

# CAPE LIGHT COMPACT AGGREGATION PLAN

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# FOREWORD

On August 27, 2013, the Cape Light Compact (“Compact”) was asked by the Department of Public Utilities (“DPU”) to review its Aggregation Plan to determine whether the Compact should file a revised plan to reflect current structure and operations, consider removing obsolete references and to comply with any applicable laws, regulations and DPU precedent as well as the forthcoming decision in DPU 12-124 (Lowell Aggregation Plan). (The Lowell decision was subsequently issued on November 27, 2013.)

The Compact’s Aggregation Plan was prepared in 1999 and approved by the DPU in 2001. It was drafted to reflect the requirements of state law at the time it was submitted for approval to the DPU. The Compact’s structure and purposes also are set forth in detail in the Inter-Governmental Agreement, executed by all participating Compact member towns and counties (“Members”). The Inter-Governmental Agreement was originally adopted by the Compact members in 1998 and is the document that has guided the Compact after its initial implementation of universal generation service on an opt-out basis. The Inter-Governmental Agreement is reviewed by the Compact Board on a regular basis, and was most recently updated in September 2012. The Compact complies with all relevant statutory provisions as they may be amended from time to time by the Massachusetts Legislature.

It was not the Compact’s objective to continually update the Aggregation Plan as it was viewed as an initial requirement for becoming a municipal aggregator. Going forward and in accordance with DPU 12-124, the Compact will update its Aggregation Plan should it seek to materially deviate from the approved plan or if changes in the law, regulations, the competitive supply market or other circumstances result in the approved plan no longer accurately describing the primary operations of the Compact’s aggregation. The Compact and its Members also may make other updates to the Inter-Governmental Agreement.

The following updates to the Plan incorporate a broad overview of current operations and practices, but also leave intact sections of the Aggregation Plan that are important for historical context. We hope that the Cape and Vineyard community appreciate the compilation of past and present Compact activities, and encourage all interested persons to read the Inter-Governmental Agreement for a more up-to-date reflection of the Compact’s organizational structure and practices as it undertakes not only aggregated power supply and the provision of energy efficiency services but also other activities as an intergovernmental compact between the twenty-one Cape and Vineyard towns and their two counties.

Sincerely,

Joyce Flynn  
Chair  
March 2014

# Purpose of the Aggregation Plan

The Cape Light Compact (the “Compact”) developed this Aggregation Plan in compliance with Massachusetts law regarding public aggregation of electric consumers. It contains required information on the structure, operations, services, funding, and policies of the Compact. The Aggregation Plan has been developed in consultation with the then Massachusetts Division of Energy Resources, now the Department of Energy Resources (hereafter “DOER”).

The Compact is a cooperative effort of 21 Cape Cod and Martha’s Vineyard towns and Barnstable and Dukes counties. The Compact was formed in 1997 following two years of study and town meetings and town council votes. Its purpose, among other things, is to represent consumer interests in the competitive markets for electricity. It seeks to aggregate all consumers to negotiate the best terms and conditions for electricity supply and pricing and to advance consumer protection for the residents and businesses of Cape Cod and the Vineyard. It brings together the buying power of up to 202,000 customers (as of the date of this revised plan in March, 2014). Participation is voluntary for the towns and for each individual consumer. Any individual has the opportunity to decline service provided through the Compact and choose any electric supplier they wish.

The Compact provides:

- 1) an option to join together for purchase of power supply at the best terms and conditions and the most competitive market rates available;
- 2) the recovery of funds collected from Cape and Vineyard consumers by the Local Distribution Company on behalf of the Compact each year for energy efficiency and application of those funds in approved energy efficiency and conservation programs; and
- 3) an opportunity for professional representation at the state level and in negotiations with the Local Distribution Company with respect to changes in the electric industry.

The Compact distributed this plan for public review prior to submitting it to the Department of Public Utilities (hereafter “DPU”).

Member towns:

(Barnstable County):

Barnstable	Harwich
Bourne	Mashpee
Brewster	Orleans
Chatham	Provincetown
Dennis	Sandwich
Eastham	Truro
Falmouth	Wellfleet
	Yarmouth

(Dukes County):

Aquinnah
Chilmark
Edgartown
Oak Bluffs
Tisbury
West Tisbury

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# REQUIREMENTS FOR MUNICIPAL AGGREGATION

General Law c. 164, §134 (part of the Massachusetts Electric Industry Restructuring Act) contains several requirements for municipal aggregators. One requirement is to develop an Aggregation Plan in consultation with the DOER. The Aggregation Plan is subject to review by citizens in the participating towns and approval by the DPU. The Compact's Aggregation Plan went through this process in 1999 and received DPU approval in D.T.E. 00-47 (2001). Under the law [G.L. c. 164, section 134], there are fourteen requirements to be described in the Aggregation Plan.

