

Fitchburg Gas and Electric Light Company  
("FG&E")

Request for Proposals  
to Provide  
Default Service in Massachusetts  
Service Periods:

February 1, 2024 – January 31, 2025 (50%)

**Small and Medium Customer Groups**

Issued: October 31, 2023

# REQUEST FOR DEFAULT SERVICE PROPOSALS

## 1. Introduction

### 1.1 Background

The Massachusetts Electric Industry Restructuring Act of 1997 (“Massachusetts Act”) provided for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The Massachusetts Act provided access for all retail customers of Fitchburg Gas and Electric Light Company (“FG&E”) as of March 1, 1998. The Massachusetts Act requires each distribution company to provide default service (“Default Service”) to those customers who are not receiving generation service from a competitive supplier. The term Default Service is used throughout this request for proposal (“RFP”) to describe the wholesale supply service sought; the resulting supply provided to customers at retail is referred to as Basic Service in all customer communications<sup>1</sup>.

### 1.2 MA Default Service

The Massachusetts Act requires Default Service to be competitively procured. In addition, the Massachusetts Department of Public Utilities (“MDPU”) has conducted a number of proceedings on rules and procedures for the provision and pricing of Default Service. The MDPU has ordered all electric companies in Massachusetts to procure Default Service through competitive solicitations by customer group and to procure such power at fixed monthly prices<sup>2</sup>. The MDPU has also required electric companies to procure separately for three customer groups. For purposes of Default Service procurement, FG&E has defined a “Small Customer Group,” a “Medium Customer Group” and a “Large Customer Group,” each comprised of various customer rate classes as defined below in Section 1.3.

The MDPU also implemented rules and procedures for the provision and pricing of Default Service in which it clarified procurement rules with regard to Standard Market Design (“SMD”) and established procurement schedules<sup>3</sup>. Since FG&E’s customers are located in a single SMD load zone (WCMA), the SMD clarification does not impact this RFP.

The MDPU ordered electric companies to procure power for their residential and small C&I customers on a staggered basis whereby 50% of Default Service supply is procured every six months for a twelve-month period. The MDPU also ordered electric companies

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<sup>1</sup> See Docket D.T.E. 04-115-A.

<sup>2</sup> See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

<sup>3</sup> See Dockets D.T.E. 02-40-A, D.T.E. 02-40-B and D.T.E. 02-40-C.

to procure power for their medium and large C&I Default Service customers on a quarterly basis.<sup>4</sup> FG&E purchases for its Small Customer Group and Medium Customer Group under the residential and small C&I customer schedule (50% for twelve months). On June 13, 2012, the MDPU issued an Order in docket D.P.U. 11-16 approving FG&E's proposal to begin serving its Large Customer Group default service requirements directly and to discontinue the RFP solicitation process for the Large Customer Group for an initial period of one year.

FG&E is seeking proposals from qualified power suppliers to supply firm, load-following power to meet the needs of customers who are taking service under its Default Service tariff. For this RFP, FG&E will be procuring for the small and medium customer groups.

The Supplier(s) of Load Following Service are not required to provide FG&E's renewable energy obligations resulting from the Massachusetts Renewable Energy Portfolio Standards promulgated at 225 CMR 14.00 and 15.00 et seq., the Alternative Energy Portfolio Standard promulgated at 225 CMR 16.00 et seq, or the Clean Energy Standard (CES) promulgated at 310 CMR 7.75 et seq, or the Clean Peak Standard (CPS) promulgated at 225 CMR 21.00. These requirements will be managed separately by FG&E.

### 1.3 Massachusetts Customer Groups

For the purpose of soliciting and administering default service power supply, FG&E has established customer groups comprised of the customer rate classes shown in the following table. Respondents may submit bids to provide service to any or all customer groups for which supply is sought in a given solicitation; however, bids to supply each customer group will be evaluated and awarded separately. The loads associated with the customer groups are modeled in the ISO New England market system as load assets 1737 and 10693.

