



# Public Forum

Future of Natick's Electricity Aggregation

MASS  
POWERChoice

# Overview

This presentation provides background for an upcoming procurement for the Natick Electricity Aggregation Program. Since its launch in 2015, the program has had five electricity supply contracts. The current contract expires in July 2019.

To provide context for the upcoming procurement process, this presentation:

- Explains the aggregation program
- Highlights several of the benefits of the current Natick Electricity Aggregation Program
- Describes several key issues to be considered during that procurement

# What is Electricity Aggregation?

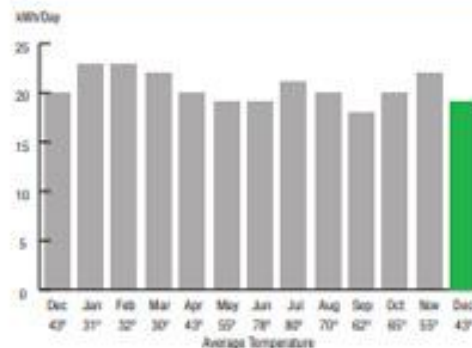
**EVERSOURCE**

Account Number: 0000 000 0000

Statement Date: 12/11/19

John J Customer  
123 Any St  
Any Town, MA 00000

## Electric Usage History - Kilowatt Hours (kWh)



## Electric Usage Summary

This month your average daily electric use was **20 kWh**

This month you used **9% less** than at the same time last year.



Total Amount Due by 12/29/19

**\$125.73**

Amount Due on 11/30/19	\$149.03
Last Payment Received 11/25/19	-\$149.03
Balance Forward	\$0.00
Total Current Charges	\$125.73

## Current Charges for Electricity

**Supply**  
**\$60.30**

Cost of electricity from Eversource

**Delivery**  
**\$65.40**

Cost to deliver electricity by Eversource



Your electric supplier is  
Eversource  
247 Station Drive  
Westwood, MA 02090

Should mention Public Power, if enrolled in Natick's electricity aggregation program as of 3/18/2019

# Current Electricity Supplier Options

## Natick Electricity Aggregation

### Natick Basic/Brown

11.299 ¢/kWh\*

*Opt-in*

Meets minimum state requirements for renewable energy (14% in 2019)

No penalty to opt out

### Standard Green

11.427 ¢/kWh\*

*Default*

5% additional renewable energy (19% in 2019)

No penalty to opt out

## Eversource

### Basic Service

13.588 ¢/kWh\*

*Opt-out default*

Meets minimum state requirements for renewable energy (14% in 2019)

No penalty to opt out

## Competitive Supplier

### Many Options

Prices vary\*

*Private contract*

Meets or exceeds minimum state requirements based on contract terms

Penalties may exist

*\*Prices as of 3/14/2019*

# Natick's aggregation serves the whole community

The Natick Electricity Aggregation Program currently serves nearly twice as many customers as Eversource's Basic Service and all competitive electricity suppliers combined.

	Aggregation		Eversource's Basic Service	Other Competitive Suppliers
	Standard Green	Natick Basic		
Residential accounts	9,712	21	1,754	3,032
Small business accounts	1,071	0	292	774
Large business accounts	10	0	3	89
• Total accounts	10,793	21	2,049	3,895
% of Customers	65%		12%	23%

# Natick's aggregation **can provide savings**

**History: losses in the first contract – savings in the next four contracts**

**January 2015 – January 2017: A sudden, unexpected market downturn - Losses**

Every aggregation price (and utility price) procured in the fall of 2014 was above the market by January 2015

**January 2017 – July 2018: Three short-term contracts - Modest, but guaranteed savings**

Difficult to reproduce because changes in utility policies mean Natick cannot know the 6-month utility price before executing a 6-month contract.