## **1.0 THE PROCESS OF AGGREGATION**

The process of municipal aggregation for the Compact involved a multi-step public process that the Compact originally undertook from 1998 to 2001:

- 1.1 Vote of town meeting
- 1.2 Vote of selectmen, town council, or county commissioners
- 1.3 Town/county representative participates on Compact Governing Board
- 1.4 Planning process/development of policy including Aggregation Plan, RFPs, contracts
- 1.5 Development and release of Request for Proposals
- 1.6 Review of Aggregation Plan by citizens
- 1.7 Power supply contract to selectmen/town council for acceptance vote, conditioned on DPU approval and final signing
- 1.8 Power supply contract and Aggregation Plan submitted to DPU for approval
- 1.9 Final signing by each participating town
- 1.10 Notification of consumers of automatic enrollment
- 1.11 Administrative transfer of customers to Compact supplier(s)
- 1.12 180-day opt-out period begins on first day of service
- 1.13 File contract and report with state (DPU, DOER, Inspector General) within 15 days of signing contract

In addition to this process, as a public entity the Compact must comply with open meeting laws, ethical rules, and certain public bidding and information requirements.

## **2.0 THE ORGANIZATIONAL STRUCTURE AND OPERATIONS OF THE COMPACT PROGRAM**

The Compact is organized in accordance with state law. It is an intergovernmental organization authorized by votes of town meeting, boards of selectmen, town council, and county commissioners. It consists of 21 towns and Barnstable and Dukes counties. Its articles of organization comprise a formal Inter-Governmental Agreement signed by each participating town or county member. Membership provides voting rights and inclusion for planning,

analysis, and participation in Compact programs. The organization relies on the existing structure of local and county government and agreements between government agencies.

The Compact Governing Board is made up of one representative appointed by each of the member municipalities and the two counties, as well as an alternate representative that each member and county may appoint. The Compact Governing Board is responsible for establishment of the policies and development of the Compact, except with respect to those powers reserved to the member municipalities of the Compact by law or the Inter-Governmental Agreement.

At its first meeting following the end of each calendar year, the Compact Governing Board elects a chairman, vice chairman, treasurer, and secretary, and such other officers as the Governing Board may determine. The term of office is one year and until respective successors are elected and qualified.

The Compact Governing Board and its officers are responsive and responsible to consumers and the Boards of Selectmen and Town Manager/ Town Council at whose pleasure they serve. The operational role of the Compact in relation to consumers and Boards of Selectmen and Town Council is outlined and described in the following pages.

There are six operational levels to the Compact as indicated in the chart below. The function of each level is described in section 2.1 following the chart.

# CAPE LIGHT COMPACT

## Operational Outline

<p style="text-align: center;"><b>Consumers</b></p> <ul style="list-style-type: none"><li>▪ Voting power (town meeting and elections)</li></ul> <p style="text-align: center;"><b>Level 1</b></p>
<p style="text-align: center;"><b>Board of Selectmen and/or Town Manager</b></p> <ul style="list-style-type: none"><li>▪ Decisions on contracts for municipal electric accounts</li><li>▪ Instructions to representative</li></ul> <p style="text-align: center;"><b>Level 2</b></p>
<p style="text-align: center;"><b>Compact Governing Board</b></p> <ul style="list-style-type: none"><li>▪ Policy and program decisions</li><li>▪ Recommendations on contracts</li><li>▪ Oversight for technical and legal support</li></ul> <p style="text-align: center;"><b>Level 3</b></p>
<p style="text-align: center;"><b>Barnstable County</b></p> <ul style="list-style-type: none"><li>▪ Fiscal and administrative agent</li><li>▪ Administrative support and coordination</li><li>▪ Communications</li></ul> <p style="text-align: center;"><b>Level 4</b></p>
<p style="text-align: center;"><b>Service Suppliers</b></p> <ul style="list-style-type: none"><li>▪ Service delivery</li></ul> <p style="text-align: center;"><b>Level 5</b></p>
<p style="text-align: center;"><b>Consumers</b></p> <ul style="list-style-type: none"><li>▪ Buying Power</li></ul> <p style="text-align: center;"><b>Level 6</b></p>

## **2.1 Description of Operational Levels**

### **Level One: Consumers**

Consumers hold the ultimate authority over the Compact and its functions. They can make determinations on local authority, policy, and programs at town meetings. They can elect candidates for Boards of Selectmen or Town Council who may take positions regarding the Compact. They can express their views to their local Compact representative. They can participate in local and regional meetings and hearings regarding issues related to the Compact and they can attend Compact meetings to express their views. (Also see Consumer buying power at Level Six below.)

### **Level Two: Board of Selectmen and/or Town Manager**

Based upon their existing authority, or authority provided by voters at town meetings, the Board of Selectmen and Town Manager may act through their appointed Board members on program and policy issues and contract recommendations; Selectmen and/or Town Managers also approve contracts for municipal electric accounts negotiated by the Compact. In addition, they may provide instructions to their representative on the Compact Governing Board regarding specific policy or program decisions to be made by the Compact. They may also raise issues directed to them by consumers for the Compact to address.

