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Agenda
Village of Glen Ellyn
Village Board Workshop
Monday, June 18, 2012
7:00 P.M. – Galligan Board Room
Glen Ellyn Civic Center

1. Call to Order
2. Jazz in Glen Ellyn – Chamber of Commerce Executive Directors
Formento and Koch
3. Municipal Electric Aggregation – NIMEC Representative Sharon
Durling
4. Other Items?
5. Adjournment

MEMORANDUM

TO: Mark Franz, Village Manager *MF*

FROM: Kristen Schrader, Assistant to the Village Manager - ADM *KS*
Michael Strong, Administrative Intern *MS*

DATE: June 14, 2012

RE: Municipal Electric Aggregation Update



Background

The Village Board discussed Municipal Electric Aggregation at the November 21, 2011 Village Board Workshop and the May 14, 2012 Village Board Workshop. At the most recent Workshop, the Village Board indicated they would like additional information and time to discuss both opt-out aggregation programs, as well as Village-managed opt-in programs.

Per the Village Board's request, Village Staff has prepared additional information for discussion at the June 18 Village Board Workshop. Additionally, Staff has invited the Northern Illinois Municipal Electric Collaborative (NIMEC) to discuss electric aggregation. NIMEC, a consultancy formed in 2006, is a collaborative made of 140 municipal and other government entities to address the issues brought about by deregulation of the electric power supply market in the State of Illinois. The Village currently works with NIMEC as its broker for obtaining electricity for a variety of public utilities, and NIMEC has assisted many surrounding communities with their opt-out aggregation programs.

Issues

Options for Municipal Electric Aggregation

There are two basic ways for local governments to aggregate their communities for the purchase of energy – through an “opt-in” or an “opt-out” program. Opt-in aggregation requires the individual to enroll in the program before being included in the aggregation pool of customers. Opt-out aggregation automatically includes each household in the aggregated pool unless the individual affirmatively “opts-out,” or decides not to participate. Within the opt-in category there are two options. The Village can either manage an opt-in program or promote a program that is being managed by another organization (Clean Air Counts Energy Savings Program). Additionally, opt-out programs can be managed by the Village, or with the assistance of a consultant such as NIMEC. The attached pro-con list provides more detailed information on the aggregation options.

Electricity Rates

ComEd recently released its rates for electricity for June 2012 to May 2013, which are roughly 8.000 cents per kWh. This is an approximately 3% increase from the previous rates, which were 7.773 cents per kWh. This does not include the Purchased Electricity Adjustment, which fluctuates, but for the last two months has been set at 0.5 cents per kWh, raising the effective ComEd rate to 8.5

cents per kWh. An analysis of municipal electric aggregation in the ComEd service area found that communities have been able to lock into an average one year rate of 4.540 cents per kWh with opt-out aggregation. The attached chart provides more detailed information on these rates and other contractual terms. The effective savings is 46 percent for electricity supply.

With regards to municipally managed opt-in programs, Village staff was unable to locate specific rates. However, based on general research, it is clear that the rates would most likely land somewhere higher than opt-out rates, but lower than ComEd's current rate. Additionally, the Clean Air Counts Energy Savings Program (vendor-managed opt-in) rate through June 2013 is 5.950 cents per kWh.

Another consideration is the future ComEd rate. At this time, there is speculation that the rate could either increase or decrease, based on a variety of factors. However, if the Village were to engage in a contract with an alternative electricity supplier for an opt-in or opt-out program, a low-rate guarantee could be a required contractual term that would ensure Glen Ellyn residents receive the lower of the two rates.

Green Energy Options

100% green energy is only available through either an opt-out program, or a village-managed opt-in program. The Clean Air Counts Energy Savings Program does not provide a green energy option, and ComEd's energy is approximately 7% green energy. Additionally, only specific alternative electricity suppliers offer 100% green energy programs, and these rates may be slightly higher than traditional energy programs. If the Village Board was interested in an opt-out or Village managed opt-in aggregation program, the request for proposal process could provide a variety of different rates and green energy levels from which the Village could choose.

Timeline

A detailed timeline for Village-managed opt-in, as well as opt-out aggregation, has been attached for the Board's reference. A vendor-managed opt-in program could be implemented immediately, with savings realized within a month for residents. The timeline for opt-out and Village-managed opt-in programs is significantly longer, as both programs require public hearings, an RFP process and a referendum for the opt-out structure.

Action Requested

It is requested that the Village Board provide staff direction on whether municipal electric aggregation should be pursued, and if so, what type of aggregation program the Board prefers.

Attachments

- Municipal Electric Aggregation Options Pros/Cons Chart
- Opt-in vs. Opt-out Aggregation Timelines
- Opt-out Rates and Terms Spreadsheet – Northern Illinois Municipalities