<b>Customer Group</b>	<b>Load Asset #</b>	<b>Customer Rate Class</b>
Small Customer Group	1737	RD-1, RD-2, GD-1
Medium Customer Group	10693	GD-2, GD-4, GD-5, SD

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<sup>4</sup> The MDPU notes that by medium and large C&I customers, the Department means customers taking service under FG&E's G3 rates.

## 2. Description of Services

### 2.1 Description

Default Service is provided to retail customers who are not taking service from a competitive supplier. Default Service can be initiated by: (a) a customer notifying FG&E that they wish to terminate service from their competitive supplier and commence Default Service; (b) a competitive supplier notifying FG&E that it is terminating service to a customer; (c) a competitive supplier ceasing to provide service to a customer without notifying FG&E; or (d) a customer moving into FG&E's service territory.

This RFP provides background information and historical data, details the service requirements and commercial terms, and elaborates on the procedures to be employed by FG&E to select the winning suppliers.

### 2.1 Expected Loads

The amount of Default Service to be supplied by the winning bidder will be determined in accordance with the retail load associated with those customers who from time to time rely on Default Service. FG&E cannot predict the number of customers that will rely on Default Service, how much load will be represented by these customers, or how long they will continue to take Default Service. FG&E expressly reserves the right to encourage customers to choose their own supplier from the competitive marketplace instead of taking Default Service.

To assist respondents in determining the potential load requirements, FG&E has provided the following documents on its Procurement Website:

- Historical Hourly Loads and Capacity Tags for FG&E's Small and Medium Customer Groups for the period January 1, 2019 through September, 2023 ("FGE\_Historic\_Hourly\_Loads\_and\_Capacity\_Tags\_2023-10.xls").
- Historic Retail Monthly Sales data from DOER 110 reports filed by FG&E from January 2019 through September 2023. The DOER 110 report details the number of customers and monthly retail kWh sales billed to customers receiving Default Service and competitive generation service each month by customer rate class. The data have been summarized by the current customer group definitions and charts have been added to show monthly sales by supply type for each customer group ("DOER\_110\_Report\_2023-10.xls").
- Class Average Load Shapes (8760 hours) as measured at the customer meter level ("FGE\_Profiles\_2023-10.zip").
- Evaluation Loads that FG&E will use to calculate weighted average prices of bids received from respondents for the purpose of comparing competing bids on the basis of price are provided on the bid forms. These estimated loads may be instructive to respondents, but should in no way be construed to represent any contract quantity or billing determinant or to create any obligation to any party ("FGE\_Bid\_Sheets\_2023-10.xls").

- Distribution System Loss Factors are shown in the following table. The supplies that will be delivered and purchased under the contracts sought via this RFP will be wholesale supplies measured at the PTF level. The historical hourly loads provided are measured at the PTF level. The distribution loss factors enable one to calculate the retail usage at the customer meter associated with a given quantity of wholesale supply.

<b>Rate Class</b>	<b>Distribution Loss Factor</b>
RD-1, RD-2	6.35%
GD-1	6.35%
GD-2, GD-4, GD-5	6.12%
SD	6.35%

Please contact Jeff Pentz at (603) 773-6473 or [pentzj@unitil.com](mailto:pentzj@unitil.com) with any questions regarding these materials.

### **3. General Provisions**

#### **3.1 Terms and Conditions**

FG&E seeks competing power supply offers to provide firm, load-following power to supply the Default Service requirements of the customer groups listed in the table in the Supply Obligation Period portion of Section 4.1. Respondents may bid to serve any of the customer groups listed, but must offer prices for the entire periods sought. Pricing requirements are detailed in the Proposed Pricing portion of Section 5.2. Bids to supply each customer group will be evaluated and awarded separately with a single winning bidder being chosen to supply the entire period sought for each customer group.

#### **3.2 Power Supply Contract**

Respondents who have not previously executed a Power Supply Agreement (“PSA”), or who do not wish to amend a prior PSA, must execute the PSA in Appendix B (“App\_B\_FGE\_Power\_Supply\_Agreement\_2023-10.doc”).

