



CITIZEN'S INFORMATION:

COMMUNITY CHOICE ELECTRICAL AGGREGATION



The Sherborn Energy Committee proposed Article 16 to see if the town would authorize the Select Board to investigate, and possibly offer, Community Choice Aggregation of electrical supply. In last August's Town Meeting, the article passed with overwhelming support. The Select Board and Energy Committee are now engaged in designing the Sherborn Power Choice program and getting it approved by the Department of Public Utilities (DPU)

As you will see, Sherborn Power Choice is about offering choice to Sherborn's electrical consumers while potentially lowering costs and increasing the amount of renewable energy consumed by town citizens.

WHAT IS COMMUNITY CHOICE AGGREGATION (CCA), AND HOW DOES IT WORK?

Please note: The following slides provide background information on typical CCAs, but do not predict how Sherborn Power Choice would structure or implement one. These slides are illustrative only.

As a result of the Town Meeting vote authorizing the Select Board to pursue a CCA (Article 16), the Select Board began the process of designing a potential program for Sherborn.

Following this slide are several slides which give you more detail on typical aggregation choices. **These slides are illustrative only.** They do not predict the actual choices Sherborn Power Choice would make available in our CCA. Before those are chosen, we need citizen input and then approval by the Department of Public Utilities (DPU).

Background:

In 1997, a MA law separated the generation/supply of electricity from the delivery/distribution of electricity. Residents and businesses could go out and find a different supplier. If they did nothing, their existing utility (for Sherborn, Eversource) would provide their supply by default, called Basic Service.

If they decided Community Choice Aggregation made sense, citizens could direct the town to investigate aggregating electric customers, which Sherborn citizens did last Summer at Town Meeting. The intent of the CCA (in Sherborn it is titled Sherborn Power Choice) is to offer more choice in renewable energy sources, provide price stability, and offer competitive pricing, although savings cannot be guaranteed, as you will see.

Over 140 Massachusetts towns have CCAs - going back to 1997. The earlier contracts were primarily meant to provide rate stability and competitive pricing. More recently, in addition to rate stability and competitive pricing, CCAs have been used as a way to reduce emissions from burning fossil fuels to generate electricity. Reduction of green house gasses is a goal of Sherborn Power Choice.

WHAT ARE THE ADVANTAGES OF ADOPTING A CCA?

Increased consumer choice:

- Greener power sources, up to 100% of supply for those who select that choice, to lower greenhouse gas emissions.
- Potentially better rates, although savings cannot be guaranteed.
- More price stability through longer-term contracted rates.
- Billing and maintenance is seamless – Eversource remains responsible for both.

Without a CCA, citizens are limited to Eversource Basic Service or must find a supplier that meets their desired level of renewable sources.

It is important to note that savings cannot be guaranteed because Eversource changes its rates every 6 months but the CCA contract may be structured for a longer contract period (typically 1-2 years). That means that at some point in the contract Eversource rates may dip below Sherborn Power Choice rates. Over the life of the contract, however, most enrollees in towns with CCAs find a cost advantage and appreciate the price stability the contract term offers.

AGGREGATION CHANGES ONLY THE ENERGY SOURCE

CURRENT SITUATION:



Eversource chooses the suppliers of the electricity. Mass law mandates 18% renewable sources in 2021, rising by 2% a year via the Renewable Portfolio Standard (RPS). This is called Basic Service.

Eversource then uses its transmission infrastructure to distribute the energy to customers.

WITH CCA:



An Aggregation Consultant works with suppliers to offer the town choices in terms of % of renewable energy and cost. Multiple choices are offered the consumer.

