



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Mitt Romney, Governor ♦ Kerry Healey, Lt. Governor ♦ Jane Wallis Gumble, Director

Public Housing Notice: 2006-05

SEA CREST MEMORANDUM

To: All Local Housing Authorities
CC: Thomas J. Connelly, Jr. Mass NAHRO Executive Director
From: Marc A. Slotnick, Associate Director for Public Housing & Rental Assistance
Subject: **Frequently Asked Questions about Purchasing Energy Supply Contracts and Reporting**
Date: May 16, 2006

As you know, our Public Housing Notice 2006-03 dated April 5, 2006 requested that all housing authorities immediately seek to purchase energy supply contracts for electric and gas energy purchases by July 1, in order to stabilize and potentially save energy costs. Specifically, we requested that all LHAs, especially those that have not entered into energy supply contracts join Power Options, a purchasing consortium established by the Massachusetts Health and Educational Facilities Authority (HEFA). Seventy-nine (79) LHAs have already connected with Power Options and are reviewing contract terms.

A number of questions have arisen from local housing authorities about this process that need to be addressed so that many of you know how to proceed.

Can an LHA sign a contract with another aggregation entity for the purchase of gas or electricity?

Yes. LHAs may select any consortium from which to buy gas or electricity. If you chose not to join Power Options, you will need to submit to DHCD the contract and background information of any supplier you select for review and approval. Our review is limited to compliance with state laws and regulations. However, if in our opinion the terms are not favorable to your authority, we will advise you.

What does an LHA have to do that has already contracted for the purchase of gas and electricity?

Please provide DHCD with a copy of the executed contract(s), so that we can include all of the pertinent information in our database. Upon the expiration of the contract, we encourage you to include Power Options when considering any future procurement. We also encourage you to join Power Options now (see question below).

If an LHA receives electricity from a municipal lighting plant, and cannot purchase from an aggregator, what should they do?

Please provide DHCD with written confirmation, verifying that you are exempt from competitive procurement. We will update our database accordingly.

Are there any Mass. Laws or reporting requirements we should be aware of?

Massachusetts General Law Chapter 30B Section 1 contains procurement exemptions for energy purchase. However, the law, as quoted below, has reporting requirements to the Department of Telecommunications and Energy (DTE), the Division of Energy Resources (DOER) and the Office of the Inspector General (IG).

Excerpt from MGL Ch. 30B Sec. 1 with procurement exemption and reporting requirement:

(33) energy contracts entered into by a city or town or group of cities or towns or political subdivisions of the commonwealth, for energy or energy related services; provided, however, that within 15 days of the signing of a contract for energy or energy related services by a city, town, political subdivision, or group of cities, towns or political subdivisions said city, town, political subdivision, or group of cities, towns or political subdivisions shall submit to the department of telecommunications and energy, the division of energy resources, and the office of the inspector general a copy of the contract and a report of the process used to execute the contract;

.What are the reporting requirements if we purchase energy from Cape Cod Light, or a Municipal Lighting Plant/Public Utility?

There are exceptions to these contract approval and report requirements. No contract approval or report is required for energy purchases through Cape Cod Light Compact, Municipal Utilities, or Public Utilities. If an authority “opts out” of Cape Cod Light Compact, then DHCD Contract approval and the report to DTE, DOER and the IG is required.

Will Power Options assist us in the reporting requirements?

DHCD has pre-approved Power Options contracts, which have been modified with an addendum that specifically addresses the regulatory requirements pertinent to housing authorities. Power Options will arrange for the appropriate reports to DTE, DOER and the IG. Remember, DHCD requires approval of all energy purchase contracts not executed with Power Options.

Should we join Power Options even if we have energy contracts for gas and electricity?

Yes, because Power Options is also a membership organization that will keep you posted on market conditions and advise you on future contracts they can offer. DHCD will fund your membership as a budget exemption.

If you have any additional questions or concerns about these contract approval and reporting requirements, please contact your Housing Management Specialist at DHCD. You may also call Bruce Siegel at DHCD at 617-573-1235. For more information about Power Options, contact Wendy Lee at 617-737-8480, extension 4259.

You may also bring your question to Sea Crest where we will hold a question and answer session at 2:00 on Monday about energy purchases, carbon monoxide detectors or any other concerns. Wendy Lee of Power Options; Carole Collins, Director of the Bureau of Housing Management; Stan Kruszewski, Director of the Project Management Unit; Bruce Siegel, Housing Auditor and I will answer questions on energy contracting.

Ray Frieden, Director of the Bureau of Housing Development and Construction will answer questions regarding the new Carbon Monoxide Alarm regulations and DHCD's plan to assist Housing Authorities with compliance before the December 31, 2006, deadline for Housing Authorities.

We look forward to seeing you next Monday.