

## Boston Community Choice Energy Aggregation and Electric Costs

On October 4, 2017, the Boston City Council voted unanimously to approve Community Choice Energy Aggregation, which authorizes the city to seek out lower cost and cleaner electricity for participating families and businesses, and Mayor Walsh signed the order on October 12, 2017. What is Community Choice Energy Aggregation (CCE) and how would it lower costs for Boston utility consumers? And how do Boston’s efforts to address climate change work together with the Commonwealth’s clean energy policies? This policy brief describes the expected impact of Boston’s new CCE program on electric customer costs.

### What is CCE?

Through CCE a municipality procures electricity supply on behalf of the residents and businesses in the municipality. CCE allows the town or city to pool customers together to achieve greater bargaining power with electric suppliers, and choose a supplier for customers that do not opt out of the program.

### CCE programs are saving money in Massachusetts cities and towns

Other CCE programs in Massachusetts generally cost the same as, or less than, basic utility electric service. In 2018, Massachusetts towns that have programs like Boston’s proposed program and are also in Eversource’s delivery territory—Acton, Arlington, Dedham, Lexington, Natick, Somerville, Sudbury and Winchester—will all

save money compared to the Eversource basic residential service rate of 13.16 cents per kilowatt-hour. The average price that customers in those towns are paying is 10.56 cents per kWh—a savings of 19 percent for residential customers (see Table 1).

### Boston can choose not to offer CCE if the pricing isn’t right

If Boston doesn’t like the bids it receives for CCE electric service it doesn’t have to sign a contract. Every eighteen to thirty months Boston will ask for electric service bids and decide to either accept the best bid or no bid all—as Melrose did in 2017 when it decided to pause its program when prices were higher than the utility rate. (Melrose plans to pursue CCE again in late 2018.) Boston currently purchases electricity for city buildings in a similar way, and is very familiar with how the electric market works.

**Table 1. CCE versus Eversource Basic Service Rates, January through June 2018**

	<i>Supply Rate (cents/kWh)</i>	<i>Residential CCE savings (%)</i>	<i>Commercial CCE savings (%)</i>
<b>Eversource Basic Service</b>		<b>12.888</b>	<b>12.692</b>
<b>CCE Program</b>			
Dedham	10.27	20.3%	19.1%
Lexington	10.45	18.9%	17.7%
Somerville	10.54	18.2%	17.0%
Acton	10.72	16.8%	15.5%
Sudbury	10.75	16.6%	15.3%
Arlington	10.76	16.5%	15.3%
Winchester	10.90	15.4%	14.1%
Natick	12.24	5.0%	3.5%
<b>Average</b>	<b>10.83</b>	<b>16.0%</b>	<b>14.7%</b>

Bryndis Woods, Tyler Comings, and Elizabeth A. Stanton, PhD

March 2018

## If Boston implements CCE, families and businesses can choose to opt out

An important feature of CCE programs is that residents and businesses can choose to opt-out of the program for any reason. Current Eversource customers would be automatically enrolled in the Boston CCE program, but could choose to leave starting on day one. Boston can design its CCE program either to allow customers to opt out at any time or to set a window of time in which customers can choose to leave.

## Boston's CCE would build upon Massachusetts' clean energy requirements

Boston's CCE requires additional renewable energy purchases above what is needed to comply with the Massachusetts Renewable Portfolio Standard and Clean Energy Standard. There is no conflict with these existing state regulations.

## Any costs due to the new Massachusetts clean energy standard will be small, and are not related to implementing CCE in Boston

Both Eversource and Boston CCE electric rates are expected to be about 1 percent higher (or \$1 more on a \$100 monthly bill) from 2018 to 2022 as a result of the combined impact of the Massachusetts clean energy standard and a new greenhouse gas emissions permit requirement on Massachusetts power plants. Starting in 2023, an abundance of clean energy is expected to erase this added cost at least through 2030.

At the same time, Boston's CCE is expected to lower customer's electric bills. Altogether, looking at the suite of new state and city climate policies, the likely net impact will either lower customers' electric bills or have no impact on bills while simultaneously spurring more local clean energy development and allowing the City and its residents to take a step toward greening its electric supply.

### Works Cited

- Applied Economics Clinic. October 2017. An Analysis of Community Choice Energy for Boston.  
[https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC\\_Boston\\_CCE\\_Full\\_Report\\_10\\_03\\_17.pdf](https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC_Boston_CCE_Full_Report_10_03_17.pdf).
- Applied Economics Clinic. October 2017. An Analysis of Community Choice Energy for Boston.  
[https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC\\_Boston\\_CCE\\_Full\\_Report\\_10\\_03\\_17.pdf](https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC_Boston_CCE_Full_Report_10_03_17.pdf).
- Applied Economics Clinic. November 2017. Community Choice Energy (CCE) is providing cleaner energy at a much lower cost.  
[https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/5a1ed4e58165f542d6481501/1511970021847/Updated+CCE+rates\\_onepager.pdf](https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/5a1ed4e58165f542d6481501/1511970021847/Updated+CCE+rates_onepager.pdf).
- Boston City Council, Docket 1063. August 2017. An Order Authorizing the City of Boston to Adopt Community Choice Energy.  
[https://www.boston.gov/sites/default/files/document-file-09-2017/docket\\_1063\\_0.pdf](https://www.boston.gov/sites/default/files/document-file-09-2017/docket_1063_0.pdf).
- Mass.gov. 2017. Clean Energy Standard (310 CMR 7.75).  
<https://www.mass.gov/guides/clean-energy-standard-310-cmr-775>.
- Mass.gov. 2017. Renewable and Alternative Energy Portfolio Standards. <https://www.mass.gov/renewable-and-alternative-energy-portfolio-standards>.
- Melrose Community Energy Aggregation. 2017. Program Details.  
<https://melrose-cea.com/>.
- Somerville Community Choice Electricity Aggregation. 2017. Program Details. <https://somervillecce.com/>.
- Knight, P., Chang, M., Horowitz, A., Luckow, P., Takahashi, K., Kallay, J., Gifford, J., Yuen, P.Y., Snook, E., Shoesmith, J. & Williams, S.D. August 2017. Analysis of Massachusetts Electricity Sector Regulations. Synapse Energy Economics, Inc., Sustainable Energy Advantage, LLC, ERG.  
<http://www.mass.gov/eea/docs/dep/air/climate/3dapp-study.pdf>.
- Winchester Community Choice Electricity. 2017. Program Details.  
<https://winpowerma.com/>.