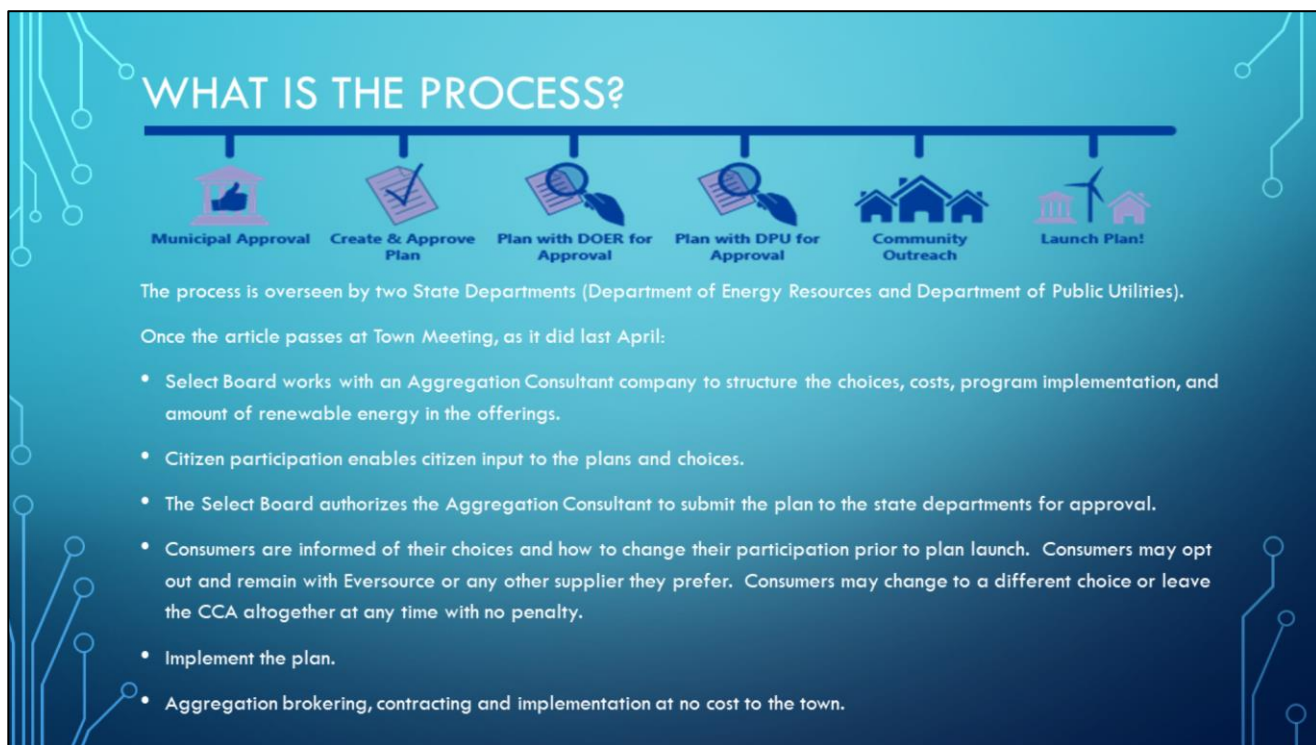
Eversource then uses its transmission infrastructure to distribute the energy to customers, just as it does now.

What will change with the Sherborn Power Choice CCA? Aggregation only changes the supplier of electricity. Distribution of energy to the consumer remains the same: They receive the same bill, same delivery, same customer service from Eversource, just as they have now.

On the left, Eversource finds and contracts with a supplier of energy. It then delivers that electricity over its distribution system. It is only required to offer 18% renewable sources in the supply (in 2021)

On the right, the CCA finds the electricity supply, and can, therefore, offer several choices in terms of cost and amount of renewables in each choice offered through the CCA. Distribution, billing, maintenance and customer support remain the responsibility of Eversource.

The graphic on the right points to a potential increase in renewables, but be clear that the consumer will have choices in their mix of renewable and fossil fuel energy, from Basic Service levels up to a significant increase of renewable energy in the CCA (as determined by the Select Board).



Because Community Choice Aggregation is regulated by Massachusetts law, the process is clear, consistent and well established.

Key Points:

- The process is thoroughly vetted and the steps clear. Sherborn Power Choice is following a well trod path.
- Citizen input is sought so that citizens voices are heard and will help structure any choices.
- By law, before, during, and after launch citizens have the choice to revert to Eversource or any other supplier or to change their level of participation within the CCA, without penalty. Aggregation Consultants routinely negotiate for unlimited time to change selections without penalty. This is the common contract in Massachusetts. Changing options or leaving the program will be a simple process online or by phone call.
- The town is supported by an Aggregation Consultant company, Mass Power Choice (selected by the Select Board). The Consultant assists the town in navigating the entire process: Educating the public, structuring the Sherborn Power Choice offerings, finding competitive prices, advertising the program, implementing the program, and maintaining the program through the life of the contract. The Consultant is paid through the electricity supplier. There is no cost to the town.

WHAT OTHER TOWNS HAVE CCAS?

- Over 140 of the 351 municipalities in Massachusetts have entered into CCAs.
Sherborn will leverage that experience through the tried and true process others have honed.
- Sample of neighboring towns:
 - Holliston
 - Natick
 - Ashland
 - Millis Preparing to launch
- Sample of similar sized towns:

• Harvard	• Lincoln
• Carlisle	• Marion
• Orange	• Avon
• Sharon	• and others

Over 140 towns of the 351 in Massachusetts, nearly half of the state, have entered into CCA agreements. Sherborn Power Choice will leverage the accumulated knowledge and processes already vetted by many other towns.

- The first four towns listed are larger, neighboring towns.
- The second list is of some towns that are similar in population size to Sherborn (2010 census) and who have adopted CCAs.

Source for Population data: : Massachusetts Department of Revenue, Town websites

BENEFITS OF CCA

More consumer choice and vetted offerings

- CCA is a regulated process overseen by the Dept. of Energy Resources (DOER) and the Dept. of Public Utilities (DPU).
- Well managed program (bidding, planning, contracting, implementation and program management) at no cost to the town.
- Potentially lower electricity prices and less green house gas emissions.

