

Memorandum



To: Natick Select Board
CC: James Errickson, Town Administrator
Jon Marshall, Deputy Town Administrator, Operations
From: Jillian Wilson Martin, Sustainability Director
Date: March 16, 2023

Subject: Authorizations Needed for Upcoming Aggregation Procurement

Natick's current electricity aggregation supply agreement with First Point Power terminates in December 2023. To continue the program, Natick will need to secure a new contract by or before September 30, 2023. In recent months, electricity pricing has fallen significantly, and the Town would like take advantage of the improved market and go out to bid for a replacement supply agreement this spring.

To support this procurement, we request a vote from the Select Board that:

1. Authorizes the Town Administrator to execute a competitive procurement and sign a contract on behalf of the Select Board,
2. Clarifies the maximum allowable contract length, and
3. Defines the amount of additional clean electricity Natick's default aggregation product will include (sourced from Class I Renewable Energy Certificates).

Guidance on each item is provided below. We look forward to answering any questions you have about this procurement.

Authorization of Town Administrator

As part of the procurement process, the Town works with Peregrine Energy, our aggregation consultant, to proactively work with qualified suppliers to confirm contract terms and request bids on a specific date. On bid day, suppliers submit bids in the morning; Town Administration reviews pricing with Peregrine; contracts must then be signed by 4 PM.

Given this timing, Town Administration seeks the Board's approval to execute a competitive procurement and sign a contract on behalf of the Select Board. This has been the practice of the Board since the first aggregation procurement in 2014.

Maximum allowable contract length

Contracts that are one-to-three years in length (or any combination of months in between) are typical of municipal electricity aggregations. Given the recent fall in electricity pricing, the Town seeks the greatest amount of flexibility from the Board in contract length, and may wish to pursue a longer contract this round to provide price stability and protection from future risks.

Amount of additional clean electricity

Natick's [Net Zero Action Plan](#) (page 21) calls for the Town to gradually increase the amount of additional clean electricity sourced from Class 1 renewables in the aggregation by 3% annually, such that the default level is 100% carbon-free by 2030 (with the total reflecting both Natick's contribution and the Commonwealth's accelerating clean energy requirements). This approach was followed by the Board in executing the past two supplier contracts. These efforts resulted in an increase in additional renewable content from 10% in 2020 to 19% in 2023. In following this practice, the total additional clean electricity in the new procurement would be 22% in 2024, 25% in 2025, etc. Customers can always opt out of the product that includes additional clean electricity with no penalty.

As a point of reference, other Massachusetts cities and towns are already sourcing more of their electricity from renewable content than proposed in Natick. Brookline, Newton, Lincoln, Sharon, Westborough, and Worcester require 20% - 62% additional renewable energy in their aggregation programs. Lexington recently switched to a 100% green option as their default, but that sources from national renewable projects (such as wind farms in the Midwest) that do not contribute to cleaning the New England power grid. Many others require at least 10% of additional renewable energy content in their standard offering.

The below map from the Green Energy Consumers Alliance 2022 report on municipal aggregations demonstrates how each city and town in the Commonwealth would be categorized in terms of Class I content (as of spring 2022).

