



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 15-62

December 30, 2015

Petition of the City of Newburyport for approval by the Department of Public Utilities of a municipal aggregation plan pursuant to G.L. c. 164, § 134.

APPEARANCES:

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I. INTRODUCTION AND PROCEDURAL HISTORY

On October 14, 2015, the City of Newburyport (“City” or “Newburyport”) filed with the Department of Public Utilities (“Department”) a petition for approval of a municipal aggregation plan (“Plan”) pursuant to G.L. c. 164, § 134. Under the Plan, the City will establish the Community Choice Power Supply Program (“Program”) in which the City will aggregate the load of electric customers located within City borders in order to procure competitive electric supply of electricity for Program participants. Eligible customers will be automatically enrolled in the Program unless they choose to opt out. G.L. c. 164, § 134(a). The Department docketed this matter as D.P.U. 15-62.

On October 19, 2015, the Department issued a Notice of Public Hearing and Request for Comments.¹ On November 12, 2015, the City filed responses to the Department’s first set of information requests. On November 17, 2015, the Department conducted a public hearing, at which the Mayor submitted written comments in support of the City’s petition.² Massachusetts Electric Company d/b/a National Grid (“National Grid”) also filed comments on

¹ On October 14, 2015, Colonial Power Group, Inc. filed a petition to intervene. This proceeding is not an adjudicatory proceeding (Hearing Officer Memorandum regarding Procedure, Service List, and Ground Rules (October 19, 2015)). The Department does not address intervention or participation in this proceeding.

² General Laws c. 164, § 134(a) requires the Department to hold a public hearing prior to final review and approval of a municipal aggregation plan.

November 17, 2015.³ On November 24, 2015, the City filed a revised Consumer Notification Form (Petition, Exh. J).⁴

II. SUMMARY OF THE CITY'S PROPOSED PLAN

The Mayor, with input from the City Council, will be responsible for all Program decisions, including the selection of the competitive supplier, execution of contracts, and termination of the Program (Plan at 3, 6, 9). The City, through a competitive solicitation, hired Colonial Power Group, Inc. as the City's initial consultant to assist in the design, implementation, and management of the Program (Plan at 3; Petition at 1, Exhs. D, E). The City and the consultant developed the Plan in consultation with the Department of Energy

³ In its comments, which are similar to comments filed in other municipal aggregation dockets (see e.g., City of Salem, D.P.U. 15-58), National Grid seeks clarification on the definition "eligible customers" for a municipal aggregation program. National Grid recommends that the following customers within the municipality should not be included on the list of eligible customers provided to a municipal aggregation: (1) customers enrolled with another competitive supplier; (2) customers enrolled in the National Grid GreenUp program; and (3) customers who previously instructed the Company that they do not want their personal account information shared with competitive suppliers (National Grid Comments at 1). On August 13, 2015, the Department requested reply comments on this matter from interested stakeholders in another proceeding. D.P.U. 15-58, Hearing Officer Memorandum at 2 (August 13, 2015). The Department will address the issue of eligible customers in a separate Order, and as such, the Department does not address National Grid's comments in this Order. Further, the Department's approval is not contingent upon the resolution of the issue raised by National Grid. Unless otherwise directed, National Grid should continue to provide customer lists under its existing procedures.

⁴ The revised Consumer Notification Form removed reference to a "lower rate" to reflect that the municipal aggregation rates are not guaranteed to be lower than the local distribution company's basic service rates. All references herein to the Consumer Notification Form shall refer to the revised Form filed on November 24, 2015 (Petition, Exh. J).

Resources (“DOER”) and the local distribution company, National Grid (see Letter from DOER to the City (September 25, 2015)).⁵

Under the Plan, the City will issue a request for proposals to solicit bids from competitive suppliers of electricity for firm, all-requirements power supply (Plan at 2; Petition, Exh. G). Prices, terms, and conditions may differ among customer classes (Plan at 11). After executing an electric service agreement (“ESA”) for electric supply, the City, through the competitive supplier, will begin the process of notifying eligible customers in Newburyport currently receiving basic service of Program initiation and the customers’ ability to opt out of the Program (Plan at 2, 6-9; Petition, Exh. J). The process of notification will commence at least 30 days prior to the start of service and will include direct mailings, newspaper notices, public service announcements, website postings, social media, and the posting of notices in the Newburyport City Hall (Plan at 7; Petition, Exh. H). Those customers who do not opt out will be automatically enrolled in the Program (Plan at 6, 9).

