




Diane Nichols Tradd
Assistant City Manager/DPD Director

Kevin E. Coughlin
Deputy Director

MEMORANDUM

TO: Michael Geary, Acting City Manager 

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

SUBJECT: ADMINISTRATION OF ENERGY EFFICIENCY FUNDS ACCRUED FROM THE COMMUNITY CHOICE POWER SUPPLY PROGRAM FOR THE PURPOSE OF RESTRICTING THE USE OF EFFICIENCY FUNDS TO LOWELL RATEPAYERS

The Department of Planning and Development (DPD) is excited about pursuing the energy efficiency funding authorized under Massachusetts G.L. c. 164 §134(b) for the purpose of restricting such funds to benefit Lowell ratepayers. This law states, in part, “A municipality or group of municipalities establishing a load aggregation program pursuant to subsection (a) may, by a vote of its town meeting or legislative body, whichever is applicable, adopt an energy plan which shall define the manner in which the municipality or municipalities may implement demand side management programs and renewable energy programs that are consistent with any state energy conservation goals developed pursuant to chapter 25A or chapter 164.” The development of the Lowell Energy Efficiency Plan (LEEP) would focus on structuring incentives and rebates to address energy efficiency projects within the City and provide funding for programs to establish a local green collar workforce. The green collar workforce includes workers and businesses with the goal of improving the quality of the environment.

Funding levels for LEEP are estimated to be between \$7-9 million annually. The low end of the estimate is based on annual load data within the Community Choice Power Supply Program. The high end of the estimate includes the additional load projected after the build out of the Markley Group data center. Although natural gas efficiency funds are not yet available to municipalities, House Bill 3529 has been introduced by the Lowell delegation to allow municipalities to become aggregators of natural gas, which could potentially add another \$6 million annually to LEEP. DPD is currently pursuing this objective based on a City Council motion by Councilor Elliott on 11/4/14.

The City of Lowell would be the first singular municipal entity to pursue energy efficiency funds in the State. The City would also be the first municipal entity to pursue energy efficiency funds in National Grid territory. Because there is no precedent to follow, DPD is doing its due diligence in moving forward to ensure the greatest likelihood of success in the endeavor. Due to the size and complexity of energy efficiency plan development, a consultant to analyze, prepare, and seek approval for the City’s energy plan is currently underway at the direction of City Manager Murphy. Once the plan is approved, the Management Company will run the day-to-day activities of the plan, with oversight from City staff. The Management Company would be paid out of energy efficiency funds received from National Grid without the allocation of any City funds.

The implementation of LEEP would allow the City to continue its commitment to energy efficiency and renewable energy. DPD is looking forward to continuing to pursue processes that put the City of Lowell at the forefront of energy efficiency for the benefit of the citizens of Lowell. We appreciate City Council’s support in this endeavor.

A tentative schedule for the process is attached.

DNT/ns

4/05/18

Attachment

cc: Philip Ferreira, Director of Housing and Energy Programs
Katherine Moses, Energy Manager

TENTATIVE SCHEDULE

Fall 2015	Preliminary meeting with the Department of Energy Resources (DOER) to discuss statutory requirements for creation of LEEP
Spring 2018	Consultant begins research for LEEP to determine Lowell-specific penetration levels of existing programs, community needs, barriers to implementation, and other considerations identified by the City/DOER File LEEP with Department of Public Utilities (DPU) for certification Draft LEEP submitted for DOER/City review City Council vote on final LEEP
Summer 2018	Public hearings on LEEP
Fall 2018	Certification of LEEP by DPU Request money from Massachusetts Renewable Energy Trust Fund and systems benefits charge
January 2019	Begin full implementation of approved LEEP