

# Electric Aggregation Frequently Asked Questions

## **Q: Why is our Community looking at Governmental Aggregation?**

Your elected officials recognized an opportunity to potentially save their residents and small businesses money on their electrical energy costs. They passed an ordinance which allowed the question to be put on a referendum ballot.

## **Q: Why is the opportunity for electric aggregation available?**

A: On August 10, 2009, Governor Quinn signed into law Public Utility Act 096-0176, which amended the Illinois Public Utility Act. The new law allows municipalities to aggregate their residential and small commercial accounts together to save their ratepayers money on their electrical utility charges.

## **Q: What is deregulation?**

A: On December 16, 1997, the state of Illinois implemented a plan to deregulate private electrical utilities including ComEd and Ameren Utilities. Under this plan, Com-Ed and others no longer generate electrical power for its customers but continues to provide power generated by others through its distribution system. Deregulation means that power can be purchased through any of the Illinois Commerce Commission approved Retail Electric Suppliers. (RES)

## **Q: What is electric aggregation?**

A: Electric Aggregation is a program that allows local governments to bundle – or aggregate – residential and small commercial retail electric accounts and seek bids for a cheaper source of power. This is similar to bulk purchasing. Currently, ComEd customers receive electricity at a price set each year by the Illinois Power Agency, a governmental body that secures electricity on the wholesale market on behalf of ComEd. By bundling residential and small commercial accounts, municipalities can go out into the open market to seek a lower rate for electric power. Since 1999, large industrial and commercial customers have used this option to reduce electricity costs.

## **Q: How does the program work?**

A: Under state law, each municipality must place a referendum on the ballot to ask voters to give the municipal government the authority to aggregate electric accounts and seek bids for power generation. If voters approve the referendum on the March 20, 2012 ballot, the Municipality or County will hold at least two public hearings to discuss and create Plan of Operation and Governance. Once the plan is in place, Village staff, with the assistance of energy experts, would prepare and publicize a request for proposals. Only energy suppliers certified and regulated by the Illinois Commerce Commission could respond. The bid that comes closest to achieving the goals of the aggregation plan would be accepted. However, if none of the bids meet the plan's goals, there is no obligation to accept one, and the aggregated accounts will continue to receive power from ComEd at the prevailing rates. A resident or small business has no obligation to participate and could choose to opt out of the program altogether.

## **Q: What is the referendum on the March 20, 2012 election ballot?**

A: Voters will be asked whether or not residents should 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 a program. This will be a simple yes or no vote.

### **Q. What happens if the referendum is not passed?**

Residents and Small Commercial businesses can select bids on their own behalf for savings.

### **Q: What are the benefits of aggregation?**

A: The most important benefit is the opportunity for residents and small businesses to save money on electric supply costs. This is the least risky and often the most beneficial plan for residents and small commercial accounts.

### **Q: Am I obligated to participate?**

A: No. Any account holder may opt-out of the program and remain on ComEd's supply service rate.

### **Q: What does "opt-out" mean?**

A: All residential and small commercial electricity users will be included in the customer base unless they affirmatively choose not to participate. The opportunity to opt out will be available up to the time of program implementation.

### **Q: How do I opt-out of the program?**

Customers will be notified with an Opt Out letter explaining what the community aggregated rate will be and will compare the existing utility rate. Customers that do not want to participate in this rate can opt out of the program per the instructions in this notice.

### **Q: Who will take care of my power if there is an outage?**

A: By law the Utility such as ComEd or Ameren will still be paid to distribute the power to the homes and businesses and handle any emergency repairs.

### **Q: What is the Electrical Utilities role in this program?**

A: The electrical utility distributes electricity, but does not generate it. The local electricity distributor is responsible for infrastructure like power lines that bring electricity into homes and businesses, responding to outages and billing. The utility will continue to bill customers for electric usage regardless of the supplier of that electricity.

### **Q: If I participate, will I get two bills – one from the utility for delivering the power and another from the supplier?**

A: No. The Utility will remain responsible for billing customers for all electricity, regardless of the electric supplier. The only change would be the name of the electricity provider on the bill's electricity supply.

### **Q: If aggregation means lower energy costs for customers, won't the Utility simply increase charges on the distribution side to protect its profit margin?**

A: The Utility owns the distribution system only, and so does not realize profits or losses from the sale of energy. Utilities have worked for several years with large commercial and industrial customers who have switched to third-party energy suppliers, and remains supportive of other customers who switch to third-party suppliers. In other words, there will be no impact on distribution rates. Per ICC regulations, utilities cannot introduce any separate distribution fees on cities that aggregate.

**Q. Can savings be guaranteed under an aggregation program?**

A: The utilities rates are set for the public utilities each may for the next 12 months. The aggregation rate is compared to the utility rate to determine savings. A guaranteed savings may be negotiated with a supplier at the time of the bid and contract award.

**Q: What happens if the municipality cannot purchase or negotiate lower rates than ComEd?**

A: Your account would stay with the local utility.

**Q: I am currently enrolled in a budget program where you are able to spread out your electric service costs evenly throughout the year. Will the new power provider have this or a similar program?**

A: This is dependent on the utility and the supplier. Most programs stay the same if the utilities bill for both the supply and distribution costs.

**Q: Are there any downsides?**

A: Municipalities are not obligated to accept and sign an unfavorable contract. In addition, any account holder can opt out of the program.

**Q: What are the costs to implement and manage the program?**

A: There are few costs are associated with Electric Aggregation beyond staff time and community outreach and education efforts. There may be a charge from the utility for data costs if approved by the ICC. This would be part of the program costs; there would be no fee to the individual account holder.