

From:

Janice Kurkoski, North Quabbin Energy, and Chair Warwick Buildings & Energy Committee

881 Wendell Rd., Warwick MA, 01378, 978-544-3419

Dear Ms. McCarey,

First of all, thank you for the time you are taking to hear from the public along with the industry and government “experts” in this critical matter.

We are writing to open a conversation with you about a proposal that we have been discussing in our past meetings. We would like to see you initiate legislation that would mandate a “stepped rate” for electricity, under which consumers who used less would pay a lower rate per kilowatt hour than those who used more.

Background

North Quabbin Energy is a community group from the nine North Quabbin towns in north central Massachusetts that focuses on education and local action relating to ways to conserve energy and support local and regional enterprises that reduce our dependence on imported resources. The towns are Athol, Orange, Petersham, Royalston, Warwick, Wendell, New Salem, Erving and Phillipston. Our members include representatives from the appointed Energy Committees of these towns. For the past six years, we have participated in many different types of events and activities, always with an emphasis on the idea that the single best way to address the high financial, social, and environmental costs of our current energy use patterns is to consume less energy in the first place.

What we have discovered in our community work is that most people seem aware of the reasons for conserving energy (lowering greenhouse gas emissions, saving money, reducing dependence on oil and other imported resources, etc.). Many are also knowledgeable about the basic weatherization and conservation strategies that utilities, municipalities, and community groups like ours try to promote (for example, adding insulation to homes, turning thermostats down, or using fluorescent or LED lighting rather than incandescent bulbs). Yet except when energy prices are extraordinarily high, it appears that there is a great deal of inertia among the general public about actually making changes in their energy consumption patterns.

This proposal would address that issue of inertia by creating a direct incentive program for using less electricity. People could very quickly and easily make changes that would lower their electric use, and would see immediate results on their electric bills.

Comparable programs

Many utilities are beginning to offer peak and off-peak metering as a way to equalize demand on the electric grid, but although this is useful in making people more aware of their energy use

patterns, it does nothing to reduce overall demand and may actually encourage more wasteful consumption at off-peak times.

A few utilities are starting to offer the kind of stepped rate or rewards program that we are proposing. For example, Western Massachusetts Electric Company recently inaugurated a program that awards “points” (redeemable for consumer items) for the numbers of kilowatt hours saved. In our opinion, this kind of program sends the wrong message because it encourages people to save in one area (electricity use) in order to consume in another.

Examples of programs more in line with what we are proposing already exist. One is British Columbia Hydro’s “Conservation Rate,” started in April 2010. Under their Residential Conservation Rate, customers pay 7.52 cents per kWh for the first 1,350 kWh they use over an average two-month billing period. Above that amount, customers pay 11.27 cents per kWh for the balance of the electricity used during the billing period.

In nearby Vermont, the Washington Electric Cooperative has had stepped or tiered rates for years. They reward residential users with a relatively very low rate of 9.43 cents per kWh for the first 200 kWh, and then charge a significantly higher rate of 21.06 cents thereafter. As a result, their customers use on average about 11% less than the households in our area.

Points for discussion

- What might be a reasonable target figure for the stepped rate? The current Massachusetts average is about 610 kWh/month. Members of North Quabbin Energy have demonstrated that it is quite possible to use a half or even a third of that amount without any decline in standard or quality of living¹. In fact, this level of reduction is imperative given the seriousness of climate change and resource depletion.
- How could this change best be promoted to the public? We would argue that this is not a rate increase, but rather a rate *redistribution* that rewards lower energy consumption. It seems important to emphasize the positive rewards of this kind of change, rather than framing it as a penalty for higher use². It also seems crucial to demonstrate from the outset that reducing a household’s electric use can be done with surprising ease, given a greater awareness of how much energy waste can be avoided with a change in behavior.
- How could the concerns of low-income customers, those with large families, or those who heat exclusively with electricity be addressed? The BCHydro and Washington Electric Cooperative programs provide useful models for addressing these questions, and there is a great deal of regional data that shows how these consumers would by no means be penalized in the kind of pricing structure we are proposing.
- What programs could be funded with the increased revenues? Public outrage would be justified if the money went into the general coffers of the utility companies and fossil fuel energy supply and distribution companies. Enhanced conservation programs should be the target of these revenues.

