



Municipal Aggregation: An Overview

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Customer Choice

- In 1997, the Massachusetts Legislature passed a law fundamentally restructuring the electric industry. [St. 1997, c. 164](#).
- The purpose of this Act was to enable customer choice for electricity supply by **creating a competitive electric supply market**, while maintaining the electric companies' responsibility to deliver electricity to customers through their distribution system.

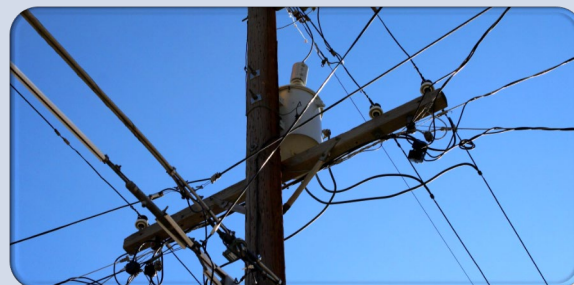


Restructured Electric Market



Supply

Customers can shop for electricity supply products
Provided by licensed competitive suppliers



Distribution

Customers do not have a choice of distribution company
Provided by electric distribution companies based on franchise rights



Supply Options

Individual

- Select supplier on own
- Shop online (DPU Energy Switch [website](#))
- Enroll based on supplier marketing (telemarketer, door-to-door, mailed advertisements)

Aggregation

- Group purchase of electric supply
- Entities or brokers will obtain permission of customers to shop for electricity on their behalf to seek favorable terms due to larger buying power
- Multiple types of aggregated entities exist, including municipal aggregations

Basic Service

- Customers that do not enroll with a competitive supplier on their own or through an aggregation default to basic service
- Basic service is provided by suppliers procured by each distribution company through a competitive solicitation
- DPU establishes timeline of procurements – every six months for residential customers



Municipal Aggregation

- Authorized by [G.L. c. 164, section 134](#)
- Is a form of aggregation that allows municipalities to procure electric supply on behalf of the residents and businesses within their municipalities
- Eligible customers are initially enrolled on an opt out basis
 - All other electric suppliers must receive affirmative authorization by each customer to enroll.
 - Municipal aggregations must notify customers that they will be automatically enrolled unless the customer opts out
- Must follow the rules of the competitive supply market; however, municipalities do not need a competitive supplier or brokers license



Possible Objectives

- Rate Stability
 - longer fixed price contracts
- Price Responsiveness
 - encourage reducing energy consumption through variable rates or shorter fixed price contracts
- Renewable Energy
 - support local renewable energy projects by procuring energy and/or renewable energy certificates (RECs)
 - support Commonwealth's clean energy objectives by purchasing Class I RECs
 - support renewable energy generally by purchasing RECs from facilities across the United States
- Competitive Rates



Process to Form a Municipal Aggregation

- Initiate Process
 - Obtain required local authorization to pursue municipal aggregation (e.g., Town Meeting or City Council)
- Develop Plan
 - Review recently approved plans
 - Consult experts and other municipalities
 - Review DPU Guidelines and Template Plan (forthcoming)
 - Review Dept. of Energy Resources [Guide to Municipal Aggregation](#)
- Consult with Dept. of Energy Resources
- Citizen Review
 - Plan should be available for meaningful citizen review with an opportunity to ask questions and provide comments
- Final Review and Approval by DPU
- Implement Plan



Plan Contents

- ✓ Organizational Structure
- ✓ Describe how the program will operate, including enrollment process
- ✓ Funding
- ✓ How will rates be set
 - Same rate for all customers?
 - Different rates for customer classes? (note: residential and small business customers must be treated the same)
 - Fixed or variable rates?
 - Multiple Products? (note: describe each product, identify which is the opt out product, how can customers elect an optional product)
- ✓ Method for entering and terminating contracts
- ✓ Rights of customers, including re-enrollment
- ✓ Process for terminating program



Citizen Review Best Practices

- ✓ Present Plan during a public meeting and make available on municipal website
- ✓ Consider translations of Plan and key documents for citizens with limited English proficiency
- ✓ Provide opportunity for questions
- ✓ Give designated timeframe to provide written comments
- ✓ Hold a public meeting to allow oral comments
- ✓ Consider comments and make revisions as needed
- ✓ Vote of municipal governing body to file plan with DPU



DPU Review Process

- Issue a Notice of Filing
 - Municipality will need to publish the notice per DPU instructions (e.g., in newspapers, Town/City Hall, on municipal website)
- Hold Public Hearing and Opportunity for Written Comments
 - Provide citizens opportunity to weigh in on the final plan and raise concerns
 - Hearing may be virtual or at a location within the municipality
- Discovery
 - Ask questions to clarify or verify elements of the plan (typically 10 days to respond but municipalities may request extensions)
- Issue Decision
- Post-Order Notices
 - Final opt out notice
 - Reports on process to initiate program
 - Annual reports



Purpose of DPU Review

- Ensure statutory requirements are met
 - process was followed;
 - Plan fully and accurately describes the municipality's program and operations
 - Plan and proposed program complies with the Department's rules and regulations governing competitive supply
- Sufficient consumer protections
 - Robust education plan to ensure notify customers of rights and opportunity to opt out
 - Opt out notices are complete and clear
 - All consumers can access the program and will be treated equitably



Tips for Successful Review

- Follow Process
 - don't try to skip steps to save time – it won't
- Make sure plan reflects your municipality's plan
 - don't use a "cookie cutter" model with "flexible language"
- Ensure municipal officials are involved in the process
 - helps ensure DPU receives accurate information and avoids miscommunications
- Consultants can help municipalities navigate process and assist in implementation but
 - The municipality is ultimately responsible for its program
 - Carefully consider consultant financial motives



Conclusion

- Contact Information:

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- Resources:

[DPU Municipal Aggregation Webpage](#) – includes approved municipal aggregation programs, links to their websites, and other information

*Forthcoming DPU Guidelines and Plan Template will be available through this webpage

[Municipal Aggregation Annual Reports](#)