**July 2018 – July 2019: A longer term contract - Stable prices and increased savings**

Disclaimer: future savings cannot be guaranteed

# Natick's aggregation **protects consumers**

The aggregation provides a **consumer-friendly, town-vetted alternative** to the competitive supply offers that customers receive over the phone and through the mail.

According to the Massachusetts Attorney General, from 2015 to 2017 consumers served by competitive suppliers **lost an average of \$216 per year**.

This alternative is especially valuable for low income consumers, who make up about 6% of the residential consumers in Natick's aggregation.

According to the AG's report, low-income customers:

- are particularly vulnerable to competitive supply offers
- are twice as likely to be served by competitive suppliers as non-low-income customers
- pay 17% more on average.

# Natick's aggregation provides stable prices

By providing a longer-term fixed price, Natick's aggregation is protecting customers from Eversource's seasonal price swings while providing a price that is lower than the average Eversource Basic Service price over the course of the year. Price stability is a key benefit of aggregation.



Disclaimer: future savings cannot be guaranteed

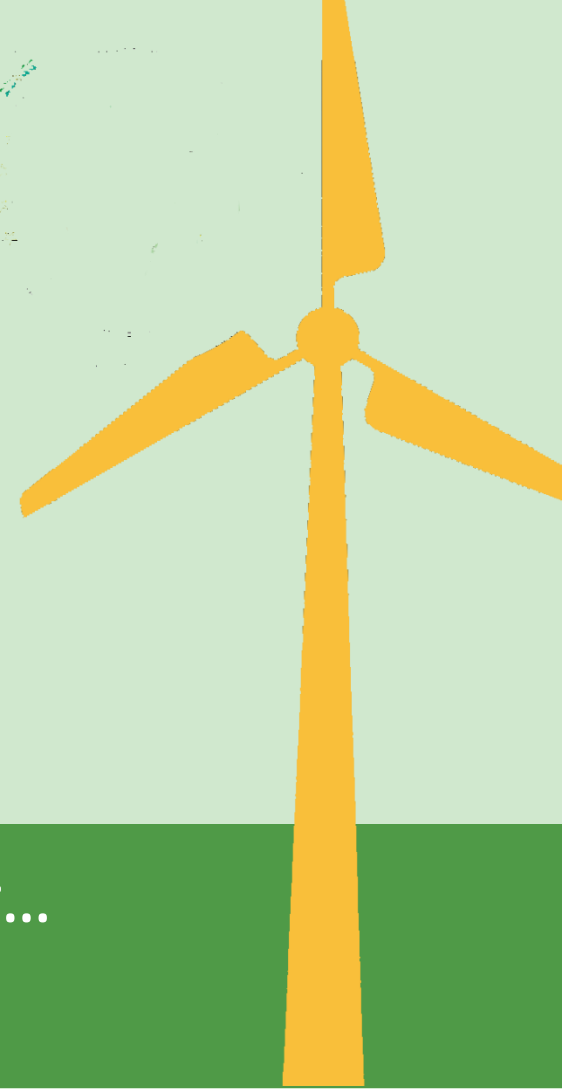


# Natick's aggregation is green(ish)

To-date, Natick's program avoided more than 33 million pounds of CO2

The clean energy provided through Natick's aggregation program is equivalent to the annual output of...