Costs associated with development and implementation of the Plan will be funded by the City’s consultant (Plan at 5). The Program’s generation charge(s), which will be paid by Program participants, will include a \$0.001/kilowatt hour (“kWh”) administrative adder that will be used to compensate the City’s consultant (Plan at 5, 11). The City may fund an Energy Manager Position(s) to assist with the Program through an additional adder equivalent of up to \$0.001/kWh payable by the competitive supplier to the City (Plan at 11). Program participants will receive one bill from the distribution company, which will include the generation charge

⁵ The City is in National Grid’s service territory.

and the distribution company's delivery charge (Plan at 11-12). The competitive supplier will bear all expenses relating to the opt-out notice (Plan at 5; Petition, Exh. G at 8).

The City requests a waiver, on behalf of its competitive supplier, from the information disclosure regulations contained at 220 C.M.R. § 11.06 that require competitive suppliers to mail information disclosure labels directly to customers on a quarterly basis (Petition at 3-4).⁶ As good cause for the waiver, the City states that it can provide this information more effectively and at a lower cost using means other than those specified in the Department's regulations, including press releases, public service announcements on cable television, newsletters, postings at City Hall, and postings on the City's or consultant's website (id. at 3-4).

III. STANDARD OF REVIEW

General Laws c. 164, § 134(a) authorizes any municipality or group of municipalities to aggregate the electrical load of interested customers within its boundaries, provided that the load is not served by a municipal light plant. Upon approval by the local governing entity or entities, a municipality or group of municipalities may develop a municipal aggregation plan, in consultation with DOER and for review by its citizens, providing detailed information to customers on the process and consequences of aggregation. G. L. c. 164, § 134(a). A municipal aggregation plan must provide for universal access, reliability, and equitable

⁶ The disclosure label provides information regarding a competitive supplier's fuel sources, emission characteristics, and labor characteristics. 220 C.M.R. § 11.06.

treatment of all classes of customers and meet any requirements established by law concerning aggregated service. Id.

A plan must include: (1) the organizational structure of the program, its operations, and its funding; (2) details on rate setting and other costs to its participants; (3) the method of entering and terminating agreements with other entities; (4) the rights and responsibilities of program participants; and (5) the procedure for termination of the program. Id. Municipal aggregation plans must be submitted to the Department for final review and approval. Id.

Participation in a municipal aggregation plan is voluntary and a retail electric customer has the right to opt out of plan participation. Id. Municipalities must inform electric customers of (1) automatic plan enrollment and the right to opt out, and (2) other pertinent information about the plan. Id.

The Department's review will ensure that the plan meets the requirements of G.L. c. 164, § 134, and any other statutory requirements concerning aggregated service. In addition, the Department will determine whether a plan is consistent with provisions in the Department's regulations at 220 C.M.R. § 11.01 et seq. that apply to competitive suppliers and electricity brokers. Although the Department's regulations exempt municipal aggregators from certain provisions contained therein, the regulations provide no such exemption for the competitive suppliers that are selected to serve a municipal aggregation load. See 220 C.M.R. § 11.01 et seq.

A municipal aggregator is exempt from two requirements included in the Department's regulations concerning competitive supply. City of Marlborough,

D.T.E. 06-102, at 16 (2007). First, a municipal aggregator is not required to obtain a license as an electricity broker from the Department under the provisions of 220 C.M.R. § 11.05(2) in order to proceed with an aggregation plan. Id. Second, a municipal aggregator is not required to obtain customer authorization pursuant to G.L. c. 164, § 1F(8)(a) and 220 C.M.R. § 11.05(4). Id. The opt-out provision applicable to municipal aggregators replaces the authorization requirements included in the Department's regulations. Id.

A competitive supplier chosen by a municipal aggregator is not exempt from the other rules for electric competition. Id. To the extent that a municipal aggregation plan includes provisions that are not consistent with Department rules, the Department will review these provisions on a case-by-case basis. Id.

IV. ANALYSIS AND FINDINGS

A. Consistency with G.L. c. 164, § 134

1. Statutory Filing Requirements

General Laws c. 164, § 134, establishes several procedural and filing requirements for a municipal aggregation plan. First, a municipality must obtain the approval of local governing entities prior to initiating a process to develop an aggregation plan.

G.L. c. 164, § 134(a). The City provided meeting minutes demonstrating local approval through an affirmative vote of the City Council prior to initiating the process of aggregation (Petition at 1, Exhs. C (Committee Item 13); F (Committee Item 14)). Therefore, the Department concludes that Newburyport has satisfied the statutory requirement regarding local governmental approval.

Second, a municipality must consult with DOER in developing its municipal aggregation plan. G.L. c. 164, § 134. DOER submitted a letter to the Department confirming that the City completed its consultation (Letter from DOER to the City (September 25, 2015)). Therefore, the Department concludes that Newburyport has satisfied the statutory requirement regarding consultation with DOER.

