



STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES & CARRIERS
89 Jefferson Boulevard, Warwick, Rhode Island 02888

**REGULATORY
TOPIC
OVERVIEW**

MUNICIPAL AGGREGATION FAQs

What is electricity aggregation?

Essentially, aggregation allows a group (a particular industry, a group of sister companies, a municipality, a mobile home campus, etc.) to seek from non-regulated power producers a negotiated “group rate” for electricity procurement for the total energy load of the members of the group.

What is a Non-Regulated Power Producer, or NPP?

A **non-regulated power producer** (sometimes called a competitive energy supplier) does not generate or distribute electricity. Rather, it operates in the electric energy market to purchase power and resell it to individuals and aggregation groups. As the term suggests, NPPs are not regulated energy distribution companies like Rhode Island Energy; they are unregulated energy marketers.

What is meant by “Load”?

The term “**load**” in the context of aggregation means the total expected energy usage of the aggregated group of users. It is that total expected usage that an aggregator would reference when “going to market” for power.

What is Last Resort Service (LRS)?

Last Resort Service (*formally called Standard Offer Service*) is the Public Utilities Commission-approved per-kWh default rate charged by Rhode Island Energy (RIE) for all its customers who have not “gone to market” and contracted with an NPP. The overwhelming majority of RIE customers have always been on Last Resort Service; it is very likely you are currently a LRS customer.

What is Municipal Aggregation?

Municipal Aggregation has been around since the late 1990s. The idea behind municipal aggregation is that a city or a town can negotiate with NPPs in hopes of securing a better rate to supply electricity to the entire community, including all homes, businesses, and public properties.

Because the municipality would be signing up for a bulk purchase of power, the possibility exists that the municipality could contract for a lower per-kWh price than what Rhode Island Energy offers for its Last Resort Service.

After Massachusetts became the first state to allow aggregation in 1997, nine others followed suit. Rhode Island was one of those nine.

What is different about Municipal Aggregation now?

A 2017 amendment to the state’s municipal aggregation law dramatically changed the dynamic for municipalities and their residents (and businesses). Before the change in state law, customers had to opt in to a community aggregation program.

That “opt-in” aspect made it difficult for municipalities to effectively capitalize economies of scale because there was no accurate accounting for the expected electricity “load” for which the municipality wished to contract because no one would have yet “opted in.”

The 2017 law flipped the requirement, automatically enrolling all electricity customers, unless they chose to **opt out**. The idea behind the law change was that a municipality seeking a good contract rate for **all energy users** in that city or town would have more success if they had a bigger and more accurate load expectation. Although the law changed in 2017, it wasn’t until 2023 that was put into practice.

My municipality has pursued aggregation, what does “opt-out” mean for me?

If you are a Rhode Island Energy LRS electricity customer (residential or commercial) in one of the seven RI municipalities (Barrington, Central Falls, Narragansett, Newport, Portsmouth, Providence, and South Kingstown) that have chosen to pursue municipal aggregation, you have a handful of options:

1. **Do Nothing:** You will be automatically enrolled in your municipality’s “Standard” kWh rate plan. Expected to be lower than RIE’s Last Resort Service rate for at least the next 6 months.
2. **Opt-In:** You may choose a different rate category contracted for your municipality that is higher or lower depending on the level of “renewable energy” you wish associated with your consumption. You can pay less than the municipality’s Standard rate by choosing the Basic rate (with little to no renewables attached). Or you can opt into one of the 2 more expensive rate categories with 50 percent and 100 percent (respectively) renewable energy.
3. **Opt-out:** You can choose to stay with Rhode Island Energy’s Last Resort service by opting out of the aggregation. There are 3 ways to accomplish this opt-out; those 3 ways are spelled out in the aggregation notice you should have received from your local municipality.

New rates will only last six months, will they stay below RI Energy’s LRS rate?

For the initial round of municipal aggregation in the spring of 2023, the new rates will remain in effect for only six months, but the eventual aim is to extend the rate period to a year.

There is no guarantee that the automatic aggregation rate will remain lower than what Rhode Island Energy offers. Electric prices – particularly now – can be volatile.

The aggregation company working with the seven RI communities under contract says its experience in New Jersey, Illinois, Massachusetts, and other states where aggregation has been in common use longer, suggests there are savings over the long term. Moreover, price savings are not the only thing that communities are looking for. Customer service can be a factor, as can pursuit of clean energy.

As to the latter, it is why the Rhode Island cities and towns are working with Green Energy Consumers Alliance, with the aim of supporting the development of local renewables. They have committed to sourcing renewable energy only from within New England, including solar projects on brownfields in North Providence and Johnston and wind turbines in Providence and Coventry.

How does this change my consumer relationship with Rhode Island Energy?

It doesn’t. Rhode Island Energy is the dominant regulated electric distribution company in the state and is regulated in differing manners by both the Public Utilities Commission and the Division of Public Utilities and Carriers. Even though the energy supplier may be changing, everything else remains the same.

Rhode Island Energy owns the distribution wires and will continue to deliver all the electricity and bill customers. That means it will still be responsible for responding to outages and all other aspects associated with electricity distribution. The kWh supply charge on the bill will simply reflect the chosen aggregation rate for any particular customer who has not opted-out so as to remain on Last Resort Service.

What role does the PUC play in municipal aggregation?

When it comes to municipal aggregation, the sole function of the Public Utilities Commission (PUC) is to ensure that the municipalities and the NPPs have fulfilled all aspects of statutory requirements. The PUC has no role in the contracts themselves or the associated rate(s); it is purely a contractual agreement between municipalities and the selected NPP(s).

What role does the DPUC play in municipal aggregation?

As with the PUC, the Division of Public Utilities and Carriers (DPUC) has virtually no role in the municipal aggregation process. The DPUC continues to work with RI Energy customers about billing and service issues, but the aggregation rate for a particular customer in a particular participating municipality is not within the agency’s jurisdiction.

So, this is really a matter between me and my city or town administration?

Simply put, yes. Currently, the towns of Barrington, Central Falls, Narragansett, Newport, Portsmouth, Providence, and South Kingstown have independently (not collectively) decided to pursue Municipal Aggregation. That’s why each municipality was required to send out notices to all energy users in their city or town, explaining the issue and providing information on how to opt-in to a different aggregation rate or to opt-out altogether. It really is a city/town issue.

Will other municipalities follow suit?

Perhaps. Each of the municipalities in Rhode Island *could* decide to pursue such aggregation. Presently, though, only the seven listed above have done so.

How do I contact my municipality about aggregation?

Barrington	877-200-8619	www.BarringtonCommunityElectricity.com
Central Falls	877-200-8620	www.CentralFallsCommunityElectricity.com
Narragansett	877-323-2778	www.NarragansettCommunityElectricity.com
Newport	877-323-3049	www.NewportCommunityElectricity.com
Portsmouth	888-387-1083	www.Electricity.PortsmouthRI.com
Providence	888-387-1084	www.Electricity.ProvidenceRI.gov
South Kingstown	888-387-1085	www.Electricity.SouthKingstownRI.com

How do I find the current Last Resort Service rate?

Click on the link below:

<https://ripuc.ri.gov/utility-information/electric/national-grid-last-resort-service>