... more than 850 residential rooftop PV systems or...  
a 20-acre solar field



# Upcoming Procurement

## Timeline

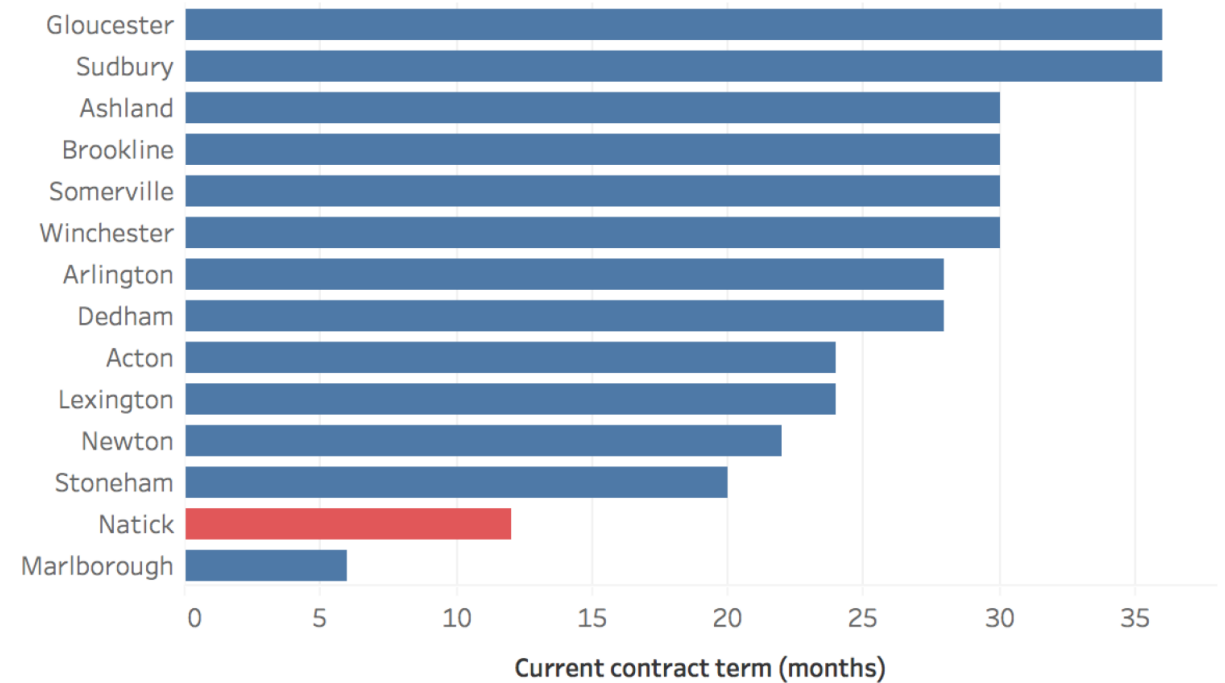
- March: issue request for indicative prices
- April 1: finalize allowable contract terms and grant Town Administrator authority to execute contract on bid day
- Mid April: bid date, potentially execute contract for winning bid

## Program Considerations

- Contract length
- Percentage of renewable content
- Long-term program options

# Consider a longer contract

- Natick's previous contracts have had terms of **6 months, 12 months, and 24 months**
- Communities with longer contracts are frequently able to deliver greater savings to residents\*
- Consultants recommend market testing several different contract terms as part of the indicative pricing round



\*Disclaimer: future savings cannot be guaranteed

# Consider adding a 100% Renewable Energy Option

## Natick Basic/Brown

*Opt-in*

Meets minimum state requirements for renewable energy (14% in 2019)

No penalty to opt out

## Standard Green

*Default*

Currently has 5% additional renewable energy (19% in 2019)

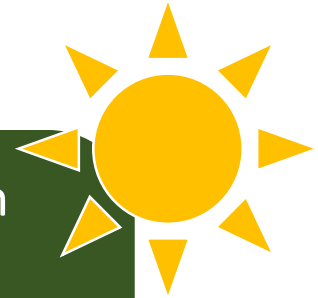
No penalty to opt out

## Super Green

*Opt-in*

100% renewable energy (14% required, plus additional 86% in 2019)

