

Vote March 20, 2012 – An Opportunity to Seek Lower Electric Bills

In 2010, the Illinois State legislature gave municipalities a tool to help taxpayers save money. As approved, Villages are able to seek competitive pricing for the provision of electricity to resident and small businesses. In order to seek competitive prices for electrical services in one contract, the Village needs approval from registered voters through a referendum. On October 18, 2011, the Kildeer Village Board unanimously approved a resolution authorizing the Village to place a referendum on the March 20, 2012 election ballot. The referendum is a state law requirement which, if approved, would allow the Village the ability to seek competitive pricing for the provision of electricity to residents and small businesses. The referendum question on the March 20, 2012 election asks Kildeer voters if the Village should have the authority to seek competitive pricing bids for electric services under a single contract. The exact language of the ballot question is as follows:

Shall the Village of Kildeer 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?	YES	NO
	___	___

It is believed that by combining electrical service for all individual customers into a single bid, consumers will have lower electric bills and save money. Kildeer may partner with other municipalities through an intergovernmental agreement to pool resources and to combine residents from several villages for bidding purposes. Collectively, the Village believes that it will be able to leverage greater benefits for each of participating community.

The Village receives no financial benefit from the bidding process. The purpose of pursuing this initiative is to lower electricity costs for the benefit of residents and businesses.

If the referendum is approved, the Village would issue a Request for Proposal from Illinois Commerce Commission certified wholesale electric suppliers to seek proposals for this initiative. If the resulting prices are lower than current prices from ComEd, the Village Board would accept the best bid. Since electric prices would be lower, residents and business electric bills would decrease. If individuals do not want to participate in the program, they do not have to change electric suppliers. Any customer may opt out of the program and stay with their current electric supplier. If residents and small businesses already have a contract with an electric supplier other than ComEd, they could opt-in when their contract expires.

Questions & Answers about Electric Aggregation

How is this possible?

On August 10, 2009, Public Act 96-0176 amended the Illinois Power Agency Act by providing for the aggregation of electrical load by municipalities and counties. This law authorizes municipalities to develop aggregation programs for the procurement of electricity supply to residential and small business customers. Local governments can now work with community members to purchase lower cost electricity, green or renewable energy, encourage local generation (solar or wind, etc.), and other community initiatives. Municipalities are able to include all residents and small businesses in a Request for Proposal to retail energy suppliers.

Which communities have passed referendums?

- Fulton (first in Illinois)
- Campton Hills
- Crest Hill
- DeKalb
- Dixon
- Elburn
- Erie
- Fox River Grove
- Glenwood
- Grayslake
- Harvard
- Lincolnwood
- Milledgeville
- Morris
- Mt. Morris
- New Lenox
- North Aurora
- Oak Park
- Oakbrook
- Polo
- Sugar Grove
- Wood Dale

Will residents notice a difference in service?

No, the only difference is the energy received from the selected supplier and lower, more stable prices. ComEd would continue to deliver energy to homes and businesses. Residents and businesses would also continue to receive a ComEd bill. If residents have an outage or need service, they would continue to contact ComEd.

What if my power goes out – will I need to call the company providing the power?

No. ComEd is responsible for ensuring that electricity flows through its distribution network to all homes and businesses in Kildeer. Aggregation would not change how ComEd responds to outages.

Where does the electricity come from?

Using forecasting and hedging methods, the selected supplier procures much of the energy supplied on the open market to find the best price for the aggregation group.

Can savings be guaranteed under an aggregation program?

The Village can structure its request for proposals so that bidders set their rates at a specified percentage under ComEd's established rate. Market fluctuations make it impossible to guarantee that bids will come in under the current energy rate paid by ComEd customers. However, since that current rate is set every May, the market can react to it, and often provide a lower rate. Currently, residents and

small businesses pay a higher rate than most large commercial, industrial and institutional accounts that have sought open market bids.

What component of the electrical bill will aggregation effect?

