



Updating the Cape Light Compact's

Aggregation Plan —

Courtesy of the Town of Brewster



December 10, 2013

The Compact's Aggregation Plan Was Approved in DTE 00-47

- ∞ In DTE 00-47, the Department concluded that the Compact's Aggregation Plan was consistent with all of the requirements contained in G.L. c. 164, § 134(a)(municipal aggregation statute requiring a plan to provide for universal access, reliability and equitable treatment for all classes of customers, among other things).
- ∞ The standard of review applied in DTE 00-47, for the approval of an initial aggregation plan, is still good law, as affirmed in the Lowell Order (see slide four).

Why Are We Updating Aggregation Plan?

- ∞ August 27, 2013 - Letter from the Massachusetts Department of Public Utilities (“DPU”) asking Compact to review its plan to specifically:
 - Determine whether the Compact should file a revised Aggregation Plan to reflect current structure and operations;
 - Consider removing obsolete references; and
 - Comply with any applicable laws, regulations and Department precedent and the forthcoming decision in DPU 12-124 (Lowell Aggregation Plan).
- ∞ The Compact was not asked by the DPU to prepare a new Aggregation Plan.
- ∞ Consideration of new objectives and power supply programs (e.g. additional renewables programs) is not part of Aggregation Plan and can be decided by the Compact Board. Changes in energy efficiency programs governed by statute and regulatory proceedings once initial decision made to seek to administer energy efficiency programs.
- ∞ October 30, 2013 – Letter from the DPU to Compact - affirming
 - DPU has not revoked approval of existing Aggregation Plan;
 - Compact authorized to continue operating its municipal aggregation program; and
 - Compact authorized to continue to solicit bids for energy supply.

Lowell Order DPU 12-124

- ∞ The November 27, 2013 Order provides direction on the following issues germane to the Cape Light Compact:
 - Standard of review for municipal aggregation plan is consistent with the Compact's view (limited to statutory factors, broad discretion in operation of program to aggregator);
 - Affirmed that collection of an operational adder is appropriate and that Department would not review adder or rates under power supply program;
 - Affirmation that municipal aggregators, after initial pricing period when Standard Offer was in effect, do not have to be lower than distribution company basic service rate;
 - Switching customers between competitive supply and basic service to obtain lower rate is not allowed and will result in termination of program;
 - Requires annual reporting requirements to the DPU (Compact presently doing this but to DOER).

Board Process for Plan Review

- ☞ September 11, 2013 Compact Board meeting to discuss DPU August Letter. Following process emerged:
 - Discussed that Aggregation Plan no longer completely reflects current operations due to legislative and/or market changes and contains obsolete references;
 - Inform Compact Member towns/counties and public of intent to review and possibly update Aggregation Plan;
 - Staff and counsel to review Aggregation Plan and propose revisions for Board consideration;
 - Consult with DOER on Updated Aggregation Plan;
 - Board to vote on release of proposed Updated Aggregation Plan;
 - Open a public comment period on Updated Aggregation Plan;
 - Board vote to adopt Final Updated Aggregation Plan; and
 - Submit Final Updated Aggregation Plan to DPU.

Overview of Proposed Updates to Aggregation Plan

- ✎ Delete obsolete terms and references (e.g. standard offer, Commonwealth Electric Co.);
- ✎ Remove all personal names and references;
- ✎ Procurement process – revise to reflect dynamics of electricity market;
- ✎ Power Supply contract procurement process: revise to reflect appointment of Chief Procurement Officer (CPO) with authority to procure and contract for power supply after:
 - Coordination with power supply staff, technical consultant, legal, and select Board members;
 - Consideration of possible additional contract provisions to exceed Renewable Energy Portfolio standard requirements;
 - Updates to Board on proposed procurement process and results of procurement process.

Overview of Proposed Updates to Aggregation Plan (cont.)

- ✎ Mil Adder – rename to “operational” adder to better reflect uses of funds
- ✎ Voluntarily establish a policy for the “operational adder” to provide guidelines for use of the power supply reserve fund, which includes the following:
 - The balance of unreserved portion of power supply reserve fund, after appropriation of the annual operating budget, shall not exceed:
 - The subsequent year REC’s commitment;
 - Adequate funds to meet security requirements and similar REC contractual obligations under REC Agreements;
 - The average of the previous three years’ operating budgets, and
 - The historical cost of procuring a new supplier should the existing contract terminate.

Overview of Proposed Updates to Aggregation Plan (cont.)

- ⌘ Expenditure of operational adder funds shall be through the budget appropriation process.
- ⌘ Add requirement for preparation of annual independent financial statements by auditor.
- ⌘ Codify that all Compact funds are included in the fiscal agent's (Barnstable County) annual audit as agency funds.
- ⌘ Consideration of guidance in DPU 12-124 (Lowell Aggregation Plan)(Reporting Requirement and Further Updates to Compact Plan in the future).

Overview of Proposed Updates to Aggregation Plan (cont.)

∞ Energy Efficiency Program

- Add reference to compliance with the Green Communities Act, and other administrative requirements.
- All cost effective programs.
- Three-Year Plans and budgets.
- Each Three-year Plan reviewed and approved by DPU.

Next Steps

- ∞ DOER consultation on Updated Aggregation Plan
- ∞ Board vote on release of proposed Updated Aggregation Plan - December 11th
- ∞ Public Comment on proposed Updated Aggregation Plan
 - Comments to be submitted in writing and due on January 31, 2014
 - Board members seek comments and letter of support for revisions to Aggregation Plan
- ∞ Board vote on Final Updated Aggregation Plan (February 2014)
- ∞ Submit Final Updated Aggregation Plan to DPU, including:
 - Memorandum of Law in support of proposed process and suggested procedures for DPU review
 - Public comments from Compact's comment period, and responses if appropriate