Third, a municipality, after developing a plan in consultation with DOER, must allow for citizen review of the Plan. G.L. c. 164, § 134(a) is silent on the process a municipality must use to satisfy citizen review of a municipal aggregation plan. The Department requires municipalities to allow citizens sufficient opportunity to provide comments on a proposed plan prior to a municipality filing its petition with the Department for final review and approval. Cape Light Compact, D.P.U. 14-69, at 42 (May 1, 2015); Town of Ashby, D.P.U. 12-94, at 27 (2014). The City provided documentation demonstrating that municipal officials and its consultant presented the Plan at a public meeting of the City Council on June 8, 2015, at which citizens had the opportunity to comment on the Plan, made the Plan available at the City Clerk's office, and posted the draft municipal aggregation plan on the City's website (Petition at 2, Exh. F; Exh. DPU-1-1, Atts.). Therefore, the Department concludes that Newburyport has satisfied the statutory requirement regarding citizen review.

Finally, a municipal aggregation plan filed with the Department shall include:

(1) the organizational structure of the program, its operations, and its funding; (2) details on rate setting and other costs to its participants; (3) the method of entering and terminating agreements with other entities; (4) the rights and responsibilities of program participants; and

(5) the procedure for terminating the program. G.L. c. 164, § 134. After review of the Plan, the Department finds that the Plan includes a full and accurate description of each of these components (see Plan at 2-14).

Accordingly, the Department concludes that Newburyport has satisfied the statutory filing requirements.

2. Substantive Requirements

a. Introduction

Municipal aggregation plans must provide for universal access, reliability, and equitable treatment of all classes of customers. G.L. c. 164, § 134(a). In addition, municipalities must inform electric customers prior to their enrollment of their right to opt out of the program and disclose other pertinent information regarding the plan.⁷ Id.

b. Universal Access

The Department has stated that the universal access requirement is satisfied when a municipal aggregation program is available to all customers within the municipality. City of Lowell, D.P.U. 12-124, at 44-46 (2013); D.T.E. 06-102, at 19; Cape Light Compact, D.T.E. 00-47, at 24 (2000). Under the Plan, all eligible customers in the City will be transferred to the Program unless the customer previously contracted with a competitive supplier or affirmatively opts out of the Program (Plan at 9). New customers moving to the City will be placed on basic service and then will receive an opt-out notice, notifying the

⁷ The disclosures must prominently identify all rates under the plan, include the basic service rate, describe how to find a copy of the plan, and disclose that a customer may choose the basic service rate without penalty. G.L. c. 164, § 134(a).

customer that they will be automatically enrolled in the Program unless they opt out (Plan at 7). The Plan provides that customers may return to basic service at any time (Plan at 3, 8-9, 13). After review of the Plan, the Department concludes that the City has satisfied the statutory requirement of G.L. c. 164, § 134(a) regarding universal access.

See Town of Natick, D.P.U. 13-131, at 19-20 (2014); D.P.U. 12-124, at 45-46;

D.T.E. 06-102, at 20.

c. Reliability

A municipal aggregation plan must provide for reliability. G.L. c. 164, § 134(a). The ESA contains provisions that commit the competitive supplier to provide all-requirements power supply, to make all necessary arrangements for power supply, and to use proper standards of management and operations (Plan at 2-4; see Petition, Exh. G). The Plan describes an organizational structure that ensures the City has the technical expertise necessary to operate a municipal aggregation program (Plan at 2-5). After review of the Plan, the Department concludes that the City has satisfied the statutory requirement of G.L. c. 164, § 134(a) regarding reliability. See D.P.U. 14-69, at 45; D.P.U. 13-131, at 20; D.P.U. 12-124, at 46.

d. Equitable Treatment of All Customer Classes

The Department has stated that equitable treatment of all customer classes does not mean that all customer classes must be treated equally; rather, customer classes that are similarly situated must be treated equitably. D.P.U. 14-69, at 10-16, 45-47; D.T.E. 06-102, at 20. The Plan allows for varied pricing and terms and conditions among

different customer classes to account for the disparate characteristics of each customer class (Plan at 10-13).⁸ The Department finds that the City's plan to charge different prices to each customer class is consistent with the Department's requirements for a municipal aggregation plan. D.P.U. 13-131, at 22-25; D.P.U. 12-94, at 32; D.P.U. 12-124, at 47.

