



# The Commonwealth of Massachusetts

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## DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 17-07

July 21, 2017

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

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**APPEARANCES:**

James Avery, Esq.  
Pierce Atwood LLP  
100 Summer Street, Suite 2250  
Boston, Massachusetts 02110

FOR: COLONIAL POWER GROUP, INC. as agent for  
TOWN OF CARLISLE  
Petitioner

## I. INTRODUCTION AND PROCEDURAL HISTORY

On January 26, 2017, the Town of Carlisle (“Town” or “Carlisle”), through its agent Colonial Power Group, Inc. (“Colonial”), 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.<sup>1</sup> Under the Plan, Carlisle will establish a municipal aggregation program (“Program”) through which the Town will aggregate the load of electric customers located within its municipal borders in order to procure electric supply 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. 17-07.

On February 2, 2017, the Department issued a Notice of Public Hearing and Request for Comments (“Notice”).<sup>2</sup> On December 19, 2016, the Department conducted a public hearing.<sup>3</sup> NSTAR Electric Company d/b/a Eversource Energy (“NSTAR Electric”) filed comments on March 20, 2017.<sup>4</sup> On May 2, 2017, the Town filed responses to the

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<sup>1</sup> Colonial is the agent for Carlisle. Petition, Att. E.

<sup>2</sup> On January 26, 2017, Colonial filed a petition to intervene. The Department’s Notice did not seek petitions to intervene. In addition, as agent for the petitioner, Colonial need not intervene. For these reasons, the Department takes no action on Colonial’s petition.

<sup>3</sup> Pursuant to General Laws c. 164, § 134(a), the Department must hold a public hearing prior to final review and approval of a municipal aggregation plan.

<sup>4</sup> In its comments, NSTAR Electric takes no position as to whether the Department should approve or deny the Town’s Plan (NSTAR Electric Comments at 1). Instead, NSTAR Electric’s comments pertain to municipal aggregation programs generally and the effect of such programs on electricity markets and consumer prices in

Department's first set of information requests.<sup>5</sup> Also on May 16, 2017, the Town filed an updated Education Plan to address ongoing customer education, a revised Consumer Notification Form, and a revised Plan to address the treatment of new customers (Petition, Atts. B, H, J, (rev.)).<sup>6</sup>

## II. SUMMARY OF THE PROPOSED PLAN

The Town has retained Colonial as its agent as well as its consultant to assist in the design, implementation, and management of the Program (Plan at 3; Petition at 1, Atts. D, E). The Town and Colonial developed the Plan in consultation with the Department of Energy Resources ("DOER") and the electric distribution company serving Carlisle, NSTAR Electric (Letter from DOER to the Town (December 15, 2016)). Carlisle's Board of Selectmen and Town Administrator will be responsible for all Program decisions, including the selection of the competitive supplier(s), execution of contracts, and termination of the Program (Plan at 3, 6, 9).

Under the Plan, the Town will issue a request for proposals to solicit bids from competitive suppliers for firm, all-requirements electric power supply (Plan at 2; Petition, Att. G). The Town will offer a default product that will meet the required

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Massachusetts (NSTAR Electric Comments at 1). With the exception of certain comments regarding the transparency of pricing in customer education (see Section IV.A.2.e, below), NSTAR Electric's comments are beyond the scope of this proceeding and, therefore, the Department will not address them here.

<sup>5</sup> On its own motion, the Department moves Carlisle's response to information requests DPU-1-1 through DPU-1-5 into the evidentiary record in this proceeding.

<sup>6</sup> All references herein to the Plan refer to the revised Plan filed on May 16, 2017.

Massachusetts Renewable Portfolio Standard (“RPS”) obligation (Plan at 15). In addition, the Town will offer an optional product that contains additional Renewable Energy Certificates (“RECs”) above the minimum obligation from a variety of sources (Plan at 15). Prices, terms, and conditions for electric supply may differ among customer classes (Plan at 11).

After executing a contract for electric supply, the Town, through the competitive supplier, will begin the process of notifying eligible customers about Program initiation and customers’ ability to opt out of the Program (Plan at 2, 6-9; Petition, Att. J (rev.)). The Town will also notify customers of the availability of the optional product and the respective price difference (Petition, Att. H (rev.); Exh. DPU-1-2). The notification process 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 Carlisle Town Hall (Plan at 6-8; Petition, Att. H (rev.)). Those customers who do not opt out will be automatically enrolled in the Program (Plan at 6-9).

The competitive supplier will bear all expenses relating to the opt-out notice (Plan at 5; Petition, Att. G at 8). The Town will require the competitive supplier to include a return-addressed, postage-paid reply envelope with the opt-out notice so that consumers who sign the opt-out document can protect their signature from being exposed (Petition, Att. J (rev.)). Those customers who do not opt out will be automatically enrolled in the Program (Plan at 6-9).

Program participants will receive one bill from the distribution company, which will include the generation charge and the distribution company’s delivery charge (Plan at 11-12).

