



Township of
PLAINSBORO
New Jersey

Community Energy Aggregation Program (“PCEA”)

The Township of Plainsboro adopted ordinance (Ordinance No. 16-12) on August 10, 2016 to create the Plainsboro Community Energy Aggregation Program (“PCEA”), a State program designed to save residents money on their monthly power bills by reducing electricity costs. In addition, the Township hired Gabel Associates, an energy consultant to guide the Township through the energy aggregation process. There is no cost to the Township for their services.

The aggregation program would only be for the energy supply portion of your electric service. The delivery portion would continue to be provided by PSE&G at regulated rates, and PSE&G would continue to provide all emergency and safety services, meter reading, billing and service restoration. Furthermore, residents would continue to have all existing consumer protections and rights.

The PCEA Program which, if adopted, would be implemented in accordance with State regulations and subject to the oversight of the NJ Board of Public Utilities, would be structured to leverage the purchasing power created by combining all eligible residential customers into a single bid to a qualified energy provider. The Township would conduct the procurement process according to State requirements, and would only award a contract and move forward with the energy aggregation program if the awarded contract would provide savings to Plainsboro residents compared to the current PSE&G power supply price.

Residents would, at all times, maintain the ability to decline participation by ‘opting-out’ of the aggregation program without the assessment of penalties or exit fees.

If the ordinance is adopted, more information will be posted as the PCEA program is rolled out. In the meantime, here are answers to some frequently asked questions about community energy aggregation.

➤ **What is Community Energy Aggregation (CEA)?**

Community Energy Aggregation is a State program that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, **at prices lower than the average utility price**. New Jersey regulations allow municipalities to take this approach to procure energy savings on your behalf.

The Township of Plainsboro recently retained an Energy Consultant, Gabel Associates (at no cost to the Township), to help the Township explore CEA and, if the Township moves ahead with the PCEA program, to assist with the implementation of the procurement process for a Third Party Supplier to provide power supply to its residents.

➤ **Who is Gabel Associates?**

Gabel Associates is a State-registered Energy Consultant that has been retained by Plainsboro to administer and implement the PCEA program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale energy aggregations (like this one) for over 15 years. Gabel Associates was also a key participant in the development of the State’s rules under which these programs are run.

Gabel Associates is a well-respected Energy Consultant that has been in business in ~~the~~ New Jersey for over 20 years, with its offices located in nearby Highland Park, right here in Middlesex County. Gabel Associates was the first energy consulting firm in the State to have successfully implemented a CEA program in New Jersey. The firm has now successfully completed CEA programs for numerous municipalities in the State, many of which are in their second and third iterations. These programs, which include nearby Monroe Township and Montgomery Township, have saved millions of dollars for New Jersey residents.

➤ **How would the PCEA Program work?**

The Township of Plainsboro, with the assistance of Gabel Associates, would issue a public, competitive bidding process following strict competitive contracting laws in an effort to select a Third Party Supplier (“TPS”) of electricity at a price below the average PSE&G tariff price (or BGS tariff price) for power supply. The Township would only award a contract to a supplier if their price offered through the competitive process produced energy savings as compared to the PSE&G tariff price.

All eligible residents (all residential customers of PSE&G in the Township except for those that already have their own TPS contract or that have a solar electric generating system on their property that supplies power to their home) would be automatically included in the PCEA program and sent a notice in the mail shortly after a successful bidder is selected. This notice, known as the Opt-Out Notice, provides all the details of the program as well as

the various ways to opt-out of the program, including the awarded TPS's toll free telephone number, email address, and a postage-paid opt-out card.

Customers would have 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After that 30 day opt-out period, those residents who do not opt-out of the program would be enrolled by the winning supplier.

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

As noted above customers that have their own, independent TPS contracts would not be included but are given the option to join the PCEA program.

➤ **Would I receive two bills?**

No, you will always receive one bill from your utility. The only thing that changes in the PCEA program, or any CEA program, is the cost of the electricity provided.

