



## **Town of Natick**

### **Policy regarding Electricity Aggregation**

**Draft** March 10, 2020

This policy is promulgated by the Natick Select Board pursuant to the authority granted under Article 3, Section 3-2 of the Town Charter and Article 10 of the General By-laws of the Town of Natick.

The purpose of this policy is to establish reasonable standards for the implementation of the Town's Electricity Aggregation Program in support of the Town's goal of eliminating or offsetting all greenhouse gas emissions in Natick.

#### **1. Definitions**

- a. Additional Clean Electricity – Clean Electricity included in the Aggregation Program's Electricity Supply over and above the State Minimum.
- b. Aggregation Program - the grouping of electricity customers within the Town to facilitate or otherwise arrange the purchase and sale of electricity pursuant to M.G.L. c. 164, § 134 and as approved by the Massachusetts Department of Public Utilities in Town of Natick, D.P.U. 13-131 (2014).
- c. Board – the Natick Select Board.
- d. CES Resource - a generation unit or aggregation that has received a Clean Energy Standard (CES) statement of qualification or a Clean Energy Standard for Clean Existing Generation Units (CES-E) statement of qualification, from the Department of Environmental Protection (DEP), or that has received an RPS statement of qualification from the Department of Energy Resources (DOER).
- e. Clean Electricity – electricity with Generation Attributes from either a RPS Class I Resource or a CES Resource.
- f. Clean Electricity Schedule – a schedule for the amount of Additional Clean Electricity to be included in the Aggregation Program's Electricity Supply.
- g. Clean Energy Standard or CES – the standard established pursuant to 310 Code of Massachusetts Regulations (CMR) 7.75.
- h. Clean Energy Standard for Clean Existing Generation Units or CES-E – the standard established pursuant to 310 CMR 7.75 for Clean Existing Generation Units.

- i. Competitive Electric Service Agreement – the agreement entered into between the Town and a Competitive Supplier selected by the Town on behalf of the Aggregation Program.
- j. Competitive Supplier – an entity licensed by the Commonwealth of Massachusetts Department of Public Utilities (DPU) to sell electricity and related services to retail customers.
- k. Consultant - the Aggregation Program consultant engaged by the Town.
- l. Electricity Supply - electricity including capacity and ancillary services and GIS Certificates.
- m. Emitting Resource – an electricity generator that emits Greenhouse Gas in the generation of electricity.
- n. Generation Attribute - a non-price characteristic of the electrical energy output of a generation unit including, but not limited to, the unit's fuel type, emissions, vintage and eligibility for Renewable Energy or Clean Electricity programs.
- o. GIS Certificate - an electronic record produced by the New England Power Pool (NEPOOL) Geographic Information System (GIS) that identifies generation attributes of each MWh accounted for in the NEPOOL GIS.
- p. Greenhouse Gas - any chemical or physical substance that is emitted into the air and that will cause or contribute to climate change including, but not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.
- q. Net Zero Goal – the goal of eliminating or offsetting by 2050 all greenhouse gas emissions in Natick that originate from heating and cooling, electricity consumption, Natick-based transportation sectors, industrial processes, and gas leaks, as adopted as a non-binding resolution at the 2018 Fall Annual Town Meeting.
- r. Renewable Energy - energy from a source that is not depleted when used, such as wind, hydro or solar power.
- s. Renewable Portfolio Standard or RPS – the standard established pursuant to M.G.L. c. 25A, §§ 11F and 11F1/2.
- t. RPS Class I Resource – a generating unit that has received an RPS Class I statement of qualification from the Commonwealth of Massachusetts Department of Energy Resources (DOER).
- u. State Minimum - The minimum amount of Clean Electricity required by the RPS Class I, CES, and CES-E.
- v. Town – the Town of Natick.

## **2. Background regarding the Aggregation Program**

The Town has operated the Aggregation Program since 2015. Through the Program, the Town contracts with a Competitive Supplier to provide Electricity Supply to interested electricity customers in Natick. As required by M.G.L. c. 164, § 134, and as approved by the Massachusetts Department of Public Utilities in Town of Natick, D.P.U. 13-131 (2014), electricity customers in Natick are automatically enrolled in the Aggregation Program and may opt-out at any time, under no penalty. The Aggregation Program offers three options for electricity supply:

- Standard Green: the default Aggregation Program offering, which includes Additional Clean Electricity
- Basic Brown: an optional Aggregation Program offering, which does not include any Additional Clean Electricity
- 100% Green: an optional Aggregation Program offering, which includes 100% Additional Clean Electricity

Through the contract with the Competitive Supplier, the Town establishes both the price for the Electricity Supply and the percentage of that Electricity Supply that comes from Clean Electricity. The Town also establishes the term for which that price and percentage will be in effect.

The Town chooses a Competitive Supplier for the Aggregation Program through a competitive procurement process managed by the Consultant.