Renewable energy production increases, emissions decrease

Minimal municipal staff support required

- Aggregation Consultant manages bidding process, planning, implementation and operation (e.g., tracking rates, customer support, etc.).

Stability and competitive rates

- Negotiate longer-term (possibly 2-3 year) supply contracts, in contrast to the utility's Basic Service rates which change every six months.

HOW IS AGGREGATION TYPICALLY STRUCTURED?

- There are several ways to configure aggregation. A typical structure is:
 - Any customer who does not want to participate can opt out at any time without penalty (Per MGL c.164 §134).
 - Typically, consumers are offered several choices in level of participation:
 - The utility's Basic Service or some other electricity supplier.
 - The "basic" CCA choice (equal to utility's Basic Service, but potentially at lower cost).
 - The middle, or Standard, choice which contains a negotiated level of renewable energy sources while potentially lowering cost of electrical supply.
 - This "Standard Choice" is typically the level that electrical customers in the area covered by the contract are automatically enrolled in. Citizen input helps select the desired "default" offering.
 - Per MGL c.164 §134 any customer already using an alternative supplier is not automatically enrolled.
 - The choice offering 100% renewable electricity sources.
 - An energy Consultant handles rate/% renewable bids, implementation and operation, with their fee paid through the energy supplier.

This is just one example, for illustrative purposes, of a potential structure. Our Aggregation Consultant, Mass Power Choice, can help the town decide, with citizen input, what are the best choices to offer the town and residents.

This slide represents a common approach, but does not predict how Sherborn might structure our Sherborn Power Choice CCA.

Note: Although the actual law (MGL c.164 § 134) provides 90 days to change options within a CCA, Aggregation Consultant companies in Massachusetts routinely negotiate unlimited time to change without penalty. This is a key negotiation when configuring a CCA, and we should expect similar results for Sherborn Power Choice.

General note: We are careful throughout to note **that cost savings are "potential" and are not guaranteed.** Eversource rates change every 6 months. There may be points in the CCA contract where the Eversource rate is lower than the CCA rate. Customers are indemnified against this since they can change their participation at any time without penalty.

Often citizen's ask why is this "opt out" instead of allowing me to "opt In" to what I want?

Answer: Massachusetts law requires that CCA programs be "opt out".

Opting out is simple and clear. It can be done via an online form or a phone call. All options for changing participation levels will be clear, well advertised, and simple to execute. Consumers can move between Sherborn Power Choice options or leave the program altogether and return to Eversource Basic Service or any other supplier they choose without penalty.

Citizen input will assist the Select Board in choosing the appropriate choices to offer within the CCA. This includes the "default" choice that citizens are automatically enrolled in. Citizen input will help ensure that the majority of those enrolled in the CCA will be placed in the choice they want as the default. Those wanting a different choice can easily switch.

SAMPLE SUPPLY RATES AND OPTIONS IN NEARBY CCA TOWNS (2020 DATA)

	Standard Option		Plus/Premium Option		Basic Option		Contract
	Renewable % (1)	Price/kWh	Renewable %	Price/kWh	Renewable %	Price/kWh	Length
Acton	26%	\$0.110	100%	\$0.127	16%	\$0.107	36 Mos
Lexington (2)	100%	\$0.116	100%	\$0.124	16%	\$0.115	24 Mos
Natick	26%	\$0.113	100%	\$0.131	16%	\$0.110	18 Mos
Newton	62%	\$0.113	100%	\$0.118	16%	\$0.109	22 Mos
Sudbury	21%	\$0.107	100%	\$0.131	16%	\$0.106	36 Mos
Watertown	51%	\$0.115	100%	\$0.127	16%	\$0.107	26 Mos
Average	48%	\$0.112	100%	\$0.126	16%	\$0.109	
Eversource Basic (EBRS)	16%	\$0.117		\$0.117	16%	\$0.117	
Avg. vs. EBRS		-4%		8%		-7%	
Worst Case vs. EBRS		-1%		12%		-2%	
Avg difference per kWh	48% avg renewable	\$0.005 less	100% renewable	\$0.009 more	16% renewable	\$0.008 less	Avg length 27 Mo
(1) Renewable % includes the 16% required in 2020 from renewable energy projects in New England (Class I RECs). Except for Lexington: See footnote 2.							
(2) Renewable % includes 21% from newer renewable energy projects in New England and 79% from wind projects outside New England.							
Note: Because EBRS prices change frequently and future EBRS prices are unknown, savings cannot be guaranteed.							

Note: Rates can vary, these rates were identified in early 2020. Savings cannot be guaranteed.

This chart shows a sampling of nearby towns as of early 2020, how their choices were structured, and the costs.