### **Level Three: Compact Governing Board**

The Compact Governing Board carries out the collective decisions and instructions of the towns and consumers. Every member town that signed the Inter-Governmental Agreement has a representative on the Compact Board. Policy and program decisions are made on a one-town-one-vote basis. However, issues with financial implications for the towns are made on the basis of a weighted vote. A weighted voting process also allows separate determinations by Barnstable County and Dukes County towns. The Compact's subcommittees focus on particular issues and bring policy decisions back to the Governing Board. The Governing Board determines recommendations to be made to the Boards of Selectmen and Town Council and to the two Counties. (The list of current representatives is available on the Compact's website at [www.capelightcompact.org](http://www.capelightcompact.org).)

### **Level Four: Barnstable County**

As the fiscal agent for the Compact, Barnstable County provides the day-to-day management and supervision of the business affairs of the Compact under an Administrative Services Agreement. The County serves as the Compact's procurement agent, utilizing its existing staff to solicit services as requested by the Compact. In addition, the County provides office and meeting space and administrative support to coordinate the Compact's operations contingent upon the Compact's approval. This administrative support includes, but is not limited to: 1) communications; 2) program development; 3) record-keeping; and 4) oversight of program administrators and professional consultants who assist in service procurement and contract oversight and maintenance.

## Level Five: Service Suppliers

Power suppliers contract with the Compact through its Chief Procurement Officer (“CPO”), appointed by the Governing Board. The Power Supply Program is negotiated, recommended, and monitored for compliance by the Compact through its CPO and/or the CPO’s designee. The CPO reports the results of power supply bids and associated negotiations to the Governing Board.

The CPO may also issue an RFP for municipal load on behalf of the participating municipalities. Each town can accept or reject the proposed power supply contract for supply of municipal service. No municipal power supply contract is binding on any individual member town until approved by that member town. Contracts with consultants, vendors of energy efficiency or demand side management services, or other services negotiated and recommended by the Compact, are administered by Barnstable County on behalf of the Compact.

## Level Six: Consumers

Every consumer in a participating town is eligible to participate in the Compact’s programs. Every consumer also has the ability to decline supply service through the Compact and choose any other power supply option available. Consumers who are dissatisfied with services provided under contracts negotiated by the Compact may also communicate directly with the Compact Governing Board in an effort to alter or otherwise improve service. Consumers may also bring issues before their Boards of Selectmen, Town Council, or town meeting. (See Level One above.)

## **2.2 Program Operations**

The Compact’s operations are guided by the provisions and goals contained in the Inter-Governmental Agreement, and the instructions and decisions of the Compact Governing Board, Boards of Selectmen, Town Council, and consumers.

The Compact’s goals are outlined in the Inter-Governmental Agreement, and the Inter-Governmental Agreement has been amended by the Governing Board five times since 1998 to reflect changes in the Compact’s structure, operations and purposes as follows:

- 1) To provide the basis for aggregation of all consumers on a non-discriminatory basis;
- 2) To negotiate the best terms and conditions and the most competitive market rates available for electricity supply and transparent pricing;
- 3) To explore all available options for negotiating the best terms and conditions for electricity supply and the development of renewable energy resources, including, among other things, the formation of and/or membership in a co-operative organization to purchase or produce energy or renewable energy certificates (“RECs”) or both on a long-term basis;
- 4) To provide equal sharing of economic savings based on current electric rates and/or cost-of-service rate-making approved by the DPU;
- 5) To provide and enhance consumer protection and options for service under contract provisions and to allow those consumers who choose not to participate to opt-out;

- 6) To improve quality and reliability of service;
- 7) To encourage environmental protection through contract provisions;
- 8) To utilize and encourage renewable energy development to the extent practicable through contract provisions, demonstration projects and state mandated system benefit charges for renewable energy;
- 9) To utilize and encourage demand-side management and other forms of energy efficiency through contract provisions and state mandated system benefit charges for energy efficiency and to use the funds from such charges to advance consumer awareness and adoption of a wide variety of energy efficiency measures through the implementation of an energy efficiency plan;
- 10) To advance specific community goals that may be selected from time to time, such as placing utility wires underground;
- 11) To provide full public accountability to consumers; and
- 12) To utilize municipal and other powers and authorities that constitute basic consumer protection to achieve these goals.

## **2.3 Programs of the Compact**

The Compact offers two programs to achieve its goals: 1) the Power Supply Program and 2) the Statewide Three-Year Energy Efficiency Program. In addition, the Compact provides professional representation on behalf of consumers in state proceedings and in negotiations with the Local Distribution Company to protect consumer interests in today's energy marketplace.

### **2.3.1 Power Supply Program (“Power Supply Program”)**

The Power Supply Program is designed to reduce the amount consumers pay for electric energy and to gain other favorable economic and non-economic terms in service contracts. The Compact does not buy and resell power, but represents consumer interests to set the terms for service. Through a competitive bid and negotiation process, the Compact, through its CPO, develops a contract with a power supplier for firm, all-requirements service. The contract runs for a fixed term (i.e. four years). In order to begin the Power Supply Program, the Compact's price had to be lower than the distribution company's standard offer service. The Compact met this threshold with its initial power supply price. There is no longer a statutory price benchmark for municipal aggregators. The Compact's power supply price complies with the requirements under G.L. c. 164, §134.

