

Reprinted from Electric Power Alert, Volume V. No.1 - January 4, 1995

Eyeing 'Consumer Service Districts'...

NOVEL COMPETITION PLAN TO ALLOW MUNI BIDDING HITS MASS. LEGISLATURE

(Jan 4, 1995)

An influential Massachusetts state senator is gearing up to bring an additional measure of competition to the Bay State, introducing last month a bill that would allow municipalities to select electric suppliers through a bidding process. The bill, filed Dec. 7 by [Sen. Mark Montigny \(D\)](#), co-chair of the Joint Committee on Energy, has received a warm welcome from state regulators, who also are taking steps toward altering the electric landscape.

The [Montigny Bill](#) would allow municipal governments to create "[Consumer Service Districts](#)" through a two-thirds vote of "a municipal governing body." Should the proposal meet certain guidelines, the state Department of Public Utilities would then establish for the municipality a consumer service district, and would inform the current supplier that the city intends to accept bids for electricity.

"It empowers municipalities to create municipally-defined markets for retail service," says [one legislative staffer](#), noting that the bill does nothing more than offer cities an option. "If you are happy with your utility, you won't need it." The proposed legislation also contains provisions to maintain demand-side management, energy-efficiency and low-income service programs.

The bill contains measures designed to minimize stranded costs and avoid "quick cash deals," adds the staffer. Under an allocation methodology, ratepayers would absorb one-third of stranded costs, with the current supplier picking up two-thirds of the tab. Of that two-thirds, one-half would be paid for by taxpayers, independent power producers would be able to sell their power either to the districts or to industrial customers within the district lines.

"This bill starts with the ratepayers. That's the fundamental principle here," suggests the staffer. "This is a serious piece of legislation...Once (the utilities" realize that they have to come up with an alternative, this will be their alternative."

Conservation Law Foundation, National Consumer Law Center, Massachusetts Municipal Association, representatives of the state Office of Attorney General, and members of the DPU all have

offered feedback on the bill, although no official endorsements have yet been made, sources say. Support is expected in the muni camp and from other state legislators."