

Canton Electricity Choice Part Two: Competitive Procurement Process

By Tom Birmingham, Chair, Canton Energy Advisory Committee



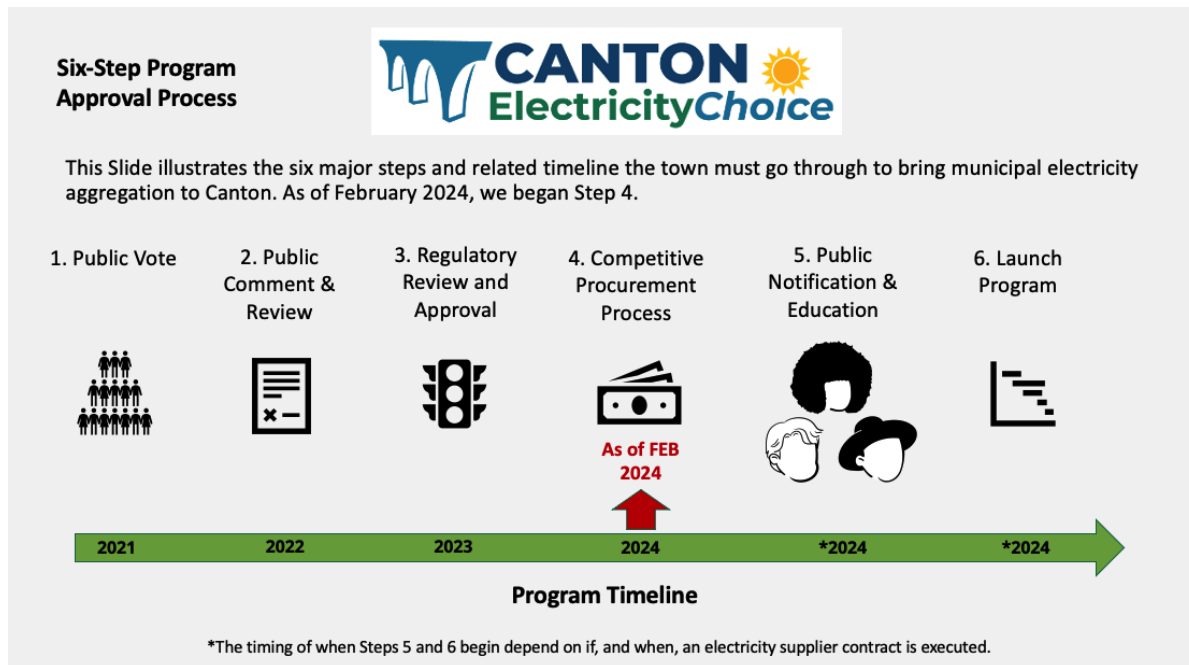
This is Part Two in a three-part series of articles to appear in the *Canton Citizen*. These articles have been written to help readers become more familiar with what *Canton Electricity Choice* is all about. In sum, it is an optional form of group electricity purchasing that provides several benefits. These benefits are not otherwise available to most consumers on their own. Think “buyer’s club” for electricity with no hidden fees or penalties. You can see all three articles along with other helpful information at CantonElectricityChoice.com.

Part One provides an overview of the *Canton Electricity Choice* program. This includes a high-level description of the six-step program approval process necessary to bring this type of electricity choice program to Canton.

Part Two takes a deeper dive into Step 4 of this six-step program approval process. This is the critical Competitive Procurement Process phase, which the town entered in February 2024.

Part Three details what decisions residential and business customers will need to make to participate, or not, in this voluntary program. It also explains by when these decisions will need to be made.

See the below diagram for an illustration of the entire six-step program approval process.



Competitive Procurement Process

The Competitive Procurement Process (or Step 4 of the six-step program approval process) is being guided by Canton’s “competitive procurement team”, including the Select Board, Town Administrator, Town Planner, Canton Energy Advisory Committee, and Canton’s hired consultant, MassPowerChoice.

In preparation for Step 4, the Select Board approved in a 3-2 vote on January 23, 2024, to delegate to the Town Administrator the authority to decide which electricity supplier to choose as well as the applicable contract terms. This was recommended by the Canton Energy Advisory Committee to ensure timely decision-making and compliance with the overall procurement process.

The delegation of authority to the Town Administrator is important primarily because wholesale electricity prices change rapidly and have become more volatile in recent years. As a result, any firm bids we get from these 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.

The critical and positive point here is that Canton is not obligated to sign an electricity supply contract. The timing of signing will depend, in large part, on the prices Canton receives from potential municipal electricity aggregation suppliers as compared to Eversource's Basic Service prices. So, Step 4 may take between several weeks or months, depending on wholesale electricity prices, which are constantly changing due to demand, weather, etc.

The Town Administrator will base his decision on whether to execute any municipal electricity supply contract on three key factors: (1) the details of each supplier's bid, (2) program goals approved by the Select Board and discussed further below, and (3) technical support from the Energy Advisory Committee and Canton's hired consultant, MassPowerChoice.

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 description of five program goals for consideration by the Town Administrator prior to signing Canton's initial municipal electricity supply contract. See Canton's **[Competitive Procurement Process Guidelines](#)** at CantonElectricityChoice.com for additional details.

These goals, which are targeted for Select Board approval in February or March 2024, 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.

Overall, any Canton municipal electricity aggregation supply contract should strike a reasonable balance among the following three desires to: (1) foster the development of new clean energy on the regional New England electricity supply grid, (2) support Massachusetts' and Canton's evolving climate goals, and (3) offer choices that meet (1) and (2) while remaining cost competitive to Eversource's Basic Service offering. The following are the detailed goals to consider:

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.¹
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.
 - 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.

Learn more about *Canton Electricity Choice* at CantonElectricityChoice.com or by calling 1-844-202-6101, including optional translation services.

¹ 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.”