

## **Community Choice Aggregation Frequently Asked Questions**

### **What is green Community Choice Aggregation (CCA)?**

In 1997, the Commonwealth of Massachusetts enacted a public policy for Community Choice Aggregation (CCA) enabling cities and towns to aggregate the buying power of individual electricity customers. Among other benefits, such as price stability and the potential for lower electricity prices, CCA allows municipalities to pursue greener electricity for their citizens, i.e., electricity supply with a higher portion of renewable energy than what is required by the State's RPS). Through a "green CCA", Arlington can make a meaningful reduction in its greenhouse gas (GHG) emissions efficiently, affordably, and with the added benefit of public education that can bring better understanding about electricity bills, choices, and renewable energy.

### **Why should Arlington participate in green CCA?**

***A good fit for Arlington:*** Because more and more communities are showing interest in the idea of CCA, the Metropolitan Area Planning Council (MAPC) undertook a process to procure a CCA broker through an RFP process. Any community can opt to select this broker and forego the arduous task of procurement themselves. An Arlington representative sat on the selection committee of the MAPC process to assure that the broker chosen for green CCA would be good fit for Arlington's needs. A broker called Good Energy was chosen.

***Protecting our children's future:*** In a study of 11,994 climate study abstracts published between 1991 and 2011, **of those papers that took a position on manmade global warming (about 1/3 of them), 97%** concluded that climate change is real and caused by humans. The Earth is facing a climate crisis and, to avoid the worst impacts of this crisis, the burning of fossil fuel must be dramatically curtailed. Massachusetts has a mandate of reducing GHG emissions 80% by 2050 through its Global Warming Solutions Act (GWSA) of 2008, and in order to meet this mandate, cities and towns must act.

***Arlington's commitments:*** Arlington has shown an ongoing commitment to reducing its GHG emissions through projects spearheaded by its Energy Working Group—including LED streetlights, fuel-efficient vehicles for Town use, and solar panels on schools. Since 2010, the Town has been a designated Green Community under the State's Green Communities Act, and has recently achieved its goal of reducing municipal energy use by 20% over five years. The Town has also supported efforts of residents to install solar power on their homes via its participation in 2012 in the Solarize Massachusetts campaign. As the town looks to go further and continue to lead by example, a green CCA is a logical next step.

### **What are the benefits to Arlington? Will Arlington residents save money?**

#### ***Price stability and local control over energy costs:***

Arlington residents face growing uncertainty regarding Basic Service electricity supply rates, which

fluctuate every 6 months.<sup>1</sup> In recent years, the fluctuations have been drastic, due in no small part to New England's high reliance on natural gas. Arlington can take control of its energy rates through CCA. Working with a broker pre-selected by the Metropolitan Area Planning Council or MAPC (an Arlington representative sat on the selection committee), Arlington can choose a competitive rate for its ratepayers for a longer period of time, offering greater price stability. This means more predictable bills for Arlington residents.

In addition, because the Town would pursue competitive solicitations for electricity supply under a CCA, there are likely to be savings for residents over time vs. Eversource's Basic Service rates.

***Reducing emissions and compliance with state mandate:***

Shifting the sources of our electricity generation to include a greater share of renewable energy is a single, simple step that allows for an immediate and substantial decrease in GHG emissions, bringing Arlington closer in line with the Global Warming Solutions Act mandate.

***Protecting consumers with a trusted competitive source for electricity:***

The Massachusetts Restructuring Act of 1997 unbundled the electricity market and struck down the monopoly held by investor-owned utilities (IOUs, such as Eversource) to generate, transmit and sell electricity to all consumers. Although Eversource still manages transmission and distribution ("poles and wires") for Arlington, it no longer generates electricity and customers can choose a competitive electricity supplier (the electricity is still delivered by Eversource) or can stay with Eversource's Basic Service for electricity. Unfortunately, some competitive suppliers have employed deceptive and confusing marketing practices, including door to door marketing where they do not clearly distinguish themselves from Eversource and do not disclose hidden fees or contract terms.

But with CCA, a municipality such as Arlington must submit a detailed plan for review by the Department of Energy Resources, Attorney General, and Department of Public Utilities before it is allowed to contract with a competitive supplier. As part of the rollout of CCA, each resident will be provided clear education on the price, timeframe, and comparability to Eversource Basic Service rates. Each customer will have the opportunity to opt out of the CCA at no cost (and remain on Eversource Basic Service).