Thank you for your time,

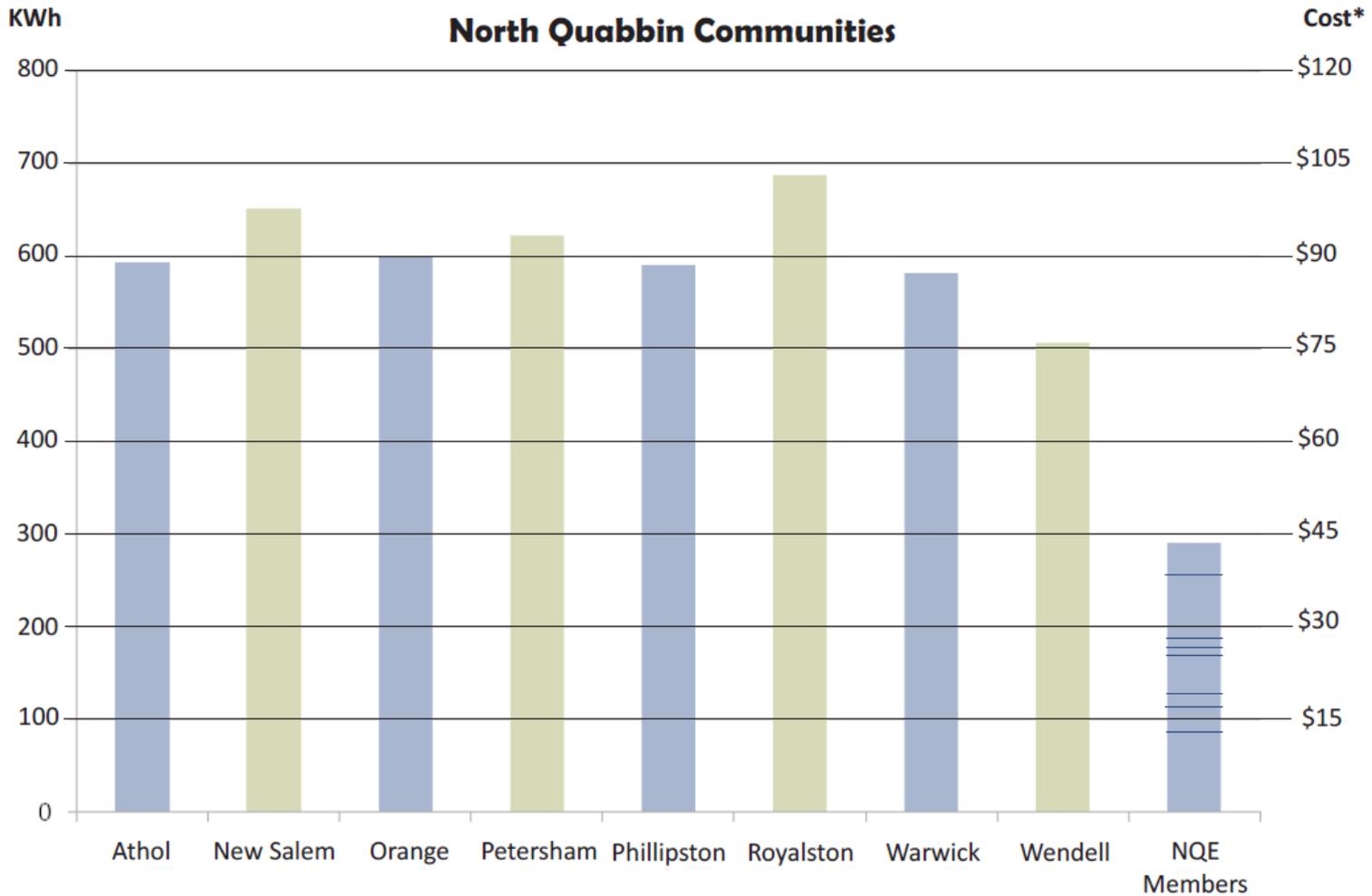
Sincerely,
Janice Kurkoski,
on behalf of North Quabbin Energy

Attachments: ¹ NQE individual.pdf, ² NQE proposed incentive rate:

Note - if attachments do not go through, see this web page for these documents:
http://northquabbinenergy.org/wordpress/?page_id=205