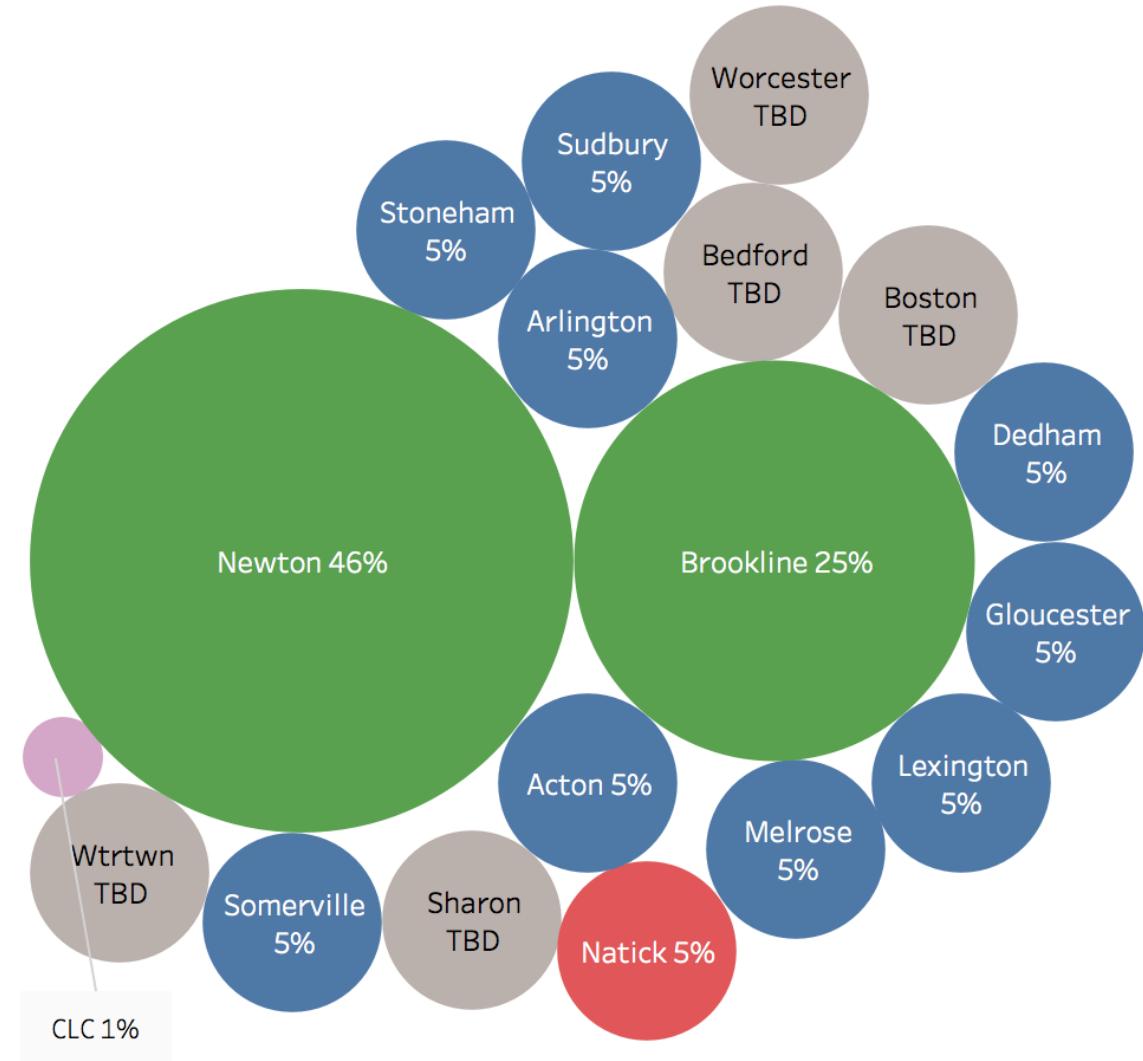
No penalty to opt out



# Consider increasing renewable content

Natick currently includes an **additional 5% renewable energy** above the state minimum as the default in Standard Green. 5% additional renewable energy is the amount selected by many communities.

Recently, some communities have added a greater amount of renewable energy in their default – for example, Newton and Brookline.