The process of supply contract approval contains checks and balances. After the Compact's form of all-requirements competitive electric supply contract was developed by the CPO, it was submitted to the DPU for its approval. The Compact's form of all-requirements competitive electric supply contract was approved by the DPU in D.T.E. 04-32 (2004). All electric supply contracts approved by the Compact's CPO since 2004 have been in substantially the same form as the contract approved by the DPU. At the request of Compact members, the Compact's CPO also negotiates contracts for competitive electric supply for municipal electric accounts of Compact members, which are submitted to the Boards of Selectmen or Town Manager for approval.

At the direction of the Governing Board, the Compact's Power Supply Program also includes the following components:

1. The CPO explores all available options for negotiating the best terms and conditions for electricity supply and the development of renewable energy resources, including, among other things, the formation of and/or membership in a co-operative organization to purchase or produce energy or RECs or both on a long-term basis;
2. The CPO communicates the Compact's power supply prices by: 1) discussing at the Governing Board meeting in public session; 2) posting the prices for all customer sectors to the Compact's web site; and 3) paid advertisements in all daily and weekly newspapers on Cape Cod and Martha's Vineyard;
3. Ongoing coordination with the Local Distribution Company concerning billing and other operational needs;
4. Ongoing customer communication and education about the Compact's Power Supply Program; and
5. Ongoing consumer advocacy and representation at the state level through participation in DPU proceedings, the legislative development process, the stakeholder community and before other regulatory and governmental bodies.

And lastly, individual consumers may opt-out of the program at any time, and select Basic Service through the Local Distribution Company or electric service from any other competitive supplier available, in accordance with the terms and conditions of service offered by the Local Distribution Company or such other competitive supplier. (See section 12.3 for more detailed information on the opt-out process.) No member town is required to participate in municipal power supply contracts, and no individual consumer is required to receive service under the Compact power supply contract. Consumers may also return to the Compact's Power Supply Program.

### **2.3.2 Statewide Three-Year Energy Efficiency Investment Program (“Energy Efficiency Program”)**

While the Power Supply Program is designed to reduce the cost of a kilowatt hour of energy, the Energy Efficiency Program is aimed at total bill reduction. Wise use of energy also promotes important environmental and social benefits. Energy efficiency or demand side management includes practices, technology and education to advance methods for reducing energy use and monthly bills for residential, commercial, industrial, and municipal consumers. Pursuant to the Green Communities Act, St. 2008, c. 169, (the “Act”), as well as G.L. c. 164, §134, the Compact's Energy Efficiency Program follows a process outlined in the law for aggregated municipalities to access funds contributed by consumers for purposes of funding energy efficiency programs. The purpose of the Compact's Energy Efficiency Program is to return maximum benefits to consumers who are providing the majority of the energy efficiency funds and to provide building blocks for market transformation. [Market transformation is an ongoing process in which program subsidies for various measures are periodically recalibrated as particular measures successfully transform the market and efficient products and technologies continue to evolve and new or enhanced measures merit program subsidies. Market transformation is a dynamic process.] The current Compact Energy Efficiency Plan is available on the Compact's website, [www.capelightcompact.org](http://www.capelightcompact.org). The Compact's Energy Efficiency Plan

is developed in collaboration with the other program administrators and in consultation with stakeholders and Compact consumers. The Compact's Energy Efficiency Plan is submitted to the Compact Board for approval prior to submission for DPU approval.

### **2.3.3 Professional Representation**

As the electric industry continues to evolve and change, it is essential for Cape and Vineyard consumers to have technical and legal support to represent their interests in selected state proceedings and in negotiations with the Local Distribution Company. While intended to complement the Compact's Power Supply and Energy Efficiency Programs, this effort will also attempt to improve reliability, which may result in fewer power outages and faster restoration of service.

### **2.4 Staffing and Manpower for Programs**

The operations necessary to plan, deliver, and manage the two Compact programs include: 1) technical analysis; 2) competitive procurement of services; 3) regulatory approvals; 4) accounting and fiscal management; 5) contract maintenance; 6) communications; 7) program coordination; and 8) administrative support for the Compact Governing Board. The Compact's energy efficiency staff are fully funded through the Energy Efficiency Program, and Compact power supply staff are funded through the Compact's operational adder, collected through its power supply contract. Experienced consultants and legal counsel work under contract for the Compact.

The Power Supply Program has been developed by the Compact Governing Board with the support of technical consultants and legal counsel. Now that a contract for power supply has been secured, technical consultants and legal counsel are used on an as-needed basis to assist the Governing Board in carrying out the goals of the Compact set forth in the Inter-Governmental Agreement.