Respondents who have previously executed a PSA with FG&E for the provision of Default Service supply may amend their existing PSA with FG&E in order to implement the proposed transaction. For convenience, FG&E has provided a proposed PSA Amendment in Appendix B1 (“App\_B1\_FGE\_PSA\_Amendment\_2023-10.doc”).

Respondents must submit PSA contract comments on or prior to the due date of the indicative bids. FG&E will review and negotiate contract changes in good faith, but any contract changes must be mutually agreed to prior to final bidding.

Winning bidders will be required to execute the contract agreed upon with FG&E within two (2) business days of being notified they were selected as the winner.

The obligations of FG&E and the winning bidders are subject to and conditioned upon MDPU approval of the retail rates derived from the transaction sought in this solicitation. FG&E will use its best efforts to obtain MDPU's approval.

### 3.3 Proposal Process and Submission Dates

The following table outlines key dates associated with this procurement process. All times are in Eastern Prevailing Time (EPT).

<b>Process Step</b>	<b>Date</b>
Issue Request for Proposal	Tuesday, October 31, 2023
Non-Disclosure Agreement Due	Tuesday, November 14, 2023, 3:00 p.m.
Proposal Forms & Indicative Pricing Due (including proposed contract changes)	Tuesday, November 14, 2023
Final Pricing Due	Tuesday, November 28, 2023, 10:00 a.m.
Winning Supplier Notified	Tuesday, November 28, 2023, 1:00 p.m.
Contracts Executed	Thursday, November 30, 2023
FG&E files for MDPU Approval of Rates	Friday, December 1, 2023
Anticipated Approval of Rates	Friday, December 15, 2023
Service Commences	Thursday, February 1, 2024

Respondents to this RFP for Default Service must submit a completed Proposal Submission Form, including any proposed contract modifications, a non-disclosure agreement, indicative pricing and then final pricing according to the schedule shown above.

All submissions should be marked "FG&E Default Service RFP" and sent via email to Jeff Pentz ([pentzj@unitil.com](mailto:pentzj@unitil.com)) and [energy\\_contracts@unitil.com](mailto:energy_contracts@unitil.com).

Non-Disclosure Agreement ("NDA") must be completed in order for FG&E to provide its financial information to bidders as well as to protect the confidentiality of bid

information. Respondents who have previously signed an NDA with FG&E for the provision of Default Service supply do not need to execute an NDA. Respondents who have not previously signed an NDA with FG&E must execute the NDA in Appendix C (“App\_C\_FGE\_NDA\_2023-10.doc”). A partially executed NDA or redline version with proposed changes is due by **5:00 p.m. on November 14, 2023**.

Proposal Submission Form must be completed and is attached as Appendix A (“App\_A\_FGE\_Submission\_Form\_2023-10.doc”) and is due along with proposed PSA changes by **5:00 p.m. EPT on November 14, 2023**.

Indicative Pricing is due with the Proposal Submission Form and should be submitted on the “Indicative” sheet of the Bid Form (“FGE\_Bid\_Sheets\_2023-10.xls”). Pricing must meet the requirements described in the Proposed Pricing portion of Section 5.2. Indicative pricing is due by **5:00 p.m. EPT on November 14, 2023**.

Proposed contract modifications, on either the full Power Supply Agreement (PSA) or on the PSA Amendment, are also due along with the Proposal Submission Form on **November 14, 2023**. The Amendment is reserved for respondents who have previously executed the PSA and who prefer to contract for the supplies sought via this RFP by amending that PSA. If respondents propose any changes to the PSA or the Amendment, they must provide an electronic copy that is marked to show proposed language in a reviewable format. FG&E will consider the contractual terms and conditions accepted by each bidder as part of its evaluation criteria, as described in Section 6. When final bid prices are received and confirmed, FG&E intends to conduct its evaluation and select winning bidders within a few hours. For these reasons, contractual issues must be resolved prior to final bidding.

Final Pricing should be submitted on the “Final” sheet of the Bid Form (“FGE\_Bid\_Sheets\_2023-10.xls”). Final pricing is due by **10:00 a.m. EPT on November 28, 2023**.

Winner Notified. FG&E intends to confirm final pricing, evaluate competing bids, and select and notify the winning bidder by **1:00 p.m. EPT on November 28, 2023**. Other bidders will be notified that they were not selected by close of business.

FG&E, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in the RFP or any appendix hereto or to withdraw the RFP.

### 3.4 Contact Person and Questions

Questions regarding this RFP should be directed to Jeff Pentz at pentzj@unitil.com or by phone at (603) 773-6473.

### 3.5 Right to Select Supplier

FG&E shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason and to disregard any submission not prepared according to the requirements contained in this RFP.

### 3.6 Customer Billing and Customer Service

The Default Service power supply procured under this RFP will be a wholesale supply. As such, the winning supplier will have no retail customer contact in any form. All customers taking Default Service will be retail customers of FG&E. As the retail provider of such service, FG&E will provide billing and customer service to customers receiving Default Service. In addition, FG&E will assume responsibility for the ultimate collection of moneys owed by customers in accordance with rules and regulations approved by the MDPU.

## 4. **Service Features**

### 4.1 Supply Obligation Period

The supply obligation period for each supply contract will commence at 0001 hours on the dates listed under “Period Begins” in the following table and will terminate at 2400 hours on the dates listed under “Period Ends” in the following table.

<b>Customer Group</b>	<b>Requirements</b>	<b>Period Begins</b>	<b>Period Ends</b>
Small	50%	February 1, 2024	January 1, 2025
Medium	50%	February 1, 2024	January 1, 2025

### 4.2 Delivery Point

Suppliers will be responsible for all settlement obligations associated with the load assets. FG&E load assets are currently settled at the West Central Massachusetts Load Zone (4007). In the event that ISO New England implements nodal settlement of load obligations, suppliers will be responsible for all relevant charges at the node where the load assets are settled. The load physically exists and is metered at the Flagg Pond substation.

### 4.3 Form of Service

The winning supplier shall provide firm, load-following power for delivery to ultimate customers taking service under FG&E’s Default Service tariff. The obligations and responsibilities associated with providing Default Service shall be transferred to the winning supplier via an Ownership Share for Load Asset, utilizing the ISO New England Load Asset Registration Process for the load assets associated with the customer groups. The percentage Ownership Share for each load asset shall be as listed on the table above



under Supply Obligation Period. The quantity of service that suppliers will be responsible to deliver, and that FG&E will be responsible to purchase, will be wholesale supplies measured at the PTF level, as described in the Data Provided portion of Section 2.

Seller shall be responsible for providing and paying for all energy and capacity services and for all ancillary services associated with the Day-Ahead Load Obligation and the Real-Time Load Obligation (as defined in Market Rule 1, Section III of ISO New England Inc.'s Transmission, Markets and Services Tariff (the "ISO Tariff")), associated with the load assets, as required by the ISO Tariff as may be amended or superseded from time to time. FG&E shall be responsible for providing and paying for the transmission of the power across NEPOOL PTF and for all ancillary services associated with the Regional Network Load (as defined in the Open Access Transmission Tariff, Section III of the ISO Tariff), associated with the load assets. The specific requirements regarding the provision of energy, capacity and ancillary services by the Seller, and regarding the provision of transmission service by FG&E, are detailed in Article 4 of the proposed Power Supply Agreement, attached as Appendix B.

FG&E will report the hourly Default Service loads associated with the load assets to ISO New England on a daily basis in accordance with the reporting practices in New England. The load reported for Default Service customers will incorporate appropriate load allocation and estimation techniques and available meter readings for customers receiving Default Service from FG&E. Month end adjustments, based on customer meter readings, will be made to initially reported loads approximately 45 days after each month. Such adjustments will be priced at the contract price in effect during the month the load was served.

#### 4.4 Renewable Energy Portfolio Standards

The Massachusetts Act required the Division of Energy Resources ("DOER") to establish a Renewable Energy Portfolio Standard ("RPS"), Alternative Energy Portfolio Standard ("APS"), Clean Energy Standard ("CES"), and Clean Peak Standard ("CPS") for all retail electricity suppliers selling electricity to end-use consumers in Massachusetts.

Implementation of these programs requires FGE to demonstrate compliance with RPS, APS, CES, and CPS regulations. FG&E intends to acquire Compliance Certificates under a separate process and therefore the service sought via this RFP does not include the provision of RECs for compliance.

### 5. Proposal Requirements

#### 5.1 Requested Information

Respondents to this RFP must provide the information identified in the Proposal Submission Form attached as Appendix A. Respondents are asked to complete the submission form and return it to Jeff Pentz as indicated in Section 3. Proposals should contain explanatory, descriptive and/or supporting materials as necessary.

Respondents will find that FG&E requests on its Proposal Submission Form that bidders indicate whether they will extend sufficient financial credit to FG&E to facilitate the transactions sought. FG&E will provide a copy of its most recent financials upon completion of the Mutual Confidential Non-Disclosure Agreement included as Appendix C. Respondents are asked to indicate the financial security requirements they propose along with any proposed contract modifications. Proposed contract language is requested in a reviewable and editable fashion, such as the revision marking features of Microsoft Word. Respondents are also asked to indicate whether they agree that the resulting contract is subject to MDPU approval of supporting retail rates as sought by FG&E.

FG&E will treat all information received from respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than to evaluate the respondent's ability to provide the services sought in this RFP.

## 5.2 Proposed Pricing

Respondents offering fixed monthly prices must specify the prices, in \$/MWh, at which they will provide Default Service. Proposed prices may vary by calendar month, but must be uniform for the entire calendar month and must cover the entire supply obligation period sought. Purchases will be made on an "as-delivered" energy basis with prices stated on a fixed \$/MWh basis for all MWh reported to ISO New England. No maximum price is specified; however the resulting retail rates are subject to the review and acceptance of the MDPU.

Respondents offering variable monthly prices must specify the monthly fixed adders, in \$/MWh, at which, in addition to the load-weighted average real-time WCMA LMP, they will provide Default Service to the Small and Medium Customer Groups. Proposed monthly adder prices may vary by calendar month, but must be uniform for the entire calendar month and must cover the entire supply obligation period sought. Purchases will be made on an "as-delivered" energy basis with the monthly contract price equaling the sum of the load-weighted average real-time WCMA LMP plus the monthly fixed adder as bid during the RFP process.

## 5.3 Bidder Requirements

In order to secure reliable, low cost Default Service for its customers, FG&E wishes to include all qualified power suppliers interested in this solicitation. Although the service sought is a wholesale transaction, suppliers who regularly conduct business as retail electricity marketers are eligible and welcome to participate in this solicitation.

Bidders must have access to the ISO New England settlement process for the entire term of the sale, either as a Market Participant or via arrangements with a Market Participant to utilize their settlement process.

Respondents must establish complete contract language, including financial security arrangements, with FG&E prior to submission of final pricing.

## **6. Evaluation Criteria**

The principal criteria to be used in evaluating proposals will include, but may not be limited to:

- Lowest evaluated bid price over the supply obligation period, utilizing the Evaluation Loads listed in the Bid Forms.
- Financial and operational viability of the power supplier, including the provision of adequate financial security.
- Responsiveness to non-price requirements including the reasonable extension of financial credit to FG&E and agreement that the proposed transaction is subject to MDPU approval of retail rates as sought by FG&E to cover the cost of the transaction.
- Bids to supply each customer group will be evaluated and awarded separately with a single winning bidder being chosen to supply the entire period sought for each customer group.

## **Appendix A: Proposal Submission Form**

See file named “App\_A\_FGE\_Submission\_Form\_2023-10.doc”

## **Appendix B: Default Service Power Supply Agreement**

See file named “FGE\_App\_B\_Power\_Supply\_Agreement\_2023-10.doc”

## **Appendix B1: Default Service Power Supply Agreement Amendment**

See file named “App\_B1\_FGE\_PSA\_Amendment\_2023-10.doc”

## **Appendix C: Mutual Confidential Non-Disclosure Agreement**

See file named “App\_C\_FGE\_NDA\_2023-10.doc”