




Yovani Baez-Rose
Assistant City Manager/DPD Director

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager 

FROM: Yovani Baez-Rose, Assistant City Manager/DPD Director

CC: Katherine Moses, Energy Manager

SUBJECT: MOTION RESPONSE: 10/11/2022 – Councilor Scott – Req. City Mgr. Provide a Report Regarding the Process for Lowell to Offer a Municipal Aggregation Program for Natural Gas

Regulatory Framework:

Mass General Law Ch. 164 Sec 134 allows for any municipality or group of municipalities to aggregate the electrical load of interested electricity consumers within its boundaries. However, the statute does not allow for aggregation for natural gas.

In 2015, the Lowell Delegation and other bill sponsors attempted to modify the statute to allow for the aggregation of natural gas. However, the bill was not able to be advanced into law. It is not clear whether gas aggregation could be advanced through a Home Rule Petition.

Potential Benefits of Municipal Aggregation for Natural Gas

Long-term stable supply cost to shelter consumers from market volatility

National Grid buys natural gas periodically throughout the year, the majority of which is under contract with suppliers. They also enter into long-term contracts for the delivery of the gas from a location where it is sourced to the beginning of the distribution system. Consumers pay what the utility pays for the natural gas.

This type of purchasing of the commodity can leave customers vulnerable to price fluctuations due to variations in available supply, market conditions, and geopolitical influences. By securing a longer-term contract through a potential aggregated natural gas program, such fluctuations could be mitigated.

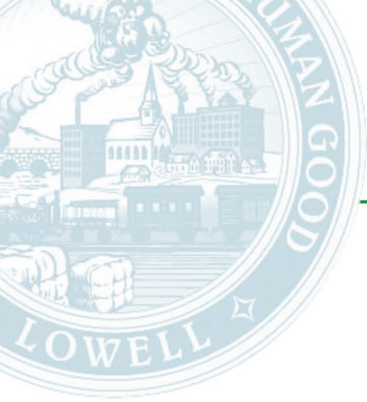
Oversight by City Employees

Just like the City's electricity aggregation program, a gas aggregation program could have oversight by City employees within the Department of Planning and Development to help educate consumers on their options, help enroll new customers, and provide a municipal resource for challenges encountered in the program.

The Department of Planning and Development believes there could be advantages to pursuing natural gas aggregation. If it is the will of the Council after the upcoming election, the city could send the attached letter to the delegation regarding legislation to support gas aggregation.

KM /ybr

Attachment



Thomas A. Golden, Jr.
City Manager

November 2, 2022

Members of Lowell Delegation

RE: Natural Gas Aggregation

Dear Members of the Lowell Delegation:

The Lowell City Council would like to request that the Delegation consider introducing legislation to modify MGL Ch. 164 Sec. 134 to allow municipalities or groups of municipalities to aggregate the thermal load of interested natural gas customers within the boundaries of a municipality.

This winter's significant increase in natural gas pricing is likely to cause many of our vulnerable residents to make challenging choices on whether to pay for their utility bills or to pay for food. Inflation and market forces have created unprecedented challenges for everyday Lowellians. It is the desire of the City Council to ease some of these challenges by being able to procure natural gas on behalf of our residents in the same way that we have successfully procured electricity for our residents through our municipal aggregation program. Municipal aggregation has allowed Lowell to enter into longer term contracts, helping to mitigate price fluctuations while simultaneously allowing for oversight of such contracts by municipal employees to help educate consumers on their supply options, help enroll new customers, and help provide direct assistance when challenges are encountered.

Please pursue reasonable ways and means to provide the tools for us to make a measurable impact in our community. We appreciate your consideration and attention to this matter.

Sincerely,

Members of the Lowell City Council