The Program's generation charge(s), which will be paid by Program participants, will include a \$0.001 per kilowatt hour ("kWh") administrative adder that will be used to compensate the Town's consultant for the development and implementation of the Program and ongoing services, including but not limited to, the issuance of subsequent requests for proposals for competitive supply, negotiation of future contracts, and customer service, education, and notification (Plan at 4-5, 11; Petition, Att. E).

The Town requests a waiver, on its behalf and on behalf of its competitive supplier, from the information disclosure requirements contained at 220 C.M.R. § 11.06. Such regulations require competitive suppliers to mail information disclosure labels directly to customers on a quarterly basis (Petition at 3-4).<sup>7</sup> As good cause for the waiver, the Town 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 Town Hall, and postings on the Town's and/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,

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<sup>7</sup> The disclosure label provides information regarding a competitive supplier's fuel sources, emission characteristics, and labor characteristics. 220 C.M.R. § 11.06.

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 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.

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. First, a municipal aggregator is not required to obtain a license as an electricity broker from the Department under 220 C.M.R. § 11.05(2) in order to proceed with an aggregation plan. City of Marlborough, D.T.E. 06-102, at 16 (2007). Second, a municipal aggregator is not required to obtain customer authorization to enroll customers in the program 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 other applicable Department regulations. Id. To the extent that a municipal aggregation plan includes provisions that are not consistent with Department regulations, 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. Procedural and Filing Requirements

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

G.L. c. 164, § 134(a).<sup>8</sup> The Town provided meeting minutes demonstrating local approval through an affirmative vote at Town Meeting prior to initiating the process of aggregation (Petition at 1, Atts. C at Art. 27, F). Therefore, the Department concludes that Carlisle 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 Town completed its consultation (Letter from DOER to Town (December 15, 2016)). Therefore, the Department concludes that Carlisle has satisfied the statutory requirement regarding consultation with DOER.

Third, a municipality, after development of a plan in consultation with DOER, must allow for citizen review of the plan. G.L. c. 164, § 134. General Laws c. 164, § 134(a) is silent on the process a municipality must use to satisfy citizen review of a municipal aggregation plan. The Department, however, requires municipalities to allow citizens sufficient opportunity to provide comments on a proposed plan prior to the municipality filing its plan with the Department. Cape Light Compact, D.P.U. 14-69, at 42 (2015); Town of Ashby, D.P.U. 12-94, at 27 (2014).

The Town provided documentation demonstrating that municipal officials and its consultant presented the Plan at a public meeting of the Board of Selectmen on

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<sup>8</sup> A town may initiate a process to aggregate electrical load upon authorization by a majority vote of town meeting or town council. A city may initiate a process to authorize aggregation by a majority vote of the city council, with the approval of the mayor or, where applicable, the city manager. G.L. c. 164, § 134(a).



September 13, 2016 (Petition, Att. F). In addition, Carlisle made the Plan available at the Town Clerk's office and posted it on the Town's website for approximately three weeks (Petition at 2, Att. F). Therefore, the Department concludes that Carlisle 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, the Department finds that the Plan includes each of these components (Plan at 2-14). Accordingly, the Department concludes that Carlisle has satisfied all statutory procedural and 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.<sup>9</sup> Id.

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<sup>9</sup> The municipal disclosures must: (1) prominently identify all rates under the plan; (2) provide the basic service rate; (3) describe how to access the basic service rate; and (4) disclose that a customer may choose the basic service rate without penalty. G.L. c. 164, § 134(a).

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 Town will be transferred to the Program unless the customer previously contracted with a competitive supplier or affirmatively opts out of the Program (Plan at 7, 13). New customers moving to the Town initially will be placed on basic service and then will receive an opt-out notice, informing the 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, the Department concludes that the Town has satisfied the requirements of G.L. c. 164, § 134(a) regarding universal access. 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 contract that the Town will enter into with the competitive supplier 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; Petition, Att. G). In addition, Carlisle will use the services of a consultant that is also a licensed electricity broker (overseen by the Board of Selectmen and Town Administrator) to ensure that the Town has the technical expertise necessary to operate a

municipal aggregation program (Plan at 2-5; Att. E). After review, the Department concludes that the Town has satisfied the requirements of G.L. c. 164, § 134(a) regarding reliability.

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

A municipal aggregation plan must provide for equitable treatment of all customer classes. G.L. c. 164, § 134(a). 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.

Here, the Plan allows for varied pricing, terms and conditions for different customer classes (Plan at 10-13).<sup>10</sup> This feature of the Plan's design appropriately takes into account the different characteristics of each customer class. D.P.U. 13-131, at 22-25; D.P.U. 12-94, at 32; D.P.U. 12-124, at 47. After review, the Department finds the Town has satisfied the requirements of G.L. c. 164, § 134(a) regarding equitable treatment of all customer classes.

e. Customer Education

General Laws c. 164, § 134(a), provides 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

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<sup>10</sup> The customer classes in the Program will be the same as NSTAR Electric's customer classes (Plan at 10-11; Petition, Att. G at exh. A).

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. D.T.E. 06-102, at 21.

Further, while the statute is silent regarding customer education after a customer is enrolled in the municipal aggregation program, the Department expects the Town will continue to provide customers 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).

