



# Greening Our Grid through Municipal Aggregation

## What is Municipal Aggregation?

In a municipal aggregation program, a city or town contracts with an electricity supplier on behalf of residents and businesses who have not already selected a competitive supplier. Most residents and businesses currently get electricity supply, referred to as basic service, from their electric utility (e.g., National Grid or Eversource). Under state law, however, electric utility customers can choose an electricity supplier other than their utility, and the utility will continue to deliver the electricity, maintain poles and wires, and provide other customer services. Customers still receive a single electricity bill.

Municipal aggregation is allowed by MGL c.164 §134 in Massachusetts. To begin an aggregation program, a City Council or Town Meeting first authorizes it, and then the community develops an aggregation plan. The Department of Public Utilities must approve the plan; then the municipality can contract for an electricity supply. Anyone that currently gets basic service electricity supply will be automatically switched to the new supply. These customers are offered the chance to opt out before the program starts, and can also opt out anytime during the program without a penalty. A consultant typically manages implementing the program and is paid by a fee included in the electricity rate.

## Standard Benefits & Risks

The goals of most municipal aggregations in the state have been to 1) achieve savings compared to basic service and 2) provide more price stability than basic service.

Savings can be achieved by combining the large-scale buying power of the aggregation with the ability to contract when prices are low. The utilities are required to contract for supply at specific times twice a year, so they cannot necessarily take advantage of good prices or avoid high prices. Nevertheless, there is a risk: aggregations cannot guarantee savings

compared to basic service. The aggregation can, however, guarantee a more stable price than basic service. Aggregations typically contract for one to three years, whereas the utilities can only contract for six-month intervals for basic service.

A third goal of aggregation for some in Massachusetts is to purchase more renewable energy. However, traditionally, these programs were unlikely to impact whether new renewable sources were built.

## The Bright Idea: Building Renewable Energy

MAPC began a search for a more impactful strategy. Could we harness the buying power of an aggregation program not only to purchase more renewable energy, but also to help build new renewable sources, and do it here within our New England electric grid?

This shift required a new approach to renewable energy purchasing within an aggregation program. Rather than finding the cheapest source of renewable energy regardless of where it is located, we looked for an approach that would help build new renewable energy locally while retaining the other benefits of municipal aggregation.

**The answer we found? An approach that exceeds the state's renewable requirements and buys from new projects that are built in our own region.**

The state currently requires that a minimum percentage of new renewable energy is included in our electricity supply, and the requirement increases by 1% each year. This requirement has helped fuel the growth of renewables in Massachusetts and the region. Eligible renewable energy comes from new projects such as wind, solar, and small hydro, among others, located primarily in New England.

These new, local renewable energy sources do cost more than the other renewables often used in aggregations. An aggregation program that includes an additional 5% of new, local renewable

The MAPC strategy effectively increases the state's minimum requirement for new renewable energy, helping to build even more renewable generation in our region.

## Melrose: How Community Choice Aggregation Works



energy costs roughly the same as 100% renewable energy from Texas wind power or older Maine hydro does, for example. Across an entire aggregation, the additional 5% amounts to a massive extra purchase by the community and helps them meet the state's renewable energy goals five years earlier. When multiple communities take this action, the result is compounded and can be substantial enough to have a true impact on the renewable energy market. **The MAPC strategy effectively increases the state's minimum requirement for new renewable energy, helping to build even more renewable generation in our region than would have been built otherwise.**

### Melrose Pilot Program

The City of Melrose teamed with MAPC to pioneer this approach to municipal aggregation in 2016, partnering with the consultant, Good Energy, and entering into a one-year supply contract. The aggregation automatically enrolled all basic service customers in **Melrose Local Green**, unless they opted out. Melrose Local Green includes 5% more new, local renewable energy than required by state law. The City also offered two optional rates:

- **Melrose Premium Green**—100% new, local renewable energy
- **Melrose Basic**—Only the minimum renewable energy required by the state

After a year of operation, the pilot showed great results:

- 99% of 8,577 households in the program stayed with the Melrose Local Green

- Residents saved a total of \$200,000 compared to basic service
- The additional renewable energy purchased by Melrose is the equivalent of adding a new, local 1-MW wind turbine.

### Expanding Impact with Community Electricity Aggregation *PLUS*

Melrose's one-year pilot demonstrated that a municipal aggregation can achieve both cost savings and help drive new renewable energy in our region. Dedham quickly followed Melrose's lead and implemented a similar program. To help continue the expansion, MAPC developed a program called Community Electricity Aggregation *PLUS* to help other municipalities implement the same bright idea.

MAPC held a competitive selection process for a municipal aggregation consultant who is now eligible to work with any MAPC-member community. The City of Somerville and Towns of Arlington and Sudbury participated in the selection process, choosing Good Energy. Eight communities in total—Arlington, Brookline, Gloucester, Hamilton, Millis, Somerville, Sudbury, and Winchester—are now enrolled in MAPC's new program and are in the process of developing their own aggregations. Brookline is increasing their percentage of new renewables to 25% above the state requirement. **The collective impact of these new communities could result in 17 new, local 1-MW wind turbines.**

Contact MAPC's Clean Energy Department at [cleanenergy@mapc.org](mailto:cleanenergy@mapc.org) to learn more!



If you are interested in participating in or learning more about MAPC's Community Electricity Aggregation *PLUS* program, contact: Patrick Roche, [PROche@mapc.org](mailto:PROche@mapc.org), MAPC Clean Energy Department (617) 933-0700. [www.MAPC.org/clean-energy](http://www.MAPC.org/clean-energy)