The Energy Efficiency Program is managed by the Compact's team of experienced energy efficiency staff and management consultants who assist in the oversight of service delivery. Service delivery for the Energy Efficiency Program is carried out by vendors. Vendors and other consultants are procured through a competitive contracting process, in accordance with public procurement law, as well as the statewide procurement process utilized by the Program Administrators of Energy Efficiency Programs to carry out the goals of the Act. As noted above, the Energy Efficiency Program is the result of an iterative process that includes review by the Compact's Governing Board, Cape and Vineyard consumers, as well as other stakeholders and approval by the DPU to ensure compliance with current law and consistency with state energy goals.

Negotiations with the Local Distribution Company and representation at the state level will be undertaken as needed at the direction of the Compact Governing Board through technical and legal advisors.

### **3.0 PROGRAM FUNDING**

Funding for Compact programs comes from a variety of sources: grants, appropriations, and monies collected from all ratepayers for operating expenses and for delivery of energy efficiency programs.

Initial development of the Compact was funded as part of the Barnstable County budget through appropriations by the County. The Energy Efficiency Program is funded through the monies collected and allocated for that program under state law, as well as other grants or monies available for energy efficiency program administration. The budget for the Energy Efficiency Program is specified in the Compact's Three-Year Plan, as approved by the DPU.

The initial start-up costs for the Power Supply Program were funded as a regional service through County appropriations. In the event that Barnstable County funding is not sufficient or available, the Compact may utilize a variety of funding sources, including, among other things: funds based on a fraction of consumer benefits expressed as a kilowatt hour charge, equivalent of up to a mill per kilowatt hour, as a portion of shared savings, or separate private funds. (See section 6.2 on the process for approval of such alternative funding.) As of July 2012, Barnstable County ceased to appropriate funds for the Compact.

### **4.0 ACTIVATION AND TERMINATION OF THE POWER SUPPLY PROGRAM**

**Section 4.1 through Section 4.1.7 describe the process the Compact followed to implement the Compact's Power Supply Program, and provide historical context. The Compact's existing Power Supply operations are outlined in Section 2.3.1. (These and the other sections in the Aggregation Plan which are included only for historical context are italicized.)**

#### ***4.1 Activation of the Power Supply Program***

*Following the process of local aggregation, and competitive procurement of a proposed contract by the Compact, activation of the Power Supply Program requires six steps:*

- 1) Acceptance of the supply contract by the board of selectmen or town council of a member town pending Department of Telecommunications & Energy ("DTE") approval.*
- 2) DTE approval of the supply contract and plan.*
- 3) Final agreement of the supply contract by each town.*
- 4) Notification of consumers on Standard Offer service and Default Service of pending automatic enrollment in the member towns that have agreed to the contract.*
- 5) Automatic enrollment of all consumers currently receiving Standard Offer Service or Default Service (excluding those who opt out prior to service start-up deadlines), and voluntary enrollment of those receiving competitive supply from another provider that they wish to terminate.*
- 6) Activation of customers' service on billing cycle dates.*

- 7) *Start of 180-day period for customer opt-out beginning with the first day of service to return to Standard Offer service during the time it is available.*

*Each of these steps is described below:*

#### ***4.1.1 Acceptance of the Contract By Compact Member Town***

*All power supply contracts negotiated by the Compact shall be expressly conditioned upon the acceptance of the contract by boards of selectmen or town council in the member towns and approval of the Department of Telecommunications and Energy. Suppliers and power supply contracts must comply with all applicable laws and rules and regulations promulgated by the Department of Telecommunications and Energy concerning competitive suppliers. At the local level, acceptance of the power supply contract will take place in each member town following a public hearing. A final signing of the contract by each individual member town will be held until approval of the contract is provided by the Department of Telecommunications and Energy.*

*Upon acceptance of a contract, a member town board of selectmen or town council shall file a certificate of the vote with the Compact within five (5) days of its decision.*

#### ***4.1.2 DTE Approval of Power Supply Contract and Plan***

*The Compact shall file the town certificates of vote, the contract and aggregation plan with the Department of Telecommunications and Energy. The DTE is required to hold a public hearing on the plan. Under law, the contract is required to contain a price lower than the Standard Offer, unless it can be demonstrated that the price for energy will be lower than the Standard Offer in subsequent years, or it can be demonstrated that such excess price is due to the purchase of renewable energy.*

#### ***4.1.3 Signing of Power Supply Contract by Each Member Town***

*Following the approval of the Department of Telecommunications and Energy, each individual member town may sign or reject the contract. With the signing of the contract by the town, the terms and conditions in the contract will be utilized for service for consumers within municipal boundaries, except for those consumers who have selected a competitive supplier prior to the contract activation date and do not wish to switch to service under the Compact contract, or those consumers who affirmatively opt out of the program. In addition, all consumers relocating to the area will be enrolled in the Compact's Power Supply Program, unless they choose another supplier, or opt out following activation of service.*

