



December 7, 2022

Marian Swain
Deputy Director of Policy and Planning
Department of Energy Resources
100 Cambridge Street
Boston, MA 02214

Re: Municipal Aggregation Manual and Best Practices Guide

Dear Ms. Swain:

Thank you for the opportunity to provide comments on the draft Municipal Aggregation Manual and Best Practices Guide (Manual). The Manual promises to be a very helpful resource for cities and towns that are considering municipal aggregation.

MassPowerChoice provides aggregation consulting services to over thirty municipalities in Massachusetts, including cities such as Worcester, Cambridge, Newton, and Salem, and town such as Lexington, Acton, Natick, and Westborough. We are a subsidiary of Peregrine Energy Group.

We are pleased to offer the following comments and suggestions based on our experience with municipal aggregation.

1. Moving beyond the status quo

We recognize that the goal of the Manual is to guide municipalities in forming aggregations under the existing rules. However, we would hope that DOER would use this document, and your important policy-making role, to help to improve municipal aggregation in Massachusetts. Two specific areas come to mind.

First, in the discussion of the operational adder, the Manual suggests limiting the uses to a municipal staff person (Manual, p. 19). While a staff person is a fine use of adder funds, and the only one that the Department of Public Utilities (DPU) has approved lately, it is far from the only valuable approach. DOER should encourage municipalities to seek to use the adder to expand their programs, for example by funding long-term contracts for renewable energy, enhanced customer education, demand response, and energy efficiency. And, DOER should urge the DPU to approve those requests.

Second, in discussing the timeline for regulatory review, DOER notes without comment that review has taken between 12 and 18 months. Unfortunately, this understates the review period, which is now over

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two years. Just a few years ago, the aggregation plan review period was just four months. DOER should make it clear that the current review period is too long and far from a best practice.

2. The role and cost of aggregation consultants

Throughout the document, the Manual understates the services provided by aggregation consultants and overstates the cost.

Aggregation consultants are far more than just electricity brokers. The consultants provide a range of services, including program planning, customer support, customer education (including design and printing of materials), supply contract management, website design and management, managing regular opt-out mailings to new customers, and legal services (including both obtaining initial program approval and providing ongoing reporting and compliance). The aggregation consulting firms doing business in Massachusetts have provided these services for many years and to many communities, enabling them to develop a specialized expertise.

It is not realistic to suggest that a town energy manager, likely with no aggregation experience, could provide these services as efficiently or effectively (Manual, pp. 25, 26). Similarly, it would not be a best practice for municipalities to ask town counsel to ensure compliance with the regulatory requirements (Manual, pp. 27, 28, 31, 37). While most town counsel are expert in many areas, utility regulation is typically not one of them. Rather than paying town counsel to learn about the DPU requirements, municipalities are far better served by engaging an aggregation team that includes that includes a lawyer who already knows those requirements.

Regarding the cost, while it is of course correct that aggregation consulting firms charge for their services, this is not an “added cost” (Manual, p. 14). The price of all electricity supply services, including utility basic service, includes the cost of providing the service. Further, it is not unique to aggregations that low-income customers pay this cost (Manual, p. 25). Low-income customers pay basic service administrative costs too.

We do not see the relevance of calculating the total consulting fees paid by residential customers across Massachusetts (Manual, p. 26). Showing the costs without the benefits is not meaningful. If DOER wishes to include a table of costs, it should include in the table the electricity bill savings, greenhouse gas emissions avoided, and other program benefits.

Also, it is simply not correct that “[m]ost of the consultant work will be prior to the launch of the aggregation, while operating costs are likely to be relatively low” (Manual, p. 26). The required services continue through the life of the program, including ongoing supply procurements, supply contract management, customer support, mailings to new customers, notices to existing customers, and regulatory reporting. While never “relatively low,” we have found that post-launch operating costs have grown steadily as both regulatory requirements and municipal demands for ongoing customer education and customer services have increased.

Stepping back, we believe that the emphasis on cost is misplaced. Rather than encouraging communities to attempt to pay (and therefore get) less, DOER should encourage communities to demand additional ongoing services for the benefit of their residents. That would be a best practice.

3. Other issues

On page 1 and 11, the Manual states that the municipality “buys” or “purchases” electricity supply. In aggregation, the municipality creates a mechanism for program participants to buy electricity, but the municipality itself is not the buyer.

On page 10, the “Operation” column is missing several key tasks, including ongoing enrollment of new accounts, electricity supply contract management, and ongoing public education and outreach. Also, “reporting requirements” should be removed and replaced with “regulatory compliance” and “regulatory reporting.”

On page 11, the Manual states that customers on competitive supply must terminate their competitive supply contract before becoming eligible to enroll in an aggregation program. Competitive supply customers are free to enroll in an aggregation program. The act of enrolling in the program terminates their competitive supply arrangement. The customer does not need to terminate the supply contract first, and then enroll in the program.

On page 12, the Manual states that electric supply prices are not impacted by the size of the municipality. This is an important point that is often misunderstood. We encourage DOER to give this more emphasis.

There seems to be an error in the discussion of REC prices at the top of page 19. The figures appear to compare the incremental cost of additional RECs at 5% and 100%. However, the cost difference is not as great as stated. Perhaps the \$1.18 figure refers to the cost per “month,” not per “year”.

On page 25, the Manual describes the municipal vote as “non-binding.” We believe what is intended is that the vote authorizes the municipality to pursue aggregation, but does not obligate the town to implement aggregation.

On page 33, the Manual refers to a 36-day opt-out period. The opt-out period itself is 30 days with three days before and after for mail to travel, meaning suppliers cannot submit enrollments until the 37th day.

On page 33, the Manual states that “[w]hen the opt-out period ends, all existing basic service customers will be enrolled in the standard aggregation product.” This should clarify that only customers that did not opt out will be automatically enrolled and that customers that chose an optional product will be enrolled in that product rather than the standard product.

Thank you for the opportunity to provide comments.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'P. Gromer', with a horizontal line extending to the right.

Paul W. Gromer

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