***Spending money on local renewable energy sources benefit Arlington's economy:***

In general, dollars spent on imported fossil fuels flow out of Massachusetts, and are no longer available to invest in our local economy. Investing in New England-based renewable energy projects, as we could do through CCA, keeps energy jobs and revenue in our state and our communities. From *Renewable Energy Standards Deliver Economic Benefits* by the Union of Concerned Scientists (May 2013):

**"Renewable energy development outperforms fossil fuels** in two important ways when it comes to driving job growth: 1) Renewable energy development is relatively labor intensive, so it creates more jobs per dollar invested than fossil fuel resources and 2) Installing renewable energy facilities uses primarily local workers, so investment dollars are kept in local communities."<sup>2</sup>

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<sup>1</sup> Most Arlington residents are on Eversource Basic Service rates, which change every six months.

<sup>2</sup> Source: [http://www.ucsusa.org/clean\\_energy/smart-energy-solutions/increase-renewables/renewable-energy-electricity-standards-economic-benefits.html#.VomanPGfFYc](http://www.ucsusa.org/clean_energy/smart-energy-solutions/increase-renewables/renewable-energy-electricity-standards-economic-benefits.html#.VomanPGfFYc)

**Can Arlington residents opt out of CCA?**

**Yes.** By law, the CCA program must include clear and easily executable steps allowing consumers to opt out with no penalty or other cost. In addition, the CCA plan must automatically exclude residents who have already chosen their own competitive supplier. Those residents will be instead offered the option to opt in to Arlington’s CCA program.

This allows Arlington consumers to choose to participate in something that makes a meaningful impact, and the Town to take minimal risk in pursuing the option for consumers.

**Would electricity bills still come from Eversource?**

Yes, residents’ electricity bills would continue to come from Eversource, but the chosen CCA supplier would appear in the Supplier section of the bill.

**How much would it cost? Will Arlington ratepayers save money?**

There would be no expenditure of money by the Town, or increase in taxes for residents.

Assisted by a broker chosen through a competitive process administered by the Metropolitan Area Planning Council, the Town would go out to bid for a rate for residents through the chosen CCA supplier, with the goal of being competitive with Eversource’s Basic Service rates over time and hopefully producing savings for Arlington ratepayers. The rate would not change for the length of the CCA contract, which can be determined by the Town as part of the selection process. In the Town of Dedham, which has undergone CCA, residential rates are locked in at \$.0969 cents/kWh until December, 2017. Compare that to Eversource’s previous rate of \$.1050 and current rate of \$.10804. Although there is no way to predict how Dedham’s rates will compare to Eversource’s rates when they change in July 2016, it is likely that savings will continue.

<b>Rate</b>	<b>Cost</b>	<b>Applicable Timeframe</b>
Eversource Basic Service – current	.10804 per kWh	January 1 - June 30, 2016
Eversource Basic Service – Previous	.1050 per kWh	July 1 – December 31, 2015
Town of Dedham residential rate acquired through CCA	.969 per kWh	January 1, 2016 – December 31, 2017

**Would additional renewable energy content make CCA more expensive than Eversource’s Basic Service?**

It is very unlikely. In Dedham, the rate of .09616 cents/kwh includes an additional 5% Class I renewable energy content. The additional 5% accounts for about \$14 per year of the total cost for each resident. But the rate, including the additional 5% renewable energy, is still competitive, and will likely produce

savings over time when compared with Eversource rates (see table above this question). This is because the CCA process uses competitive solicitations to lower electricity procurement costs. Savings from this process are expected to be more than able to pay for the additional renewable energy content without raising overall rates compared to Basic Service.

We also envision that the chosen CCA supplier would offer one or more optional rates with even higher amounts of renewable energy for those residents wanting to procure higher levels of renewable energy.

### **Has anyone else done this?**

79 Massachusetts' cities and towns have already implemented CCA plans, and more are in the process of passing CCA plans with the goal of reducing GHG emissions by increasing renewable energy content by at least 5% over what is required by the RPS, including Lexington, Somerville, and Cambridge. Three towns began CCAs in January, 2016 - the City of Melrose, City of Salem and Town of Dedham.

### **In Summary**

Overall, CCA is an effective way for communities to receive competitive electricity rates for residents, protect consumers from questionable practices by competitive electricity suppliers, and, with an increase in Class I renewable energy content over Eversource's current Basic Service, make a large impact on new renewable energy development in the state and region.