This chart compares the CCA options other towns have adopted to the Eversource Basic Rate information.

Again, this is just a sampling of towns. Some towns have less renewable energy in their standard choice, others have more. That is based on the resident's desired level of greenhouse gas reduction through the percent of renewables in their standard choice at the time the contract is entered into. Of course, each individual town will have a slightly different mix, but using the average gives us a good sense of what aggregation can offer.

Please focus on the highlighted rows. Again, these are real examples of actual costs and savings, but Sherborn cannot guarantee similar cost and savings, as noted on the previous slides.



APPENDIX

Contents:

- Frequently asked questions
- Potential risks

FAQ



Q: Would CCA replace Eversource as my electric utility?

A: No. Eversource will remain the electric utility for Sherborn and will continue to deliver your electricity, address any power outages and bill your household.

Q: Would I have to do anything if CCA is adopted in Sherborn?

A: If you are an Eversource Basic Service customer you will be automatically enrolled into the default choice. If you are interested in any of the other program choices offered, you would need to choose them by phone or online.

Q: Why do I have to “opt out” of the default CCA offering? Why can’t this be an “opt in” program?

A: Massachusetts law requires that CCAs be “opt out”.

Q: Do I have to participate?

A: No. You can opt out either before the program starts or later, and return to Eversource Basic Service or any other supplier. There are no penalties or fees for opting out entirely or for changing your selection within the CCA.

Q: What if I want to increase my commitment to 100% clean energy?

A: Assuming Sherborn offers a 100% renewable option, you can change to that option online or with a phone call.

Q: What if I want to stay with the CCA program but participate only in the basic plan with the minimum mandated percentage of renewable energy?

A: You can change online or with a phone call.

These FAQs are based on the typical CCA structure we noted before (three choices with the default enrollment being the middle choice). Depending on the Select Board's choices and citizen input, the Sherborn Power Choice default may be set at a different level of choice or there may be a different number of choices offered.

FAQ



Q: I already have a contract with an alternative electricity supplier. Can I still participate?

A: Yes. You won't be automatically enrolled, but you can choose to participate. It is advisable to check the terms of your existing contract. Some supplier contracts require minimum enrollment periods or charge termination fees.

Q: How much money could I save? Are savings guaranteed?

A: While the program should offer potential savings compared with Eversource's Basic Service rate, savings cannot be predicted or guaranteed. This is partly because the program price would be fixed long-term, while Eversource Basic Service prices change every 6 months. As a result, the program price may not always be below the Eversource Basic Service price. Other towns' experience is that over the duration of the contract consumers have generally seen a cost advantage and appreciate the cost stability.

Q: How much would the additional renewable electricity cost?

A: The cost is determined by several factors, including the market price for renewable electricity when Sherborn signs its supply contract, the amount of additional renewable electricity included in the choice you select, and the amount of electricity you use each month. At no point is Sherborn obligated to continue until a contract is signed.

Q: Will I know the price of each program choice before I am enrolled?

A: Yes. If you are an Eversource Basic Service customer, you will receive a communication with program information, including pricing, before the program launch. This information would also be shown on the program website and Sherborn will make public presentations and take citizen input before the program is contracted and launched.

FAQ



Q: What is the minimum amount of renewable electricity required by state law?

A: For 2021, Massachusetts requires that renewable electricity must be purchased from New England renewable energy projects to match 18% of your electricity use. This amount will gradually increase to 35% by 2030.

Q: How long would the CCA program last?

A: It depends on the contract terms. Sherborn would evaluate the bids received from electricity suppliers and select the contract duration most suitable for the town's customers. As stated before, residents can opt out of the CCA at any time, without penalty.

Q: I have solar panels on my property. If I participate, would I continue to receive net metering credits?

A: Yes. Net metering will work the same way. Your net metering credits would continue to appear on your Eversource bill and be calculated based on Eversource's Basic Service price, not the CCA program price.

Q: What about my SRECs and SMART programs, what changes?

A: The SREC and SMART Programs are completely independent of the CAA program, and therefore nothing changes for the consumer.

FAQ: WHAT ARE THE POTENTIAL RISKS?



Basic Service prices could fall unexpectedly, putting the CCA program price above Basic Service. Usually, this is a temporary situation and customers stick with the program, recognizing that the program will provide a good value over the long term. However, ultimately consumers are protected because they have the right to opt out of the program any time, or opt back in when they want.

The supplier's price could change if there is a significant change in state law. However, if this happens, the utility's Basic Service price will change too, so it does not put the program at a disadvantage. While a change-in-law related price change is possible, it's quite unusual. None of the aggregations the writer of this FAQ works with has had such a price change.

Source: Paul Gromer – Former Massachusetts Commissioner of Energy Resources
and former Chairman of the Massachusetts Energy Facility Siting Council.