Community Choice Energy in Boston

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The Applied Economics Clinic is a non-profit consulting group housed at Tufts University’s Global Development and Environment Institute. Dr. Elizabeth A. Stanton and her team analyzed the opportunity for Boston to implement Community Choice Energy. A full report is available at www.aeclinic.org.

Community Choice Energy (CCE) is a tool used by over a hundred communities across the Commonwealth to have more control over the electricity that they purchase.

CCE would provide the following benefits to Boston:

- **REDUCING EMISSIONS**: Boston has adopted ambitious climate goals, including a target of being carbon neutral by 2050. CCE helps Boston’s households and businesses reduce the City’s climate impact.

- **CUSTOMER CHOICE**: Residents and businesses can choose whether or not to participate, and Boston can decide when and how to implement CCE.

- **COMPETITIVE RATES**: The City of Boston is already benefiting from the competitive purchase of electricity, beating the utility energy rate for its own municipal use. CCE allows the City to increase the renewable content of the power used by city residents and businesses, and to stabilize rates.

Along with CCE, the City can continue to pursue more energy efficiency as well as local, distributed generation through complementary policies and programs.

**Q: How does Community Choice Energy work?**

A: Community Choice Energy (CCE) allows a municipality to purchase electricity from a competitive supplier on behalf of participating residents and businesses. CCE allows Boston to pool customers together, using this greater bargaining power to stabilize rates and increase the use of renewable energy. Through CCE, the City would purchase more renewable energy than required under the Commonwealth’s Renewable Energy Portfolio (RPS) law. Currently, 127 cities and towns Massachusetts have adopted CCE, and some municipalities are greening their supply even more. Brookline, for example, purchases 25 percent more renewable energy than required by state law.

**Q: Do all residents and businesses in the City have to buy greener electricity?**

A: No. Customers can choose to “opt-out” and stay on basic utility service (or choose their own competitive supplier). In some municipalities with CCE, customers can also “opt-up” to choose electricity service with a higher share of renewable energy—such as 100 percent.

**Q: Does CCE cost more than basic electric service purchased from the local utility?**

A: No. Recent experience in Massachusetts shows that CCE customers generally pay an electricity rate that is very close to—and sometimes lower than—what they would pay for basic service from their utility. When considering options to reduce greenhouse gas emissions, CCE is low cost and can be implemented together with other programs like cost-effective energy efficiency.
**Q: Can CCE stabilize electric rates?**

A: Yes. CCE provides more rate stability than basic utility electricity service. Utility energy rates change every six months—sometimes significantly. Through CCE, Boston can lock in rates for a longer period, helping to mitigate price fluctuations that can result from extreme weather and fuel price volatility (among other factors).

**Q: Does CCE require significant resources and employee time to administer?**

A: No. CCE programs are managed like other public procurement programs, similar to how the City of Boston currently purchases its own electricity. Other Massachusetts municipalities report that their CCE programs require minimal employee time or government money to initiate, and even less time and money to run. The costs of CCE programs are typically built into contracts with competitive suppliers.

**Q: Does investing in CCE limit Boston’s ability to invest in energy efficiency?**

A: No. Boston is not limited to only one climate mitigation strategy. The City can continue to take advantage of the substantial savings from energy efficiency. The City will need to take other actions to meet its goal of carbon neutrality in 2050, however, and CCE is one option.

**Q: Does CCE lead to more renewable energy facilities being built, reducing harmful emissions?**

A: Yes. If Boston uses CCE to go beyond its RPS requirement it will result in more renewables in New England. Electric generation produces more than a third of Boston’s greenhouse gas emissions. Making an additional five percent of Boston’s residential participants’ electricity usage renewable is equivalent to fourteen 1.5 megawatt wind turbines (each the size of the turbine installed in Charlestown by the Massachusetts Water Resources Authority). CCE would use Boston’s electric spending to stimulate more investment in renewables.

**Q: What are the downsides of CCE?**

A: CCE has few risks. Boston residents and businesses can opt out if they do not wish to participate in the program. CCE will require the City to assess what products and prices the market will offer. Most Massachusetts municipalities are implementing CCE through an aggregation consultant whose costs are built into the CCE electric rate (commonly one tenth of a cent per kilowatt-hour). The City retains control over how and when it implements CCE. Residents and businesses can use CCE as a tool to increase the use of renewable energy and to help meet Boston’s climate goals.


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**BOSTON COMMUNITY-WIDE GREENHOUSE GAS EMISSIONS BY ENERGY TYPE**

- **Gasoline and Fuel**: 25%
- **Electricity**: 38%
- **Natural Gas**: 26%
- **Steam**: 4%
- **Fuel Oil**: 7%

Boston’s current greenhouse gas emissions predominantly come from electricity, natural gas, and gasoline and diesel.