The Plan provides for the right of all customers to raise and resolve disputes with the competitive supplier, as well as with the Department (Plan at 14; see Petition, Exh. G). The Plan further provides all customers with the right to receive or otherwise have access to all required notices and the right to opt out of the Program (Plan at 3, 6-9, 13-14). After review of the Plan, the Department finds the City has satisfied the statutory requirement of G.L. c. 164, § 134(a) regarding equitable treatment.

e. Customer Education

General Laws c. 164, § 134(a), states that it is the "duty of the aggregated entity to fully inform participating ratepayers" that they will be automatically enrolled in the municipal aggregation program and that they have the right to opt out. It is critical that customers, including customers with limited English language proficiency, are informed and educated about a municipal aggregation plan and their right to opt out of the program, especially in light of the automatic enrollment provisions afforded to these plans. See D.T.E. 06-102, at 21. While the statute is silent regarding customer education after a customer is enrolled with the municipal aggregation, the Department expects the City will continue to provide customers

⁸ The Program's customer classes will be the same as National Grid's customer classes (Plan at 11; Petition, Exh. G (Att. A)).

with information regarding the ongoing operations of the Program. D.P.U. 14-69, at 48; Town of Dalton, D.P.U. 13-136, at 23 (2014). After review of the Plan, the Department finds that the City will inform customers of their right to opt out and provide other pertinent information about the Program, where appropriate in multiple languages, through newspapers, public and cable television, public meetings, electronic communication, a toll-free customer service line, and a direct mail component including the opt-out notification (Plan at 2, 6-8; Petition, Exhs. H at 2-5, J). The Department's Consumer Division has determined that the form and content of the revised opt-out notice filed on November 24, 2015, meet the Department's requirements. D.P.U. 13-131, at 26-27. The City must submit a copy of the initial opt-out notice to the Director of the Department's Consumer Division prior to the start of the 30-day opt-out period. After review, the Department concludes that the City has satisfied the statutory requirement of G.L. c. 164, § 134(a) regarding customer education.

B. Consistency with the Department's Rules and Regulations Regarding Information Disclosure

General Laws 164, § 134, requires that a municipal aggregation plan meet any requirements established by law or the Department concerning aggregated service. Newburyport has requested a waiver, on behalf of its competitive supplier, from the Department's information disclosure requirements included in G.L. c. 164, § 1(F)(6) and 220 C.M.R. § 11.06. As good cause for the waiver, the City states that the competitive supplier can provide this information more effectively and at a lower cost through alternate means, discussed above (Petition at 3-4). The Department finds that Newburyport's information disclosure strategy is similar to the strategies approved in previous municipal

aggregation docket, and that this alternate information disclosure strategy will allow the competitive supplier to provide the required information to its customers as effectively as quarterly mailings. See D.P.U. 13-131, at 29-31; Town of Greenfield, D.P.U. 13-183, at 27-29 (2014). Accordingly, pursuant to 220 C.M.R. § 11.08, the Department grants Newburyport's competitive supplier a waiver from 220 C.M.R. § 11.06(4)(c).⁹ Newburyport's competitive supplier will be required to adhere to all other applicable provisions of 220 C.M.R. § 11.06. After review of the Plan and subject to the conditions above, the Department finds that the Plan meets the requirements established by law and the Department concerning aggregated service. See D.P.U. 14-69, at 50.

V. OTHER REQUIREMENTS

The City is hereby directed to comply with all requirements for municipal aggregations as set forth by the Department. See D.P.U. 12-124, at 57-66 (prohibiting the practice of suspension); D.P.U. 13-131-A at 10 (treatment of customers that join a municipal aggregation program after initiation); D.P.U. 13-136, at 23 (provide ongoing customer information including changes in prices); D.P.U. 14-69, at 29-30 (requirements for revising a municipal aggregation plan); Town of Lanesborough, D.P.U. 11-27, at 24 (2011) (notice requirements to local distribution company). If the City proposes to offer an optional green power product, the City must file a revised municipal aggregation plan. See D.P.U. 12-124, at 52. The City is also hereby directed to submit an annual report to the Department on December 1st of each

⁹ This waiver is only for the Newburyport Program. The competitive supplier must continue to adhere to the applicable provisions of 220 C.M.R. § 11.06 for its other customers.

year. The annual report shall, at a minimum, provide: (1) a list of the Program's competitive suppliers over the past year; (2) the term of each ESA; (3) the aggregation's monthly enrollment statistics by customer class; (4) a brief description of any renewable energy supply options; and (5) a discussion and documentation regarding the implementation of the municipal aggregation's alternative information disclosure strategy in accordance with the Department's directive in Section V.B, above. The City's first annual report shall be filed on December 1, 2016.

Further, the Department notes that municipal aggregations may seek competitive supply rates that provide savings for participating electric customers compared to basic service rates. While the Department supports this goal, the Department notes that, due to changes in market conditions and differences in contract terms, a municipal aggregation cannot guarantee customers cost savings compared to basic service. See D.P.U. 12-124, at 57-66. Municipalities must fully inform customers about the plan, including the benefits and consequences of municipal aggregation. G.L. c. 164, § 134(a). Therefore, the City should clearly explain in its education materials that customers are not guaranteed cost savings compared to basic service.

VI. CONCLUSION

The Department finds that Newburyport has satisfied the requirements established in G.L. c. 164, § 134, including statutory filing requirements, substantive requirements, and requirements established by the Department concerning aggregated service, subject to the

An appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part. Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. G.L. c. 25, § 5.