Aggregation addresses only one of the three components of an electricity bill. The three components are supply (where the power comes from), transmission (getting the supply from its point of origin or from the high voltage grid), and distribution (getting the electricity from the substation to the consumer's meter). Aggregation concerns only the supply component, which is typically 65 to 70% of the electricity bill. The transmission and distribution parts of the bill will be unaffected by aggregation.

What if residents / small businesses don't want to participate?

Residents and small businesses may "opt-out" of the program if the referendum is passed. Before the aggregation program begins, all residents and small businesses would receive an opt-out notice in the mail and given a date by which they must return the opt-out notice or call a number to request to be opted-out of the program. Residents using a third party supplier or residents moving to Kildeer from outside the community would not be automatically included; they would have to "opt-in".

What is considered a "small business" eligible for the aggregation program?

Small businesses are those which utility 100 kilowatt of electricity – comparable to a fast-food restaurant. The amount of electricity a property utilizes can be obtained on an electricity bill.

Will customers be able to pursue clean, green or renewable energy?

Renewable, also known as green or clean energy, is energy which comes from natural resources such as sunlight and geothermal heat. The Village will include in its bid documents options for renewable energy. If residents wish to pursue this energy source, they may specifically request this option.

How does electrical aggregation benefit a resident and small business?

Electric aggregation combines the retail electric loads of customers in a community. By combining the loads of its residents, the community can leverage the buying power of thousands of residents and small businesses. This combined buying power typically provides lower, more stable rates and improved service from suppliers.

I have received mailings from retail electric suppliers offering lower electricity rates now. What should I do?

The earliest the community aggregation program is likely to begin is summer 2012. Consumers who decide to switch to a retail electric supplier before the community program is available should consider several aspects of the retail supplier's offer. Consider the following:

- 1) Length of contract. Many retail suppliers require a minimum 1-year contract, which would prevent a customer from getting the community's aggregation rate until the contract ends.
- 2) Termination fees. Look at the cost of early termination. Some companies charge fees and others do not.

What if customers already have a contract with an electric supplier?

Residents and small businesses may "opt-in" to the Village's program when their contract expires.

How long will the Village's contract last?

The Village could enter into a 12-month contract at a fixed rate through May, 2013.

So, what options do residents and small businesses have?

Subject to approval of the referendum, when the Village selects a supplier, the supplier will contact each resident and small business property regarding the program. Customers thereafter will have the following options:

1. Opt-out – means the customer is not interested in the program.
2. Renewable Energy – means the customer wishes to pursue clean or renewable energy; there may be an additional cost for this option.
3. No action – all customers would automatically be enrolled into the electric supply program if no action is taken.

If voters approve the referendum, how long will it be before the program is implemented?

State law requires certain steps be followed to approve and implement the Community Choice Aggregation Program. If voters give the Village the authority to pursue aggregation, two public hearings must be held to gather citizen input for an aggregation plan that outlines goals such as savings targets and the mix of energy generation sources. Once the plan is created and adopted, Village staff would seek competitive bids from energy suppliers via a formal Request For Proposals (RFP) process. If a bid is received that meets the goals of the plan, a contract would be negotiated and presented to the Village Board for approval. It is anticipated that the Village would have a program in the summer, 2012.

Where can I learn more about electricity aggregation?

- The expected 15% to 25% savings will be limited to the “supply” portion of your electric bill. Visit Commonwealth Edison’s web page for further information.
<https://www.comed.com/sites/customerservice/Pages/UnderstandingYourBill.aspx>.
- Illinois Municipal League at <http://www.iml.org/page.cfm?key=7234>.
- Metropolitan Mayors Caucus at
<http://www.integrysenergy.com/Marketing/MEC/default.aspx>.
- Visit Citizen Utility Board (CUB) website
http://www.citizensutilityboard.org/ciElectric_cubfacts_communityaggregation.html.
- Call the Village Hall at 847-438-6000 or e-mail the Village Administrator, Michael Talbett at mtalbett@villageofkildeer.com.