The Town intends to 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 6-8; Petition, Atts. H (rev.) at 2-5, J (rev.)). The form and content of the revised opt-out notice filed by the Town on May 16, 2017 is consistent with the Department's requirement that opt-out notices be sent in clearly marked Town envelopes that state they contain information regarding customers' participation in the Program (Petition, Att. J (rev.)).

D.P.U. 13-131, at 26-27.<sup>11</sup>

The Department notes that municipal aggregations may seek competitive supply rates that provide savings for participating electric customers compared to basic service rates.

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<sup>11</sup> Prior to the start of the 30-day opt-out period, The Town must submit a copy of the final opt-out notice it intends to issue to the Director of the Department's Consumer Division for review and approval prior to issuance. The final opt-out notice shall also be filed in the instant docket, in a manner consistent with the Department's filing requirements. 220 C.M.R. § 1.02.

While the Department supports this goal, due to changes in market conditions and differences in contract terms, a municipal aggregation cannot guarantee customers cost savings compared to basic service. D.P.U. 12-124, at 61-66. Municipalities must fully inform customers about the plan, including the benefits and consequences of municipal aggregation. G.L. c. 164, § 134(a). Therefore, the Town must clearly explain in its education materials distributed prior to program implementation that customers are not guaranteed cost savings compared to basic service. The revised opt-out notice filed by the Town on May 16, 2017 contains language explaining in all instances where savings are referenced that such savings cannot be guaranteed (Petition, Att. J (rev.)).

Finally, the revised Education and Information Plan filed by the Town on May 16, 2017, includes ongoing customer information including changes in prices (Petition, Att. H (rev.)). After review, the Department concludes that the Town has satisfied the requirements of G.L. c. 164, § 134(a) regarding customer education.

**B. Waiver from Department 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. In this regard, Carlisle has requested a waiver, on behalf of itself and its competitive supplier, from the information disclosure requirements contained in 220 C.M.R. § 11.06(4)(c). The Department's regulations at 220 C.M.R. § 11.08 permit a waiver from these regulations for good cause shown. As good cause for the waiver, the Town maintains that the competitive

supplier can provide the same information more effectively and at a lower cost through alternate means (Petition at 3-4).

Carlisle's proposed information disclosure strategy is similar to the strategies approved by the Department in other municipal aggregation plan proceedings. See e.g., D.P.U. 13-131, at 29-31; Town of Greenfield, D.P.U. 13-183, at 27-29 (2014). The Department finds that Carlisle's proposed alternate information disclosure strategy will allow the competitive supplier to provide the required information to its customers as effectively as the quarterly mailings required under 220 C.M.R. § 11.06(4)(c). Accordingly, pursuant to 220 C.M.R. § 11.08, the Department grants the Town's request for a waiver from 220 C.M.R. § 11.06(4)(c) on behalf of itself and its competitive supplier.<sup>12</sup> Carlisle and its competitive supplier are required to adhere to all other applicable provisions of 220 C.M.R. § 11.06.

#### V. OTHER REQUIREMENTS

In addition to the requirements set forth in G.L. c. 164, § 134, as discussed above, the Town shall comply with all additional requirements for municipal aggregations as set forth by the Department. See e.g. D.P.U. 12-124, at 61-66 (prohibiting the practice of suspension); D.P.U. 13-131-A at 10 (program pricing for customers that join a municipal aggregation program after initiation); D.P.U. 14-69, at 29-30 (requirements for revising a municipal

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<sup>12</sup> This waiver is only for the Carlisle Program. The competitive supplier must continue to adhere to the applicable provisions of 220 C.M.R. § 11.06 for its other customers.

aggregation plan); Town of Lanesborough, D.P.U. 11-27, at 24 (2011) (notice requirements to local distribution company).

The Town shall submit an annual report to the Department by December 1<sup>st</sup> of each 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 energy supply agreement; (3) monthly enrollment statistics by customer class; (4) a brief description of any renewable energy supply options included in the Program; and (5) a detailed discussion (with all relevant documentation) addressing Town and competitive supplier compliance with the alternative information disclosure strategy approved in Section IV.B, above. The Town's first annual report shall be filed on or before December 1, 2017.

#### VI. CONCLUSION

Consistent with the discussion above, the Department finds that the Plan, as revised on May 16, 2017, satisfies all statutory filing requirements contained in G.L. c. 164, § 134. In addition, with the waiver from the information disclosure requirements contained in 220 C.M.R. § 11.06(4)(c) allowed above, the Department finds that the Plan (including the updated Education Plan and revised Consumer Notification Form filed on May 16, 2017) meets all substantive requirements established by law and the Department concerning aggregated service. Accordingly, the Department approves Carlisle's Plan.

#### VII. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the municipal aggregation plan filed by the Town of Carlisle as updated on May 16, 2017, is APPROVED; and it is



FURTHER ORDERED: That the Town of Carlisle shall comply with all other directives contained in this Order.

By Order of the Department,

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/s/  
Angela M. O'Connor, Chairman

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/s/  
Robert E. Hayden, Commissioner

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/s/  
Cecile M. Fraser, Commissioner

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.