



## INFORMAL MEETING OF MAY 16, 2016

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Informal Meeting of the City Council was held in the City Council Chamber, Room 219, City Hall, on Monday evening, May 16, 2016.

### CALL TO ORDER

Council President James Walsh called the informal meeting to order at 6:15 o'clock p.m.

### ATTENDANCE

Nine (9) Councillors were present, including President James Walsh and Councillors James Boone, Nathan Boudreau, Craig Cormier, Ronald Cormier, Karen Hardern, James Johnson, Marc Morgan, and Matthew Vance. Councillors Scott Graves and Paul Tassone were absent.

Others in attendance were Mayor Mark Hawke; Brian Murphy, Colonial Power Group; and, Dan Bianchi, Global Partners.

Brian Murphy of Colonial Power Group presented the following Power Point slides:

- Colonial Power Group, Inc. (CPG)
  - Energy consulting company (*since 2002*)
  - Retained by municipalities
- Specializes in Community Choice Aggregation (CCA) Programs
  - Design: all phases of program creation
  - Implementation: get CCA up-and-running
  - Management: day-to-day operations of CCA
- CPG currently manages CCAs for 43 communities in MA
- CPG believes that “opt-out” aggregation
  - Enhances the competitive market
  - Encourages fixed rate pricing
  - Preserves customer rights through a transparent, locally-managed purchasing program

### **What is a Community Choice Aggregation?**

- A CCA is an optional buying group organized by a municipality or group of municipalities to benefit electric customers.
- A CCA would enter into an electricity supply contract for all customers who remain on default service within a given municipality.
- Customers are automatically enrolled, unless they opt-out.
- Customers can participate in long-term fixed rates and greener power supply options.

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**Benefits of Community Choice Aggregation**

- Choice – No longer “stuck” with utility default rates
- Control – Municipality sets its own energy goals, e.g., long-term fixed rates or a higher mix of renewable energy
- Stability – Municipality can seek long-term rates to avoid gas market volatility
- No Tax Dollars Used – No adds to staff or burden on local budgets, e.g., program administration outsourced to Consultant
- No Penalties for Consumers – Opt-out **anytime** and go back to default service or choose another ESCo
- Leverage – Larger buying group attracts attention
- Pro-Consumer – Contract terms and conditions are designed to protect consumers
- Public Oversight – Local officials hold ESCo and Consultant accountable
- Professional Expertise – Retaining a qualified Consultant ensures smooth roll-out of the program
- Green Power – Municipality can “green-up” entire supply portfolio or offer “opt-in” green products to consumers

**Steps in the Process**

- Local Acceptance of the Aggregation Statute
- City Council Adoption of Aggregation Plan
- State Filings by Aggregation Consultant
  - Consultation with DOER
  - Approval by DPU
- Solicitation of Energy Pricing by Aggregation Consultant
- City Decision to Proceed...and how to Proceed
- Ratepayer Notifications by Aggregation Consultant
- Opt-Out Period Managed by Aggregation Consultant
- Energy Flows

**Education is Critical to Success**

- CPG works collaboratively with community leaders to develop and execute an outreach plan
  - Local Print Media
  - Municipal and Community Websites
  - Local Cable TV
  - Community Meetings
  - City Newsletters

Brian Murphy and Dan Bianchi stressed the following advantages:

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- ✓ Customers can “opt-out” at any time.
- ✓ Simple contract terms.
- ✓ Offers protection from fluctuating utility costs.
- ✓ Assists fixed-income residents that have faced two to three years of seasonal increases.
- ✓ No tax dollars to administer the program – outsourced to Aggregation Consultants.

President Walsh questioned the time period for each contract and how the consultant is compensated.

Brian Murphy stated that the consultant solicits price quotes for period of six months, twelve months, and eighteen months for the following electricity types:

- ✓ Regular power
- ✓ 50% regular power
- ✓ 100% Green power.

He said that, by statute, the contract period for consulting services is three years with additional two additional one-year extensions and that the Consultant is compensated at the rate of one-tenth of one cent per kilowatt hour per customer.

Mr. Walsh questioned whether National Grid’s consumer rates would be [negatively] affected because of the aggregation of energy rates for most everyone else in the service area.

Mr. Murphy stated that National Grid’s rates apply to all residents in the service area, which are State-approved.

Councillor Ronald Cormier questioned whether consumers that have contracted with third-party energy suppliers will receive notice of the aggregation option.