*The Compact shall file with the DTE, DOER, and Inspector General within 15 days of signing by the member towns, the signed power supply contract and a report detailing the process used to execute the contract.*

#### **4.1.4 Notification of Consumers**

*Following approval of the contract by the DTE, the Compact shall undertake notification of all consumers on Standard Offer and Default Service to be enrolled prior to enrollment. The Compact shall also generally notify all consumers receiving competitive service in the participating towns of their eligibility to receive power from the Compact supplier. The process of Notification shall be multi-layered: 1) a notice included in the monthly electric bill, or a separate mailing; 2) newspaper notices; 3) public service announcements; 4) posting of notice in town halls.*

*Prior to enrollment, this notification shall: 1) inform consumers they have the right to opt out of the aggregated entity without penalty and choose standard offer service until 180 days after their first day of service; 2) prominently state all charges to be made and a comparison of the price and primary terms of the Compact contract compared to the price and terms of Commonwealth Electric's Standard Offer; 3) explain how to opt out; 4) state how to access the Standard Offer; 5) provide written notification if any charges associated with the opt-out will be made by the Supplier following the 180 day period.*

#### **4.1.5 Notification of Commonwealth Electric**

*Along with notification of consumers in the participating member towns, the Compact shall notify Commonwealth Electric Company to begin preparation of the administrative process to transfer customers to the Compact supplier in each of the participating towns. Commonwealth Electric Company shall prepare for transfer of Standard Offer customers coincident with each customer's billing cycle. [Alternatively, or in combination with the Compact notification, the selected supplier may notify Commonwealth Electric to begin preparation of the administrative process.]*

#### **4.1.6 Activation of Customer Service**

*The process of activation is an administrative function with three parts: 1) Data preparation: Commonwealth Electric will identify all customers on Standard Offer and Default Service in the participating towns by eliminating those customers who have already selected a competitive supplier; 2) Data verification: To the extent needed, if not inherent in data preparation, Commonwealth Electric shall check customer meter numbers and other codes to verify proper eligible customer identification; 3) Automatic Enrollment: All verified customers shall be transferred to the Compact supplier coincident with Commonwealth Electric's 21-cycle billing period, unless they have previously sent in notification of their intent to opt out according to established deadlines. Eligible customers on all 21 cycles will be enrolled with the new supplier over the period of one month. Commonwealth Electric shall notify each transferred consumer of the change to the Compact supplier with its last bill for Standard Offer service. Service under the new supplier shall begin at the start of the billing period following transfer.*

#### **4.1.7 Customer Opt-Out**

*Customers may opt out of service from the Compact supplier at no charge either in advance of service start up deadlines or during a period of 180 days commencing with the first day of service. Customers who seek to return to Standard Offer service must provide notice to Commonwealth Electric, five (5) or more business days before the next scheduled meter read date. There shall be no charge for returning to Standard Offer service in this manner. Customers wishing to opt-out sooner than the scheduled meter read may also request an unscheduled meter read and pay a fee to Commonwealth Electric. Further opportunities for customer opt-out may be negotiated by the Compact and the competitive power supplier and included in the terms of the contract presented to the DTE, Boards of Selectmen and Town Council, and made part of the public information offered to each consumer.*

#### **4.2 Termination of the Power Supply Program**

The Power Supply Program may be terminated in three ways:

- 1) Upon the termination or expiration of the power supply contract without any extension, renewal, or subsequent supply contract being negotiated.
- 2) At the decision of the Compact Governing Board to dissolve the Power Supply Program.
- 3) By DPU Order due to the Compact switching its customers from aggregated competitive supply to Basic Service based on price.

Member municipalities may also choose not to participate in an extension, renewal, or subsequent supply contract the Compact has negotiated, but such withdrawal will constitute closure of the program for that municipality only, and for that contract period only. Any termination must be conducted in compliance with the DPU's conditions for termination established in D.T.E. 00-47.

Each individual customer receiving power supply service under the Compact's Power Supply Program will receive notification of termination of the program ninety (90) days prior to such termination.

In the event of contract termination, consumers would return to the distribution company's basic service or choose a competitive supplier.

### **5.0 METHODS FOR ENTERING AND TERMINATING AGREEMENTS WITH OTHER ENTITIES**

The Compact's process for entering, modifying, enforcing, and terminating agreements shall comply with the requirements of town charters, and state and federal laws. Where required, the procedures outlined in G.L. c. 30B shall be followed. Other agreements, such as the Inter-Governmental Agreement, shall be entered, modified, or terminated in compliance with the law and according to the express provisions of the relevant agreement.

## **6.0 RATESSETTING AND OTHER COSTS TO PARTICIPANTS**

The Compact will offer the option of a Power Supply Program at rates and terms to be negotiated with competitive power suppliers. The generation charge for each customer class, or any customer grouping by load factor or other appropriate pricing category, will reflect the Compact's best efforts to secure the best terms and conditions and the most competitive market rates available at the time of contracting with competitive power suppliers. All supplier charges to the customer will be fully and prominently disclosed under the notification process.