Average Monthly Residential Electrical Use

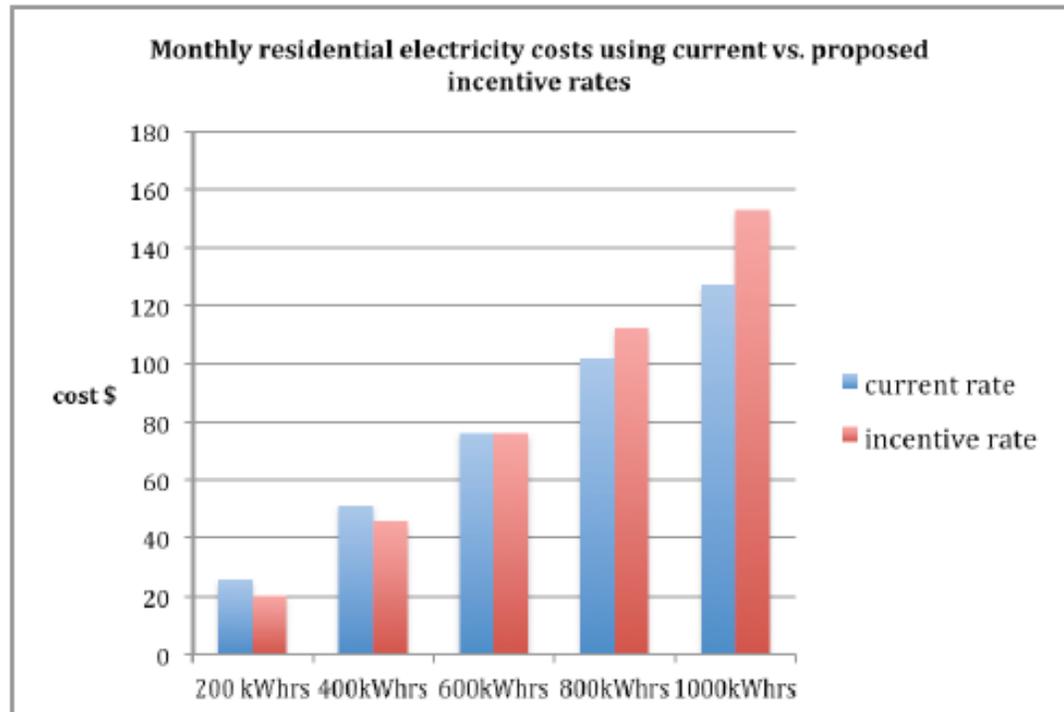
North Quabbin Communities



*Cost is calculated using a rate of \$.15 per KWh which was the actual average cost of National Grid electricity during the time period of the data. No data was received for the Town of Erving. Data collected between 07/2008 and 04/2010.
 — Represents exemplary average monthly electricity use for select North Quabbin Energy members.

North Quabbin Energy - 2010

North Quabbin Energy's plan to encourage people to use less electricity:



*Incentive rate: the proposed rate is as follows...

0-200kWhrs per month = 20% *reduction* in cost from the 600kWhrs per month level.

0-400 = 10% *reduction* in cost

0-600 = same cost

0-800 = 10% *increase* in cost

0-1000 = 20% *increase* in cost

Each additional 200kWhrs would result in an *additional* 10% increase in cost: e.g. - 1200kWhrs = 30% increase in cost, 1400kWhrs = 40% increase, etc.

*Current rate (as of 5/01/11): Delivery service rates are 3.117 cents per kWh for the first 600 kWhrs and 3.779 cents for usage greater than 600kWhrs. In addition there is the supply (or generation) charge of 7.282 cents per kWh.

Notes:

The costs per month do not include the current \$4.00 per month customer charge.

The average kWhrs consumed per month is about 600kwhrs (w/o elec. heat).

The current rate information was obtained from the National Grid web site for Massachusetts at https://www.nationalgridus.com/masselectric/home/rates/4_res.asp

Revenues generated from these incentive rates will go into conservation programs.

The incentive rate will be adjusted periodically to encourage further conservation.

The low-income rate (R-2 = 25% off delivery charges) would stay the same.

Considerations could be given to time-of-use (R-4) customers and others.