Mr. Murphy stated that consumers with third-party energy suppliers can opt-in when their contract expires or if the terms of their contract permit them to switch at any time. He noted that 15% to 20% of residential consumer’s contracts are with third-party suppliers and that National Grid’s basic service customers will be eligible to participate.

Dan Bianchi stated that if a community decides to join the program, a contract is signed by the City and a plan is subsequently adopted on behalf of all customers.

Councillor Morgan questioned whether any communities have withdrawn from the aggregation program.

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Mr. Murphy stated that no communities have withdrawn.

Mr. Bianchi noted that the City is not under any obligation to join the program if it is dissatisfied with the terms outlined in the plan.

Mr. Murphy stated that the Town of Ashland was part of the program in 2012 and 2013 and at the end of their contract; they discovered that National Grid had favorable rates, so they returned to the market. Mr. Bianchi added that “energy is a fluid commodity.”

Councillor Vance requested clarification of the process and suggested that if the Council approves the Resolution and adopts the statute, the Mayor then decides [the contract provisions].

President Walsh responded, saying that the Council vote provides the Mayor with the authority to implement the Plan.

Councillor Nathan Boudreau asked whether there would be a cost to “opt back in” once a consumer has withdrawn from the program.

Mr. Bianchi and Mr. Murphy replied that there is no cost to “opt back in.”

On questioning by President Walsh, Mr. Bianchi and Mr. Murphy stated that there are other aggregation consulting firms in Massachusetts, but that the procurement of energy services is exempt from the provisions of G.L. Chapter 30B, and that all aggregation consultants charge the same rates. He added that his company is the only one that offers “opt-in” and “opt-out” choices.

Mayor Hawke asked the gentlemen to address how they will handle homeowners with solar panels and how they would realize energy savings.

Mr. Murphy stated that rooftop solar panels can generate 8 cents per kilowatt hour for homeowners when they become “sellers of energy.” When they are “net consumer,” he said, then they will pay the City rate.

Mr. Murphy continued, saying that at the highest National Grid rate of 16 cents per kilowatt hour, the aggregation price in Lowell was just over 10 cents per kilowatt hour. If the aggregation rates were to be implemented now, the rate would be between 7 and 7 ½ cents per kilowatt hour, realizing savings averaging about \$10 per month.

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Dan Bianchi added that the savings depends upon consumer usage and the community.

President Walsh noted that National Grid adjusts its rate twice each year, in May and in November.

Councillor Craig Cormier questioned whether the new program would change the current consumer billing process.

Mr. Bianchi stated that the consumer would continue to receive a bill from their utility company, but that the generation section would list the name of the winning supplier.

Councillor Matthew Vance questioned the average percentage of consumers that elect to opt-out of the program based upon the communities that Colonial Power contracts with.

Mr. Bianchi and Mr. Murphy replied that about 3% opt-out. Mr. Murphy noted that the first 1/3<sup>rd</sup> of the 3% that opt-out do so because they do not want change; the second 1/3<sup>rd</sup> due to confusion; and the last 1/3<sup>rd</sup> because they want nothing to do with a government program.

On questioning by Councillor Ronald Cormier, Mr. Bianchi stated that the program is not limited to residential customers, that any electric consumer can join the program.

On questioning by Councillor James Boone, Mr. Bianchi stated that the company sends notices of the aggregation program to large businesses, as well.

Mr. Murphy stated that the burden of joining the aggregation program falls upon those consumers that have third-party electric generator providers. He said that Colonial Power would obtain National Grid's quarterly service reports for lists of customers.

Councillor James Johnson noted the Council's role in order to implement the program – acceptance of the statute and the Plan.

Mayor Hawke noted that the Plan's adoption is referred to in the State Regulations, but not the statute. He added that the final rate per kilowatt hour is agreed to by the Mayor.

Mr. Murphy stated that the Plan encompasses general terms and conditions, but not the pricing.

Councillor Vance questioned whether to City could solicit bids after the first three years of the contract.



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Mr. Bianchi said that the City is required to retain a consultant in order to solicit bids, adding that the City could renew its contract with Colonial Power.

Councillor Craig Cormier questioned if the acceptance statute that is before Council the same one that other communities have adopted.

Mr. Murphy said that the solicitation language is boilerplate and used for all communities.

The meeting was adjourned at 6:52 p.m.

Accepted by the City Council: *June 6, 2016*