

Residential Electric Aggregation Program

A referendum will appear on the November 6, 2012 ballot regarding the Village's aggregation of residential electric accounts. The referendum would allow the municipality to seek competitive quotes for its residents' power costs, to see if they can beat the current rate that is set by the Illinois Power Agency for ComEd account holders. If a lower rate were available, residents would then purchase their power through a new supplier. The power would continue to be billed and delivered by ComEd.

Overview – What is municipal aggregation of electricity?

Aggregation in general refers to many customers joining together to form a buying group. Municipal aggregation refers specifically to the situation where a municipality organizes the pooling of its citizens to become the buying group. The municipality then seeks out offers on behalf of its constituents to get better pricing, terms and services than would be available to an individual. Similar to garbage collection contracts, the municipality will have the authority to negotiate on behalf of its entire community.

Why is this possible?

The State of Illinois amended its deregulation legislation allowing municipalities to aggregate the electric load of their residents and small businesses. Through deregulation, municipalities can now pursue competitive bids for the energy and move to other suppliers (ARES---Alternative Retail Electric Suppliers) if their pricing is more attractive. ComEd no longer *generates* or *supplies* electricity, but continues to *deliver* electric power that residents may purchase from a variety of ARES, all of which are regulated by the Illinois Commerce Commission.

How does it work?

In order for the Village to create an electric aggregation program, a referendum must be approved by a majority of voters. The Village Board approved a resolution providing for the referendum question to appear on the next ballot on November 6, 2012. The referendum question is stated thusly:

Shall the Village of Hawthorn Woods have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such program?

The Village will create a Plan of Operation and Governance and hold at least two public hearings to discuss the plan. Once the Plan is in place, the Village can solicit proposals from ARES who are licensed as alternative electric suppliers in the state of Illinois. The Village reviews bids and will select a winning supplier, with which it will enter into an agreement with for energy supply. The Village is not mandated to enter into an agreement. Thus, if favorable pricing does not exist, the Village will not enter into an agreement.

Based on the timing of the above process, a Village aggregation program would not become effective until early 2013.

How will this affect ComEd?

ComEd will continue to bill you for supply and delivery of your electricity, just as it does currently. ComEd will continue to respond to power outages; residents should call ComEd for any issues with disruption of their power supply.

How Do I Enroll?

You need do nothing to enroll. All eligible residents and small businesses will be automatically included in the program unless they choose to opt-out. A letter will be sent with details of the price and terms prior to any enrollment to all eligible electric account holders. If you do not respond to the letter sent to you, you will be enrolled with the new, lower-cost supplier, but you will continue to receive your bills from ComEd. If you do not want to be included in the program, you will have two opportunities to opt out, in the form of letters sent to your ComEd billing address.

Please note: No resident, nor small business need give their ComEd account number to be enrolled in the program. Residents are advised not to give their account information to a caller or visitor who requests their information to be enrolled in the Village's program. Again, residents need do nothing to be automatically enrolled in the program.

Should a resident be approached with a request to release their account number to for enrollment in the Village's program, that resident is advised to report such activity to the Illinois Commerce Commission's customer services complaint line at 800-524-0795 or <http://www.icc.illinois.gov/consumer/complaint>.

How will this affect me?

If an aggregation program is created, all residents and small businesses will be automatically enrolled in the program unless they "opt-out." Before the aggregation program begins, all residents would receive notice to opt out of the program with details of the new rate and term.

Regardless of whichever option residents and businesses chose, ComEd remains the utility provider delivering electricity to homes and businesses. Residents would continue to receive a ComEd bill and would continue to call ComEd in case of an outage or service need. The only difference would be a change in the supply rate of the electricity bill.

History

Nineteen Illinois municipalities undertook electric aggregation programs in 2011 for a typical savings of 25 percent on their electric supply. In March 2012, 245 Illinois municipalities passed referenda to create an electric aggregation program. The savings in 2012 has ranged between 40 and 50 percent for electric supply, equivalent to \$250 to \$400 in annual savings per household. (Electric supply costs comprise about two-thirds of the total ComEd bill.)

The savings to residents through Municipal Electric Aggregation is typically double the savings that residents can achieve with an individual contract with an ARES. Many residents that have already switched to a new supplier have either canceled their contract, or allowed their individual contract to expire, and then later join their municipality's aggregation program to achieve even greater savings.

Will I receive two bills?

No, you will continue to receive one bill from ComEd. You will continue to send your monthly payment to ComEd.

Will the aggregation program affect the reliability of ComEd service?

No. The aggregation program will have no impact upon the reliability of service you receive from ComEd.

Will I still be a ComEd customer?

Yes. ComEd will continue to provide the distribution of electricity, and will still be responsible for delivery services such as reading meters, maintaining equipment and power lines and responding to outages.

What if I have already selected another electric supplier?

If you have already switched to another ARES on your own, you will not be included in the aggregation program. You may, however, cancel your current contract and join the Village's program. You advised to first determine if your current supplier would charge an early termination fee to cancel. You may also wait until your current contract expires, at which time you may call the Village's selected ARES to be enrolled in the Villages aggregation program.

What constitutes a small commercial business?

"Small commercial" is defined as an account having a peak demand of 15,000 kWh. This would approximately equate to the usage of a small barbershop.

What are the downsides to municipal aggregation?

Municipalities and residents have had favorable experiences in the program, with the first communities having enjoyed significant savings, now into their second year—with no change to the delivery of their electric power. A municipality is not obligated to accept unfavorable bids, and any individual account holder may freely choose to opt out of the program. If bids do not realize savings, they could be rejected and the residents would remain unchanged at ComEd. There is no obligation for a municipality to accept any bid.

For more information about electricity aggregation, contact NIMEC at 800-856-3404. (Please leave your phone number and question about the program and your call will be returned.)