

SENATE No. 1773

The Commonwealth of Massachusetts

PRESENTED BY:

Brian A. Joyce

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to competition and municipalization.

PETITION OF:

NAME:

Brian A. Joyce

DISTRICT/ADDRESS:

Norfolk, Bristol and Plymouth

SENATE No. 1773

By Mr. Joyce, a petition (accompanied by bill, Senate, No. 1773) of Brian A. Joyce for legislation to regulate the establishment of municipal lighting plants. Telecommunications, Utilities and Energy.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 1600 OF 2013-2014.]

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to competition and municipalization.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 164 of the General Laws, as appearing in the 2012 Official Edition,
2 is hereby amended by striking out section 1B and inserting in place thereof the following
3 section:-

4 Section 1B. (a) Service territories for each distribution company shall be based on the
5 service territories actually served on January 1, 2015, following to the extent possible municipal
6 boundaries, until altered by effect of law or by the competitive bidding process described in
7 subsection (e). Until terminated by effect of law or otherwise, the distribution company shall
8 have the exclusive obligation to provide distribution service to all retail customers within its
9 service territory, and no other person shall provide distribution service within such service

territory without the written consent of such distribution company which shall be filed with the department and the clerk of the municipality so affected.

(b) Any customer who has chosen retail access from a non-affiliated generation company but who otherwise requires electric service due to said generation company's failure to provide contracted service shall be eligible for service through the distribution company's default service provided pursuant to the provisions of subsection (d).

(c) No electric company regulated by the department and no affiliate of such electric company shall be allowed to use the distribution system of another electric company or make sales, either directly or indirectly through third parties, to end-use customers in another electric company's service territory unless the department has approved a restructuring plan for the supplying electric company which provides for comparable direct access to end-use customers within its own distribution service territory or the supplying electric company has entered into an agreement for direct access to an end-use customer located on the border of its service territory, in which event the department shall authorize service by an electric company to such end-use customer. No electric company and no affiliate of such electric company shall be allowed to prohibit sales of electricity or restrict such sales through non-comparable distribution charges to end-use customers in its service territory by another electric company or its affiliate operating under a restructuring plan approved by the department.

(d) Each distribution company shall provide its customers with default service and shall offer a default service rate to its customers who have chosen retail electricity service from a non-utility affiliated generation company or supplier but who require electric service because of a failure of such company or the supplier to provide contracted service or who, for any reason,

have stopped receiving such service, and to all other customers. The distribution company shall procure such service through competitive bidding; provided, however, that the default service rate so procured shall not exceed the average monthly market price of electricity; and provided, further, that all bids shall include payment options with rates that remain uniform for periods of up to six months. Any department-approved provider of service, including an affiliate of a distribution company, shall be eligible to participate in the competitive bidding process. The department may authorize an alternate generation company or supplier to provide default service, as described herein, if such alternate service is in the public interest. In implementing the provisions of this section, the department shall ensure universal service for all ratepayers and sufficient funding to meet the need therefor.

(e) Not less frequently than once every 15 years, the department shall administer a competitive process under which distribution companies may competitively bid to provide service in territories, or portions of territories, other than the territories served by the distribution company on January 1, 2015, except for the territories served by municipal light plants. Proposals by distribution companies to provide service in new territories, or new portions of territories, shall maintain municipal boundaries. The department shall require bids to consist of aggregate value proposals, including but not limited to consideration of the potential improvements in reliability, emergency response and energy efficiency, and the cost-effective improvement of distribution infrastructure. A successful proposal shall offer the greatest value to customers in that service territory at the lowest cost. The department shall not be obligated to accept any proposal under this subsection. The department shall ensure, at the conclusion of any process initiated under this subsection, that a service provider as described in subsection (d) is available for all retail customers in Massachusetts.

(f) The department is hereby authorized and directed to promulgate rules and regulations necessary to carry out the provisions of this section, including the procedure for default service procurement, governing a customer's ability to return to the standard service after choosing retail access from a non-utility affiliated generation company and governing the competitive process required in subsection (e).

SECTION 2. The department of public utilities shall administer the first competitive process as provided in subsection (e) of section 1B of chapter 164 not later than June 30, 2018 for the calendar year starting on January 1, 2019.

SECTION 3. The department of public utilities shall promulgate the rules and regulations described in subsection (f) of section 1B of chapter 164 of the General Laws at least one year before the start of the first competitive process described in subsection (e) of section 1B of chapter 164 of said General Laws.