



Town of Salem introduction to Community Choice Aggregation

April 2024

Community Choice Aggregation



- Energy consulting company headquartered in Marlborough, MA
- Specializing solely in Community Choice Aggregation (CCA) in New England
- Currently manages ~90 CCA Programs in MA, with >500,000 participating consumers
- Provides comprehensive, turnkey service, leading client communities through the entire CCA program process:
 - Design: all phases of Program creation
 - Communications: consumer information and outreach
 - Regulatory: PUC approval and compliance
 - Implementation: get CCA Program up-and-running
 - Management: day-to-day operations of CCA Program

- Energy Advisory founded in 2006 with headquarters in Auburn, NH
- Our Mission is to be our clients' respected Energy Advisor providing the most effective energy supply management and renewable solutions in support of their unique business goals and sustainability objectives.
- Specialized Energy & Sustainability Municipal Program Team
- Freedom currently serves >50 municipals throughout New England

"CPG" and "FEL" are currently working with several NH communities to develop CCA plans including Hampton, Hancock, Greenland, Londonderry, Lincoln, Merrimack, North Hampton, and Ossipee.



What is a Community Choice Aggregation Program?

- A CCA Program is an optional buying group organized by a municipality to benefit electric consumers in the community.
- The Program enters into electricity supply contracts for all “Eligible Consumers”
- Eligible Consumers are residential and business consumers currently receiving default service from their utility (Liberty).
- Eligible Consumers are automatically enrolled, unless they opt-out.
- Consumers currently under contract directly with third-party suppliers will not be enrolled in the program. Option to opt-in later, if they wish.



Benefits of Community Choice Aggregation

➤ **Choice:**

- No longer “stuck” with utility default rates
- Valuable alternative to third-party supply

➤ **Leverage:** Community buying power; larger buying group attracts robust participation from leading suppliers

➤ **Price Stability:** Ability to secure long-term rates and avoid market price volatility

➤ **Optionality:**

- Opt-out anytime without penalty
- Opt-in at a later time

➤ **Public Oversight:** Electricity supplier and consultant accountable to town officials

➤ **Local Control:** Operate program based on community priorities and preferences

➤ **Product Options:**

- Define a standard product
- Offer one or more other opt-in products, e.g., greater renewable power content
- Program offerings may change over time as new market opportunities develop

➤ **Self-funded:**

- No burden on municipal staff or local budgets
- No costs imposed on non-participating consumers
- Program administration outsourced to town consultant



CCA Overcomes Shortcomings of Electric Market Choice

- **Predatory Business Practices:** Specific targeting of vulnerable consumer segments and customer inattention.
- **Predatory Contract Terms:** Beneficial rate at start converts to a much higher 'market-based' rate after initial term expires.
- **Limited Purchasing Power:** Difficult to profitably serve individual residential consumers absent imposing outsized margins.
- **Presents an Additional Market Option:** Program will not interfere with consumers who prefer to shop for themselves.



Important Elements

➤ **Choice** – Consumers may:

- opt-out of the Program and continue receiving default service from Liberty
- leave subsequent to launch without penalty
- opt into the Program after initial launch

➤ **Who keeps my lights on?** Liberty will continue to be responsible for maintaining service to your home; if you lose power, you still contact Liberty

➤ **Billing** – You will continue to receive a single bill from Liberty; the only change is a separate line item for Program supply replacing Liberty default service

➤ **Customer Service – who do I contact?**

- **Liberty**: power outage, metering, billing, payments, start/stop service
- **Program supplier or consultant**: issues regarding opting in or opting out

➤ **Utility Services** – Utility services unaffected (budget billing, electronic payment, payment arrangements, energy assistance, energy efficiency programs)

➤ **Are Savings Guaranteed?** The goal is to deliver savings over the life of the Program compared to Liberty default service. However, such savings and future savings cannot be guaranteed



Net Metered Consumers

- Net metered consumers may participate in the Program on an **opt-in basis**
- Net metered consumers may be unable to benefit by enrolling in the program
 - **Consider opt-in:** if kWh consumption consistently > kWh generation
 - **Don't opt-in:** if kWh generation > kWh consumption
- Currently active discussions amongst regulators, utilities, and aggregation advocates to try to facilitate participation for net metered consumers (work-in-progress).

Staying Informed

- Dedicated Program website:
 - Program details and reference material;
 - Customer service number
- Town website and social media
- Community meetings



Plan Development and Approval Process

- Town Council votes to form an Electric Aggregation Committee (“EAC”) (Apr 2024)
- FEL/CPG prepare CCA Program Plan (“Plan”) in coordination with EAC and pursuant to statute and rules of the Public Utilities Commission (“PUC”) (May 2024)
- Continuing process, either Path A or Path B, as decided by Town Council:

PATH A

- EAC holds 2 public hearings to receive comments on Plan (Oct/Nov 2024)
- Town Council approves Plan and warrant article (Dec 2024)
- Residents vote to adopt Plan at Town Meeting (Mar 2025)
- Plan filed with PUC for review & approval (Mar/Apr 2025)
- PUC approves Plan (May/June 2025)
- Program launch (Q3 2025, or later if market conditions warrant)

PATH B

- EAC holds 2 public hearings to receive comments on Plan (June/July 2024)
- Town Council approves Plan (Aug 2024)
- Plan filed with PUC for review & approval (Aug 2024)
- PUC approves Plan (Oct 2024)
- Program launch (Q1 2025, or later if market conditions warrant)



Key Considerations

- Over 18 years successfully designing and managing CCA programs.
- Turnkey services – No drain on local resources
- Walmart Effect?
- Keeping decision making local
- Administrative and overhead costs
- Risk management
- Active regulatory and legislative engagement



Questions?

Stuart Ormsbee

Vice President, Power Supply Strategies

Colonial Power Group

Phone: (508) 769-0880

Email: sormsbee@colonialpowergroup.com

Bart Fromuth

Chief Executive Officer

Freedom Energy Logistics

Phone: (877) 292-4232

Email: bart.fromuth@felpower.com