Electric bills are comprised of two main components: power supply and distribution. It is important to emphasize that this program would cover **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 PCEA program seeks to provide savings on the power supply portion of your bill.

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

➤ **Do I have to be part of the program?**

No. Residential customers who are automatically included in the program have the right to "opt-out."

However, it is advantageous for all residents to join and remain in the program, as this gives the community the "strength in numbers" to negotiate the best price for consumers. All residents would receive information about the program and be given the opportunity to opt-out.

➤ **Would I be able to Opt-In to the PCEA Program?**

Yes. Residents who have their own third party supply contract and who therefore would not be included in the initial eligibility pool, but would like to join the PCEA, would have the opportunity to do so.

For customers with their own TPS contracts: If you currently have your own third party supply contract, but were considering terminating that contract and joining the PCEA program, it would be very important to first read your existing contracts very carefully, as there may be penalties for terminating the contract prematurely. Some third party suppliers have automatic "roll over" provisions which renew your contract without affirmative consent or action from you. Please be sure to read your current agreement and if, after comparing your current deal to the PCEA program (if and when a contract is awarded by the Township and a specific PCEA program price was published) you decided to join the Township's program, you would simply need to alert your third party supplier that you wish to terminate service at the end of your contract term, and then contact the awarded PCEA supplier directly to opt-in to the PCEA program.

Please note that, if you have an existing contract with a supplier not affiliated with the PCEA program, neither the Energy Consultant nor the Township would be responsible for informing your existing supplier or terminating your agreement with them. However, if you have any difficulty with them, please let us know and we would try to help you resolve issues.

➤ **Would I still be able to receive budget billing (Equal Payment Plan)?**

The Township would require that the awarded supplier provide budget billing for their power supply charges to those customers that currently have such arrangements with PSE&G. PSE&G would continue to bill a levelized amount each month for delivery service, and the awarded supplier would also bill a levelized amount each month (through the PSE&G bill) for power supply. Because the selected supplier's contract price for power supply must be lower than the PSE&G price for power supply, your total monthly budget amount (sum of monthly PSE&G delivery service budget amount and awarded supplier's budget amount for power supply) should be reduced. You may experience a "true-up" on your bill from PSE&G prior to enrollment and then again at the end of the program.

If you do not currently have budget billing with PSE&G but wish to receive an Equal Payment Plan ~~with~~ from the awarded supplier for their power supply charges, you will be able to contact the awarded PCEA supplier and request that they establish this service for you.

Budget billing with PSE&G's distribution portion of the bill and the awarded third party supplier's supply portion of the bill can be complicated. If you were to experience trouble with your budget billing, you contact PSE&G, the winning supplier, or Gabel Associates for assistance.

➤ **Why is the program set as an opt-out program, rather than an opt-in program?**

The 'opt-out' model for community energy aggregation is established in the State laws and regulations governing these types of programs. The program is configured 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. Starting with a large pool of eligible customers provides for an opportunity that attracts suppliers to bid, which creates robust competition for your business and also allows suppliers to reflect bulk purchasing discounts in their price bids

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. If, after the bid, the Township decided to award a contract, each residential customer would receive a written notification, informing them of the PCEA contract price, the comparison to the utility price, and their right to opt out. As such, each resident would be 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 PSE&G's control, and there is no difference in delivery services whether you purchase the power supply from a third party supplier or from PSE&G under its tariff. In the event of an outage, you would still contact PSE&G.

➤ **What if I have a solar system?**

Customers with solar systems, especially those 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 Energy Aggregation programs would be very minimal on average. It is for this reason that the Township will remove solar customers from the PCEA program.

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 PSE&G bill, you may consider opting-in to the PCEA program. You are encouraged to contact the selected supplier or PSE&G for further information.

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

LIHEAP (Low Income Home Energy Assistance Program) is a federally funded program, administered by the NJ Department 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 PCEA 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 PCEA will provide consolidated billing through the utility; as such the bill credits would be unaffected.