### **3. Background regarding Clean Electricity**

Electricity in New England is produced by a variety of generating sources. These sources include Emitting Resources, such as generators that burn natural gas, coal, or oil, and Clean Electricity Resources, such as wind and solar, which are Renewable Energy resources and which do not emit Greenhouse Gas.

Massachusetts has statutory and regulatory mandates requiring that the Electricity Supply sold to end-users in the state contain minimum percentages from certain types of resources:

- Renewable Portfolio Standard: Renewable Energy resources that became operational after December 31, 1997. These resources include wind, solar, and landfill gas.
- Clean Energy Standard: RPS Class I Resources and also certain other low- or zero-greenhouse-gas-emission resources that became operational on or after January 1, 2011. These resources include large scale hydroelectric generators.
- Clean Energy Standard for Clean Existing Generation:<sup>1</sup> large hydroelectric and nuclear generators that became operational before January 1, 2011.

In 2017, the Town began requiring the Aggregation Program to provide 5% Additional Clean Electricity over and above the State Minimum. In 2019, the Town increased its Additional Clean Electricity

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<sup>1</sup> As of February 3, 2020, the CES-Existing regulations have been issued in draft form, but have not been finalized.

requirement to 10%. To date, the Town's Additional Clean Electricity requirements have been fulfilled by RPS Class I Resources.

To-date, the Town has preferred using RPS Class I Resources to fulfill its Additional Clean Electricity requirements because their purchase results in the increased purchase of Renewable Energy with verifiable Greenhouse Gas emissions reductions over and above the state's mandates.

At the 2018 Fall Town Meeting, Natick adopted a non-binding resolution to pursue a Net Zero Goal: eliminating or offsetting all Greenhouse Gas emissions by 2050, including Greenhouse Gas emissions from electricity. The Aggregation Program provides the Town with a means to make significant progress toward this goal with regards to electricity, and residents have expressed an interest in increasing the Town's Additional Clean Electricity requirements to achieve 100% Clean Electricity.

#### **4. Clean Electricity for the Aggregation Program**

It is the policy of the Town that by 2030, the Aggregation Program's default option (Standard Green) should be supplied by 100% Clean Electricity, considering both the State Minimum and Additional Clean Electricity.

In order to create a gradual and predictable path to 100%, the Town will seek to increase the level of Additional Clean Electricity in the default option by 3% per year from 2021 to 2025 and 4% per year from 2026 to 2030, as set out in the following Clean Electricity Schedule.

##### **Clean Electricity Schedule**

<b>Year</b>	<b>State Minimum</b>	<b>Additional Clean Electricity</b>	<b>Total</b>
<b>2020</b>	35%	10%	45%
<b>2021</b>	37%	13%	50%
<b>2022</b>	39%	16%	55%
<b>2023</b>	41%	19%	60%
<b>2024</b>	43%	22%	65%
<b>2025</b>	45%	25%	70%
<b>2026</b>	47%	29%	76%
<b>2027</b>	49%	33%	82%
<b>2028</b>	51%	37%	88%
<b>2029</b>	53%	41%	94%
<b>2030</b>	55%	45%	100%

In implementing the Clean Electricity Schedule, the Board will consider affordability, market conditions, and changing regulatory requirements. The Board may accelerate or decelerate the acquisition of Additional Clean Electricity based on price impacts or environmental impacts, after consideration of

recommendations from the Consultant. The Board may also adjust the Clean Electricity Schedule to reflect changes in state minimum requirements.

In selecting Additional Clean Electricity, the Town will prioritize electricity from wind and solar projects located in New England. As of February 2020, projects that qualify as RPS Class I are consistent with these priorities. However, future statutory- and/or regulatory-mandated sources that generate low- or zero-greenhouse gas-emission resources may be used at the discretion of the Select Board.

## **5. Electricity Supply Procurement Process**

No later than six months before the end of any Competitive Electric Service Agreement, the Town will direct the Consultant to begin the process of conducting a procurement for a subsequent agreement. The Consultant will prepare a recommended list of approved bidders and obtain indicative prices for the Board's review.

The Board will review prices for at least the following contract terms: 12 months, 24 months, and 36 months, and such other terms as the Town's Consultant recommends.

After reviewing the recommended list of approved bidders and indicative prices, the Board will authorize the Consultant to solicit executable bids and to execute a Competitive Electric Service Agreement within parameters for price, term, and the percentage of Additional Clean Electricity set by the Board in consideration of the Clean Electricity Schedule. If time constraints in the procurement process are expected to prevent the Board from completing these tasks, the Board will authorize the Town Administrator to take such action upon its behalf.

### **NATICK SELECT BOARD**

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Michael J. Hickey, Chair

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Susan G. Salamoff, Vice Chair

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Jonathan H. Freedman, Clerk

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Karen Adelman-Foster

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Richard P. Jennett, Jr.

Adopted \_\_\_\_\_