months.)

These benefits are possible because Massachusetts law allows communities like Chelmsford to select an electricity supplier and bring the benefits of that choice to all eligible residents and businesses. This kind of program is a municipal electricity aggregation program.

No Interruption in Power, Billing, or Customer Service

Participating in **Chelmsford Choice** will change only your electricity supplier. National Grid will continue to read meters, maintain distribution and transmission lines, and provide customer service.

If you are on a budget plan or are eligible for a low-income delivery rate or fuel assistance, you will continue to receive those benefits.

The only change you will see is a notification on your next bill from National Grid of a supplier change. On future bills, you will see <SUPPLIER NAME> printed as a line item for supply services. Otherwise:

- Your bill will continue to come from National Grid
- You will continue to send bill payments to National Grid
- You will continue to call National Grid if your power goes out

You Will Be Automatically Enrolled

To participate in **Chelmsford Choice**, you need to do nothing.

As an eligible National Grid Basic Service customer, you will be automatically enrolled and will become part of Chelmsford's efforts to meet its commitment to sustainability.

How to Opt Out

If you prefer not to participate, you may opt out by filling out, signing, and returning the enclosed postcard within 30 days of the postmark on the envelope. There is *no penalty* for opting out of the program, and you may do so *at any time*. To opt out in the future, simply call <SUPPLIER NAME> at 1-XXX-XXX-XXXX.

If you opt out, you will remain a National Grid Basic Service customer. At that time, you also have the option to choose a different electricity supplier on your own, if you wish.

NOTE: If you have already established a contract with a different electricity supplier but you received this letter, *you should opt out of the program*.

QUESTIONS? LEARN MORE
CALL 1-XXX-XXX-XXXX

► Read the FAQ online at: www.townofchelmsford.us/XXXXX

YOUR NEW SUPPLY PRICE

► **Residential accounts**
XX.XX ¢/kWh

► **Small business accounts**
XX.XX ¢/kWh

► **Medium and large
business accounts**
XX.XX ¢/kWh

COMPARE TO NATIONAL GRID
RATES ON THE BACK ►

COMPARATIVE ELECTRICITY SUPPLY RATES AND TERMS

	Chelmsford Choice	National Grid Basic Service
Rate Term	<MONTH> 2015 meter read – <MONTH> 2015 meter read	<MONTH> <DAY>, 2015 – <MONTH> <DAY>, 2015
Residential accounts	XX.XX ¢/kWh	XX.XXX ¢/kWh
Small business accounts	XX.XX ¢/kWh	XX.XXX ¢/kWh
Medium and large business accounts	XX.XX ¢/kWh	XX.XXX ¢/kWh (<MONTH> <DAY> - <MONTH> <DAY>, 2015)
Duration	Rate is in effect from <MONTH> 2015 meter read through <MONTH> 2015 meter read	National Grid Fixed Basic Service rates change every six (6) months for residential and small business accounts and every three (3) months for medium and large business accounts.
Exit Terms	No exit charge	May receive a reconciliation charge or credit.

EXHIBIT C

Opt-Out Reply Card

OPT-OUT REPLY CARD



CHELMSFORD CHOICE OPT-OUT REPLY CARD

OPT-OUT INSTRUCTIONS

You do not need to take any action to participate in Chelmsford Choice.

If you **do not** wish to participate:

1. Sign and date this card
2. Drop it in the mail

This card must be signed by the Customer of Record whose name appears in the address on this card. You have 30 days from the postmark of the Customer Notification Letter to return the card.

X _____
Signature Date

BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. XX CITY, STATE

POSTAGE WILL BE PAID BY ADDRESSEE

TOWN OF CHELMSFORD
C/O <VENDOR NAME>
1 SUPPLIER STREET
SUPPLIER, MA 00000

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES