



Sustainable Essex Alliance (SEA) Community Energy Aggregation

March 2019 Program Bulletin

For nearly 20 years, New Jersey's electric industry has been open to competition, meaning that, while the local electric utility (PSE&G) still has the responsibility for providing delivery service, consumers have the ability to receive the power supply from any number of licensed suppliers competing in the marketplace. Under the State of New Jersey's Government Energy Aggregation (GEA) law, another option is provided whereby municipalities are permitted to pool residents together and conduct a competitive bid for power supply on behalf of residents. Since 2012, dozens of municipalities throughout the state have followed this path and implemented so-called 'community energy aggregation' programs.

In addition, there has been a recent trend to utilize the 'bulk purchasing power' created by community energy aggregation programs to try to obtain green power for residents at a beneficial price. Given the strong interest in the Borough to promote sustainability and reduce our carbon footprint, the Borough of Glen Ridge, in conjunction with a number of surrounding municipalities, has launched a cooperative purchasing initiative to try to procure electricity supply for its residents that is 'greener' and has a lower price than the 'default' power supply offered by the utility (PSE&G). Specifically, Glen Ridge recently passed an ordinance (Ordinance No. 1681) authorizing a GEA program for the Borough, and passed a resolution (Resolution No. 74-18) joining the Sustainable Essex Alliance Energy Procurement Cooperative (SEA EPC). The neighboring Essex County municipalities of Millburn, Maplewood, Montclair, South Orange and Verona have also passed resolutions joining the SEA EPC. The partner municipalities will collectively be implementing the Sustainable Essex Alliance Community Energy Aggregation (SEA CEA) program. The purpose of the SEA CEA is to create purchasing leverage for the residents of the participating towns in a search for greener and lower cost power supply.

The SEA CEA has launched a competitive, public bidding process, through the issuance of a Request for Proposals ("RFP") on March 5, 2019 soliciting energy supply proposals from NJ BPU-Licensed suppliers on behalf of residents of the participating municipalities. The RFP is requesting that suppliers provide power supply that has a renewable energy content that is 20% greater than the amount of green power mandated by the State and provided by PSE&G - this translates to a total renewable energy content of more than 40% overall. Bids will be accepted on April 2, 2019, and the SEA CEA would award a contract to a supplier offering the most advantageous proposal, provided that the proposal meets pre-established criteria regarding renewable energy content and cost savings. Should an award be made, residents of Glen Ridge and the other participating municipalities would be notified by mail of the

details of any contract entered into with a supplier on their behalf. Residents would then have the opportunity, should they so desire, to opt-out of the SEA CEA program within a 30-day opt-out window. Those who wish to participate will not have to take any further action.

As noted above, Community Energy Aggregation allows municipalities the ability to dictate the quantity of renewable energy sought in its energy mix. As part of Glen Ridge's commitment to sustainability, any potential supplier of electricity to SEA CEA program participants will be obligated to source nearly double the amount of renewable energy that is currently supplied to residents by PSE&G via its default service. The fulfillment of such a quota would make the Borough a state-wide leader in renewable energy procurement. Residents are advised that any energy supplier awarded a contract for greener product must also provide overall cost-savings for residents.

Please be aware that while residents are always free to choose their own 3rd-party energy supplier without penalty, suppliers not affiliated with the Borough's program may not be able to provide you with the level of savings and consumer protections (non-variable prices over the full contract term; no automatic rollovers of the contract; no penalties for early termination, etc.) offered by the Borough. Additionally, the terms of a third-party supply contract may interfere with your ability to enroll with the SEA CEA cost-effectively.

We look forward to working diligently with our consultant in the coming months to achieve both sustainability goals and savings for our residents, and additional updates will be provided on this website after the bid process is completed. In the meantime, should you have any further questions, please feel to contact the Borough at 973-748-8400, or you can email our energy consultant's help desk at SEA-CEA-info@gabelassociates.com.

FREQUENTLY-ASKED QUESTIONS:

➤ What is Community Energy Aggregation?

Community Energy Aggregation is a program that allows municipalities to conduct a "bulk purchase" of energy supply on behalf of its residents, **at lower prices and/or greater renewable energy content than the utility 'default service' supply**. New Jersey regulations allow municipalities to take this approach on your behalf.

Borough of Glen Ridge together with its SEA partners hired and collaborated with their Energy Consultant, Gabel Associates, to implement a successful procurement process for a Third-Party Supplier to provide power supply to their residents.

➤ Who is Gabel Associates?

Gabel Associates is a registered Energy Consultant that has been retained by the SEA to administer and implement the SEA CEA program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale aggregations (like this one) for

over 15 years. They were also a key participant in the development of CEA rules and programs state-wide.

Gabel Associates was the first firm in the State to have successfully implemented a CEA program in New Jersey, and the firm has successfully completed the most CEA programs in the State. These programs have saved millions of dollars for New Jersey residents!

Gabel associates can be reached by e-mailing SEA-CEA-info@gabelassociates.com.

➤ **How does the SEA CEA Program work?**

The Borough, with the assistance of Gabel Associates, will issue a competitive bid process following strict competitive contracting laws in an effort to select a Third-Party Supplier ("TPS") of electricity with renewable energy content greater than that provided by your utility (PSE&G) and at non-variable rates that are below the average utility prices (otherwise referred to as the utility Basic Generation Service or 'BGS' tariff prices).

All residents who are not shopping independently will be automatically included in the SEA CEA program and be sent a notice in the mail if and when a contract is awarded by the Borough. This notice, known as the Opt-Out Notice, will provide all the details of the program as well as the various ways to opt-out of the program, including the awarded supplier's toll free telephone number, email address, and a postage-paid opt-out card.

If a contract is awarded, customers will have 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After 30 days, residents who did not opt-out of the program will be enrolled by the winning supplier.

Future rounds of the SEA CEA program will work in the same way. You would receive an Opt-Out Notice with program details and contact information for the selected SEA CEA program supplier, and a 30-day opt-out period would ensue.

Even after an electric account is enrolled, residents are free to opt-out of the program at any time during the contract! Participation in the SEA CEA Program is 100% optional! There are still no any fees or penalties if you decide to opt-out.

Customers that have their own, independent TPS contracts are given the option to join the SEA CEA program once their current contract expired.

➤ **Will I receive two bills?**

No, you will always receive one bill from your utility (PSE&G). The only thing that changes in the SEA CEA Program, or any CEA Program, is the cost of the electricity provided (and the renewable energy content).

Electric bills are comprised of two main components: power supply and distribution. It is important to emphasize that this program covers **only the power supply portion of the electric bill**. Under New Jersey's retail choice regulations, you may purchase power supply from either the electric utility company under its Basic Generation Service ("BGS") tariff rates, or you may purchase your power supply from a Third-Party Supplier ("TPS"). The goal of the SEA CEA

program is to provide cost savings and a reduction in the carbon footprint on the power supply portion of your bill. The new power supply charges assessed by the selected SEA CEA program supplier appear on your utility (PSE&G) bill in place of the BGS tariff charges for power supply. Utility (PSE&G) delivery charges remain the same.

The delivery portion continues to be provided by the utility at regulated rates and the utility (PSE&G) continues to provide all emergency and safety services. The utility also continues to provide customer services such as meter reading, billing and service restoration. Furthermore, you will continue to have all existing consumer protections and rights.

Importantly, the delivery and distribution of electricity under this program remains the same, through the regulated utility (i.e. PSE&G) that serves your home. The utility continues to handle your account, providing meter reading and billing, and addressing any power outages and maintaining service.

➤ **Will I be able to keep my budget billing (or equalized payment plan)?**

The Borough requires the selected SEA CEA program supplier to provide budget billing for their power supply charges to those customers that currently have such arrangements with the utility (PSE&G). The utility will continue to provide budget billing for their delivery charges. Therefore, the consolidated bill issued by the utility will continue to contain equalized payments.

Nonetheless, budget billing with the utility's distribution portion of the bill and the awarded third-party supplier's supply portion of the bill can be complicated. If you are experiencing trouble with your budget billing, please contact PSE&G, the SEA CEA program supplier, or Gabel Associates (contact information below) for assistance.

➤ **Why is the program set up so that residents can only opt-out, rather than having it so that residents may opt-in if they wish to join?**

The program is set up this way to ensure that a sufficient number of households will participate to obtain a meaningful bid, and to avoid the costly and time-consuming process of having everyone affirmatively sign up for the program.

The aggregation rules incorporate consumer protections, and recognize the logistical challenges of a residential procurement program, while at the same time providing a structure that will attract bidders.

When the retail choice program was originally enacted in NJ in 1999, the rules required that government aggregators be required to obtain a so-called "wet signature" from each residential customer demonstrating the customer's affirmative consent to join. After a number of years it was recognized that this "opt in" approach put such a burden on the programs that none got off the ground, and the model was changed to "opt-out" for residential customers. Unlike business customers, residential customers represent large numbers and (relatively) small usage/margins for each account. In order for an aggregation of residential customers to work, it is necessary to get large volumes with as low transaction costs as possible. This results in the opt-out approach, which gives suppliers a firmer basis for the load they are bidding on, but still provides residential customers with the ability to opt out.

The regulations also require that an aggregation program show savings versus the utility-provided rates. Each residential customer received a written notification after the bid, informing them of the price, the comparison to the utility price, and their right to opt out. As such, each resident is fully apprised of all pertinent information necessary to make an informed decision.

➤ **What about power outages?**

Power outages are **not** under the control of the third-party supplier. The delivery system is still under the utility's (PSE&G) control, and there is no difference in delivery services whether you purchase the power supply from a third-party supplier or from the utility (PSE&G) under their tariff. In the event of an outage, please contact the utility (PSE&G).

➤ **What if I have a solar system?**

Customers with solar systems, especially that are larger in size, typically result in solar production in some months exceeding your monthly electric consumption. In such cases, the monthly utility bill is usually very low.

For these customers, the savings attributable to the SEA CEA program would be very minimal. It is for this reason that the Borough elected to remove solar customers from the SEA CEA supply contract.

However, if you believe based upon a review of your past bills that your solar system is NOT producing excess energy that is being 'banked' on your utility bill, you may consider opting-in to the SEA CEA program. You are encouraged to contact the selected supplier or your utility for further information.

➤ **Will the LIHEAP and Lifeline benefit programs for low income residents still apply if I participate in the SEA CEA?**

LIHEAP (Low Income Home Energy Assistance Program) is a federally funded program, administered by the Dept. of Community Affairs, to assist low income households with paying their heating bills (whether electric, gas, oil, etc.). There should be no impact of participation in the SEA CEA program on customers' eligibility. Lifeline or Universal Service programs are state-funded through State taxes and societal benefits charges, again with eligibility based upon a number of factors tied to income. Bill credits of up to \$225 are provided to assist eligible customers with electric and gas utility bills. The SEA CEA provides consolidated billing through the utility; as such the bill credits should be unaffected.