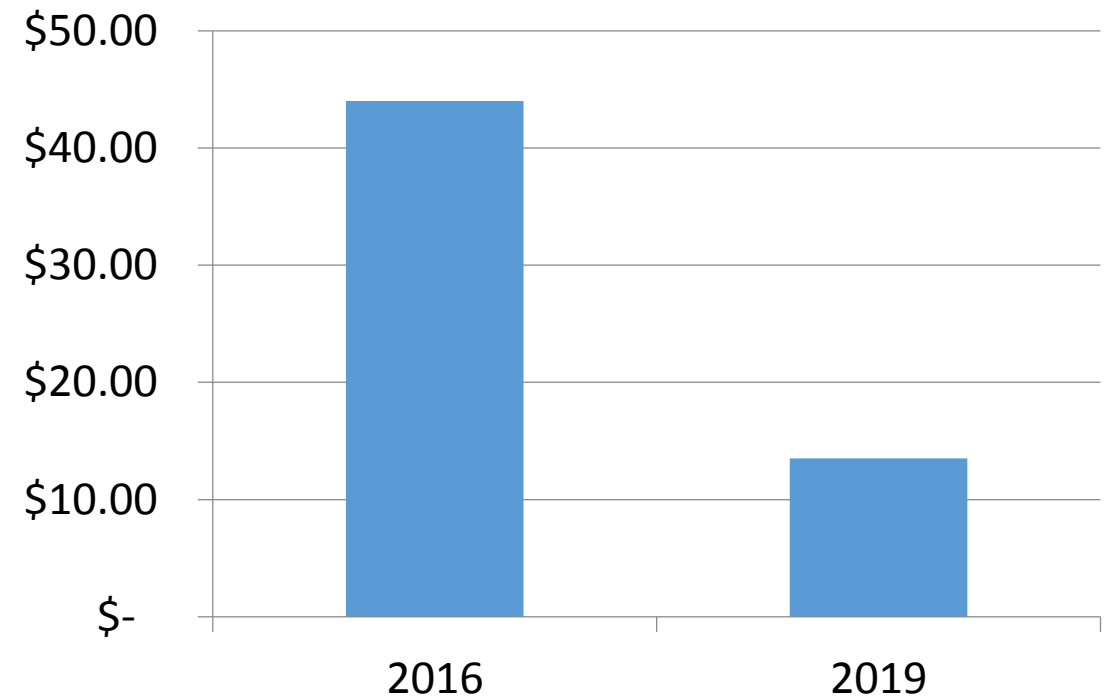


# Cost of renewable energy has fallen

The price of adding renewable energy content has fallen by more than 50% since 2016.

As such, the aggregation has the potential to double its renewable energy content without adversely impacting the price of the Standard Green product.

**Price of MA Class I Renewable Energy Certificates**



Disclaimer: future savings cannot be guaranteed

# Longer term strategies for increasing value

## Option 1: Implement an operational adder

Cambridge	\$0.002/kWh will be used to develop a new solar project in the City of Cambridge.
Nantucket	\$0.001/kWh is being used to provide incentives to residential solar projects on Nantucket

## Additional uses for an adder

**Worcester** plans to implement an adder in support of City energy efficiency programs. Other communities use the adder to support an energy manager.

# Longer term strategies for increasing value

## Option 2: Use aggregation data to target energy efficiency initiatives

An innovative, but untested concept

How it would work:

- Use aggregation data to identify buildings/accounts that are likely to be good fits for specific energy efficiency programs
- Partner with Eversource to target energy efficiency efforts and match targeted aggregation participants with appropriate utility programs.

**NOTE:** This would require Eversource's cooperation. Eversource has indicated a general willingness to work together, but has not yet committed to a specific approach.



# Next steps

- 1 Receive feedback from community on future program considerations
- 2 Receive indicative bids
- 3 Selectmen to determine path forward during April 1 public meeting
- 4 Procure new contract in mid April
- 5 Investigate longer-term strategies for increasing value