The local distribution company shall continue to provide metering, billing, and maintenance of the distribution system as a regulated monopoly function until such time as the DPU determines it is in the interest of consumers for these services to be provided differently. Charges for metering, billing and other distribution services shall be regulated by the DPU, unless otherwise provided for in law, or DPU rules and regulations.

### **6.1 Rates and Ratesetting**

Under DPU orders, the Local Distribution Company assigns the customer classification and corresponding character of service and associated regulated rates. These rates include a monthly customer charge, a distribution charge, a transmission charge, and an access charge that currently make up the largest portion of a customer bill. Although the Compact shall participate in regulatory proceedings and represent the interests of consumers regarding these regulated rates, it will not assign or alter existing customer classifications without the approval of the DPU.

The focus of the Compact, as noted above, will be acquisition of competitive prices and terms for power supply. This price, or prices, will be set through the competitive bid and negotiation process, and will be noted on the consumer bill as the "generation charge". The price in the contract is subject to any requirements set forth in G.L. c. 164, §134, as well as approval by the Compact's CPO. Municipal power supply contracts are approved at the local level by either the Town Manager or Board of Selectmen.

On its website ([www.capelightcompact.org](http://www.capelightcompact.org)), the Compact maintains its current power supply rates for each rate class and the period for which the current rates apply. The Compact also provides an active link to the Local Distribution Company's Basic Service Rate and to the Executive Office of Energy and Environmental Affairs website for a list of licensed competitive electric suppliers. The Compact cannot ensure or verify the accuracy of the information provided by other service providers.

### **6.2 Other Costs to Consumers**

Aside from any funds appropriated through a public process by the counties, or a member town, consumer bills will reflect all charges for the administrative and operational costs of the Power Supply Program. If Power Supply Program funding is derived from a portion of shared savings or a kilowatt hour charge in an amount equivalent to up to a mill (an "Operational Adder"), such determination takes place in a public process, that includes public notice, a public hearing, and a weighted vote by Compact representatives. [A weighted vote by the Compact Governing Board

follows the standard of weight by population of each town.] DPU approval of an Operational Adder is sought to the extent required.

The Governing Board goes through a budget process every year to appropriate funds collected through the Operational Adder. The budget is posted to the Compact's website and updates on the status of that budget are given in the public portion of all Governing Board meetings and posted to the website.

In 2013, the Compact Governing Board approved a policy that requires use of any portion of the Operational Adder/power supply reserve fund shall follow the Compact's budget appropriation process.

The unreserved portion of the Operational Adder/power supply reserve fund, after appropriation of the annual power supply operating budget, shall not exceed:

1. The subsequent year's REC commitment;
2. The average of the previous three years' power supply operating budget;
3. The historical cost of procuring a new supplier should the existing contract terminate; and
4. Adequate funds for REC contractual obligations such as escrow accounts and other sureties.

At the end of each fiscal year, any appropriations from the Operational Adder/power supply reserve fund, as well as examination of the power supply fund itself, will be subject to review by an independent financial auditor.

All Compact funds are included in the fiscal agent's (Barnstable County) annual financial audit as agency funds.

### **6.3 Customer Billing**

Customer billings under the Power Supply Program will be made by the supplier under contract and shall be incorporated into the standard monthly utility billing. The bill shall include a clear delineation of all regulated and non-regulated charges. Under law, consumers are entitled to a choice of one or two bills. They may receive a "complete bill" that incorporates the power supply charge and the Local Distribution Company's charges on a single sheet; or a "pass-through bill" which is a separate bill issued by the power supplier in addition to the bill from the Local Distribution Company. For purposes of clarity and simplicity, the Compact recommends that consumers elect to receive a "complete bill" with all charges on a single sheet. However, consumers may make their own choice on this issue.

## **7.0 UNIVERSAL ACCESS**

"Universal access" is a term derived from the traditional regulated utility environment in which all customers desiring service receive that service. For the purposes of the Compact's municipal aggregation program this will mean that all existing customers within the borders of participating municipalities, and all new customers in the participating municipalities, shall be eligible for

service from the contracted supplier under the terms and conditions of the supply contract. Item one of the Compact's goals contained in the Inter-Governmental Agreement is: "To provide the basis for aggregation of all consumers on a non-discriminatory basis."

Service under the Compact's Power Supply Program shall include all customer classes in adherence with universal service principles and requirements, and the traditional non-discriminatory practices of local government. Contracts with all suppliers shall contain provisions to maintain these principles and equitable treatment of all customer classes.

Existing customers in the participating towns shall be transferred to the Power Supply Program unless they have already contracted with a competitive supplier, or affirmatively opt out of the program.

Low-income consumers shall remain subject to all existing provisions of state law regarding their rights to return to Basic Service through the Local Distribution Company and/or participate in the Power Supply Program as well.

New customers in the service territory upon sign up for service will be automatically enrolled in the Power Supply Program with the right to opt out at any time.

