

# Municipal Electricity Aggregation

March 26, 2012

# Timeline

- November 2011: City Council approved resolution to place referendum on March 20 primary ballot
- December 12, 2011: City Council approved IGA of NSEAC
- February 20: Public Hearing #1
- February 20: NSEAC issues RFP
- March 5: RFP responses due
- March 20: Referendum – primary election
- March 26: Public Hearing #2
- **March 26:**
  - Ordinance authorizing opt-out aggregation program
  - Plan of Operation & Governance (POG)
  - Resolution to execute agreement with ARES
- April: Determination of electricity price
- June/July: Tentative start date of new service

# Business Points

## ■ Terms of Agreement

- 36-month contract term with supplier, MC<sup>2</sup>
  - Includes annual price lock terms to commence June 2012
  - Prior to second and third price lock terms, the Consortium will monitor market to select commodity rate
- If Consortium does not lock a price at end of price lock term, MC<sup>2</sup> can:
  - Provide electricity \$.0001/kWh under ComEd Rate, or
  - Return Consortium to ComEd default rate and terminate agreement

# Business Points

## ■ Supply Mix

### ■ Standard Supply Mix

- Minimum as required by state of Illinois (7% RECs)

### ■ Enhanced Renewable Mix

- Each Consortium municipality may select 100% REC for \$2/REC in first price lock term
- Average home uses 5-10 megawatt hours annually
- \$2 REC = additional \$10-\$20 per consumer per year

### ■ Individualized Purchasing

- Individual consumers may purchase \$1/REC
- Limit of 100,000 RECs for Consortium (10% of Consortium customer load)
- Provide online, telephone and onsite registration assistance

# Business Points

## ■ Enrollments

### ■ Fees

- Terminate service without penalty if consumer moves within or outside of municipality
  - No fees for changing residency within Park Ridge
- However, consumers who opt-out and leave program for other reasons are assessed a \$25 fee
- New customers may be charged a fee if property does not have existing service with vendor

# Business Points

- Customer Service
  - Toll-free telephone line available to customers 24/7
  - Individual website for North Shore Aggregation Electricity Consortium
  - Multi-lingual services

# Next Steps

- Consortium to lock in commodity price mid-April
- Opt-out notices sent to municipalities, allowing 21-days for residents to make a decision
- Municipality to coordinate with ComEd through duration of process
- June 2012: anticipated start date

# Types of Energy Production

- Green Energy
  - Green energy is the energy generated from a renewable energy resource such as wind and solar and is variable with regard to output
  - Green energy accounts for a small percentage of total energy supply (about 2%)

# Types of Energy Production

- RECs (contemplated in the Consortium's RFP)
  - When one unit (a megawatt-hour) of Green energy is produced, a Renewable Energy Credit ("REC") is also produced
  - An REC is proof that Green energy has been produced and made available to the regional electric grid
  - Energy travels based on the rules of physics from the point of production to the point of least resistance
  - This means that no one can establish that the energy used in their home today came from a specific power plant or wind turbine
  - Communities purchase RECs to show that, on average, a certain percentage of their energy supply was sourced from renewable energy resources

# Types of Energy Production

## ■ Brown Energy

- Brown energy is energy generated from fossil fuels (i.e. coal, oil, and natural gas) and is more constant with regard to output (i.e. the power plants can operate almost 100% of the time)
- Brown power accounts for most of our regional supply needs
- Electricity needs don't always coincide with Green energy production, so Brown energy is used as a backup for those periods when Green energy is not available