Municipal Electric Aggregation – Program Structure Pro/Con List

Program	Pros	Cons
Opt-Out (Village or Consultant Managed)	<ol style="list-style-type: none"> 1. Greater potential savings may be obtained for resident and small commercial electric accountholders. 2. Property owners automatically enrolled in program once it begins in winter 2013. 3. Opportunity to pursue green energy options. 4. Rates won't fluctuate for duration of contract. 5. Low rate guarantee or match if ComEd rates drop lower than contract rate. 	<ol style="list-style-type: none"> 1. Savings would not be realized until winter 2013. 2. Requires referendum approval in November 2012 to ask voters to approve program; some community's initiatives have failed. 3. Substantial staff time or consultant time required to initiate program and educate residents. 4. Legal consultation and associated costs may be required to initiate and maintain program. 5. ComEd rates may decline soon after program becomes effective in winter 2013.
Village-Managed Opt-In	<ol style="list-style-type: none"> 1. Opportunity to pursue green energy options. 2. Personal choice for residents to participate in the program. 3. No referendum needed. 	<ol style="list-style-type: none"> 1. Savings would not be realized until winter 2013. 2. Substantial staff time required to initiate the program. 3. Legal consultation and associated costs may be required to initiate the program. 4. Savings may not be as great as opt-out program. 5. Requires residents to sign up individually; low participation rate.
Vendor Managed Opt-In (Energy Savings Program - Clean Air Counts)	<ol style="list-style-type: none"> 1. Quicker – Savings can be realized by property owners within a month. 2. Minimal legal costs and staff time required to initiate and maintain the program. 3. Personal choice for residents to participate in the program. 4. No referendum needed. 	<ol style="list-style-type: none"> 1. Savings may not be as great as an opt-out or Village-managed opt-in program. 2. Savings may be diminished depending on ComEd rate change in 2013. 6. Requires residents to sign up individually; low participation rate. 3. No green energy option available.

Municipal Electric Aggregation Draft Timelines

<i>Village Managed Opt-In Aggregation Program Timeline</i>			
	Event	Completion Date	Location
1.	Approve Ordinance	13 – August	Village Board Meeting
2.	Develop Plan of Governance and RFP	10 – September	
3.	Plan of Governance Public Hearing I	24 – September	Village Board Meeting
4.	Plan of Governance Public Hearing II	08 – October	Village Board Meeting
5.	Approve Plan of Governance	22 – October	Village Board Meeting
6.	Issue RFP	23 – October	
7.	Open Bids	Mid November	
8.	Award Contract	26 – November	Village Board Meeting
9.	Implement Program	27 – November	

<i>Opt-Out Aggregation Program Timeline</i>			
	Event	Completion Date	Location
1	Approve Ordinance	13 – August	Village Board Meeting
2.	Develop Plan of Governance and RFP	10 – September	
3.	Plan of Governance Public Hearing I	24 – September	Village Board Meeting
4.	Plan of Governance Public Hearing II	08 – October	Village Board Meeting
5.	Referendum on Ballot	06 – November	
6.	Approve Plan of Governance	12 – November	Village Board Meeting
7.	Issue RFP	13 – November	
8.	Open Bids	Early December	
9.	Award Contract	10 – December	Village Board Meeting
10.	Implement Program	11 – December	

Opt-Out Rates and Terms								
Municipality	NIMEC			Other Consultants			Supplier	Consultant
contract term	1yr	2yr	3yr	1yr	2yr	3yr		
Addison				4.59			Integrys	
Antioch					5.3		Integrys	
Arlington Hts				4.78			Integrys	NW Consortium
Aurora					4.71		First Energy	
Bannockburn				4.64			Constellation	
Barrington	4.39	4.74	5.36				MC2	
Belvidere	4.41	4.72	5.26				First Energy	
Bradley	4.42	4.74	5.28				First Energy	
Brookfield	4.62	4.94	5.5				First Energy	
Buffalo Grove				4.78			Integrys	NW Consortium
Countryside	4.48	4.75	5.26				First Energy	
Crystal Lake	4.4	4.69	5.25				First Energy	
Darien	4.24	4.54	4.93				Direct	no green
Deerfield				4.84			MC2	No Shr consortium
Dwight	4.37	4.69	5.23				First Energy	
Elmhurst							MC2	
Evanston				4.8			Constellation	
Flossmoor	4.52	4.85	5.4				First Energy	
Forest Park	4.4	4.68	5.17				First Energy	
Gilberts	4.44	4.76	5.32				First Energy	
Genoa				4.17			Direct	McHenry aggregation
Glencoe				4.84			MC2	No Shr consortium
Gurnee	4.4	4.70	5.24				First Energy	
Hampshire	4.44	4.76	5.32				First Energy	
Harwood Heights	4.52	4.8	5.35				First Energy	
Highland Park				4.84			MC2	No Shr consortium
Hinsdale	4.02	4.3	4.63				Nordic	
Hoffman Estates	4.63	4.96	5.53				First Energy	
Huntley				4.17			Direct	McHenry aggregation
Island Lake	4.56	4.87	5.43				First Energy	
Itasca	4.4	4.58	5.12				First Energy	
Justice	4.58	4.87	5.4					
Kankakee	4.4	4.71	5.24				First Energy	
LaGrange Park		4.93						
Lake Bluff				4.84			MC2	No Shr consortium
Lake Forest				4.94			MC2	No Shr consortium
Lake Zurich	4.41	4.75	5.32				First Energy	
Libertyville	4.42	4.75					First Energy	
Lincolnshire				4.78			Integrys	NW Consortium
Lisle	4.48	4.78	5.34				First Energy	
Lombard	4.69	4.64	5.07				First Energy	
Long Grove				4.78			Integrys	NW Consortium
Kildeer				4.64			Constellation	
Manhattan	4.4	4.58	5.12				First Energy	
Montgomery	4.53	4.82	5.38				First Energy	