## **8.0 EQUITABLE TREATMENT OF ALL CLASSES OF CUSTOMERS**

All customers will be treated equitably. They will be guaranteed the right to raise and resolve disputes with the supplier; be provided all required notices and information; and always retain the right to opt out of the Compact's program or switch suppliers.

## **9.0 REPORTING**

The Compact shall submit an annual report to the DPU on December 1<sup>st</sup> of each year. The annual report shall, at a minimum, provide: 1) a list of the Compact's competitive suppliers over the past year; 2) the term of each power supply contract; 3) the aggregation's monthly enrollment statistics by customer class; 4) a brief description of any renewable energy supply options and other renewable energy features that exceed minimum requirements; and 5) a discussion and documentation regarding the implementation of the municipal aggregation's alternative information disclosure strategy, to the extent applicable. The Compact's first annual report shall be filed on December 1, 2014.

## **10.0 RELIABILITY**

"Reliability" in power supply and in transmission and distribution is essential to consumers. The Compact's policy, contained in item six of the goals of the Inter-Governmental Agreement is: "To improve quality of service and reliability." This will be accomplished and reinforced at several levels: 1) through provisions of the power supply contract that will include language on reliability of supply, liability and damages provisions; 2) through traditional proceedings related to the Local Distribution Company's regulated transmission and distribution services; and 3)

through direct discussions with the Local Distribution Company concerning specific or general problems related to quality and reliability of transmission and distribution service.

## **11.0 RIGHTS AND RESPONSIBILITIES OF POWER SUPPLY PROGRAM PARTICIPANTS**

### **11.1 Rights**

All Power Supply Program participants shall enjoy the protections of law afforded to consumers as they currently exist or as they may be amended from time to time. These include rights to question billings or service quality or service practices. Under protocols developed by the DPU, problems related to billing or service shall be directed to the appropriate parties. All program participants shall also enjoy the individual right to decline participation in the Power Supply Program as noted in the description of the “opt-out” in section 4.1.7 above.

### **11.2 Responsibilities**

All Power Supply Program participants shall meet all standards and responsibilities required by the DPU, including payment of billings and access to essential metering and other equipment to carry out utility operations.

## **12.0 THE CONSEQUENCES OF AGGREGATION**

Municipal aggregation functions under the restrictions of state law and carries a range of results and consequences:

### **12.1 Consumer Option to Participate in Competitive Market**

Many individual consumers lack knowledge and leverage to negotiate terms for power supply. A municipal aggregator provides them with an option for professional representation and the leverage of a large group so that they may more effectively participate in the competitive process and achieve benefits.

### **12.2 Lower Price or Renewable Energy**

The Compact may elect at times to pursue renewable energy in excess of the Renewable Energy Portfolio Standards. Pursuit of renewable energy generation and/or certificate contracts may, or may not, yield lower power supply prices compared to market prices. Additionally, the Compact may offer an opt-in green power program.

### **12.3 Consumer Ability to Opt Out and Choose Another Supplier**

Because the law guarantees the right to opt out, including the right to choose Basic Service at no charge for 180 days, all customers have the right to select a supplier other than the one chosen by the Compact.

#### **12.4 Recovery and Use of Energy Efficiency Funds at Local Level**

Because the law allows municipal aggregators to recover funds paid by consumers and apply them in approved energy efficiency programs, a third consequence is the opportunity to reduce energy use and total bills through the aggregation program.

#### **12.5 Indemnification of Consumers and Risk Associated with Competitive Market**

In a competitive market it is possible that the failure of a power supplier to deliver service may result in the need for consumers to acquire alternative power supply, or for consumers to receive power at Basic Service prices. The Compact will seek to minimize this risk by recommending only reputable suppliers who demonstrate reliable service. The Compact also intends to include conditions in its contract with a supplier that will indemnify consumers against risks or problems with power supply service.

#### **12.6 Other Consumer Protections**

The Compact will negotiate a range of provisions in its contracts to enhance consumer protection. The Compact also intends to work with the Local Distribution Company and the DPU to assure improvement in the reliability of transmission and distribution services.

#### **13.0 MEET ANY REQUIREMENTS ESTABLISHED BY LAW OR THE DEPARTMENT CONCERNING AGGREGATED SERVICE**

The Compact fully intends to comply with the requirements of law and the rules of the DPU.

#### **14.0 UPDATING THE COMPACT'S AGGREGATION PLAN**

In accordance with DPU 12-124, the Compact will update its Aggregation Plan should the Compact seek to materially deviate from its approved plan or if changes in the law, regulations, the competitive supply market, or other circumstances result in the approved plan no longer accurately describing the primary operations of the Compact's aggregation. Prior to filing a revised plan with the DPU, the Compact will consult with DOER, submit the revised plan for review by its citizens, and obtain all necessary approvals. Beyond these circumstances, however, the Compact will not seek to update its Aggregation Plan for the continued operation of the Compact's programs. The Compact and the Compact members also may make periodic updates to the Inter-Governmental Agreement.