

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
SEPTEMBER 6, 2011 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Discussion of Electrical Aggregation	Resolution Ordinance Motion ✓ Discussion Only	David Fieldman Village Manager

SYNOPSIS

Commissioner Barnett requested that a presentation regarding electricity aggregation be placed on the agenda under New Business pursuant to the Village Council Policy regarding Council Agendas.

STRATEGIC PLAN ALIGNMENT

The Goals 2011-2018 identified *Exceptional Municipal Services*.

FISCAL IMPACT

N/A.

RECOMMENDATION

Action at the discretion of the Village Council

BACKGROUND

The Village Council Policy regarding Council Agendas states the following:

The Mayor and members of the Village Council, or any of them, may direct the Village Manager to place a topic that is within the purview of the Village on an upcoming Council meeting agenda as late as the Wednesday prior to the meeting, at 9:00 a.m. Such topic shall be a discussion item only to allow for the Council as an elected body to direct whether staff and legal counsel should further research the issue and prepare the appropriate form of action for consideration at a later date, as determined by the Village Council.

Pursuant to the policy, Commissioner Barnett requested that a presentation prepared by a Village resident regarding electrical aggregation be placed on the Council agenda for Council discussion.

ATTACHMENTS

Presentation



VILLAGE OF DOWNERS GROVE AGGREGATION OPPORTUNITY

**Presented by Richard Spilky and Dean Nicol
Integrys Energy Services**

AGENDA



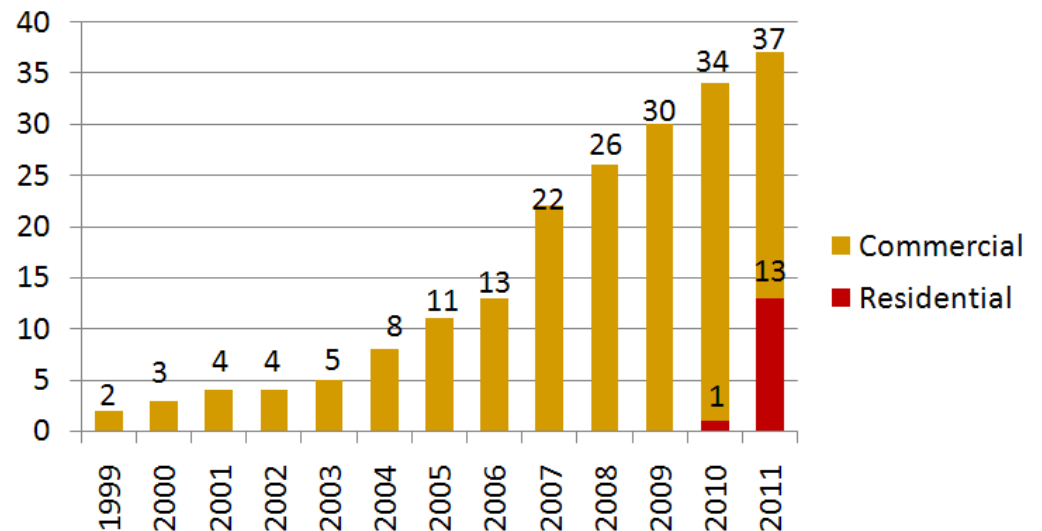
- Market & regulatory developments that created the aggregation opportunity
- Illinois' positive response to aggregation
- Benefits of aggregation for residents and the Village
- Recommendations for the Village in going forward.
- Wrap-up/Q&A
- Next Steps

MARKET & REGULATORY DEVELOPMENTS CREATED AGGREGATION OPPORTUNITY



- The Illinois electric market has been evolving since the Illinois General Assembly deregulated it in 1997.
- Commercial and industrial customers were the first to take advantage of the ability to choose an Alternative Retail Electric Supplier (“ARES”).
- Today, about 80% of ComEd’s non-residential load is served by an ARES.
- Now the opportunity to choose a competitive electric supplier is extended to residential consumers.

Certified Alternative Retail Electric Suppliers (ARES) in Illinois



MARKET & REGULATORY DEVELOPMENTS CREATED AGGREGATION OPPORTUNITY



- The Illinois legislature recently approved legislation providing local governments the opportunity to aggregate the electric power purchasing of its residents.
 - *Public Act 96-0176, amendment to the Illinois Power Agency Act*
- Essentially, aggregation allows communities to combine residents into a buying group, resulting in increased buying power and more competitive prices for its residents.



ILLINOIS HAS RESPONDED POSITIVELY TO AGGREGATION



Passed April Referendum:

- Campton Hills
- Crest Hills
- Elburn
- Erie
- Fox River Grove
- Fulton
- Glenwood
- Grayslake
- Harvard
- Lincolnwood
- Milledgeville
- Morris
- Mount Morris
- New Lenox
- North Aurora
- Oak Brook
- Oak Park
- Polo
- Sugar Grove
- Wood Dale

- 22 communities held referendums in time for the April 2011 elections .
- 20 of those passed the referendum, despite the short time the legislation had been in effect.

BENEFITS OF AGGREGATION TO RESIDENTS AND THE VILLAGE



Cost Savings for Residents

- The biggest benefit aggregation can bring to residents is offering more competitive prices that help lower their electric rates.
- “Headroom” behind ComEd is substantial, offering cost savings
- For example, IntegrYS’ current “posted” 12-month residential fixed price is approximately 13% **lower** than ComEd’s current price to compare
- Aggregation will yield pricing lower than posted, therefore greater savings
- We estimate 18% or better savings based on current rates

(Note this comparison does not include utility distribution charges. See www.IntegrYSenergy.com for more information.)

BENEFITS OF AGGREGATION TO RESIDENTS AND THE VILLAGE



Cost Savings for Residents

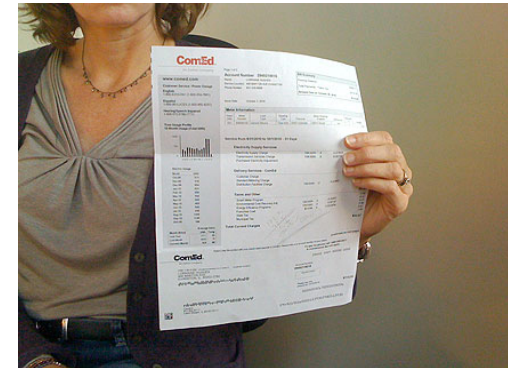
- Our experience indicates that 85 % of the residents in communities passing an Opt-Out Aggregation Referendum choose to participate in the program.
- Based on posted pricing savings are approximately \$1.8M per year for Downers Grove at 85% participation .
- Through Aggregation, we can create an opportunity for Downers Grove residents to collectively save over =\$3.8M on their annual electric costs.



BENEFITS OF AGGREGATION TO RESIDENTS AND THE VILLAGE



- ComEd continues to deliver customers' electric supply using their same meter and send customers a single monthly bill showing a lower energy supply charge replacing the current ComEd energy charge.



COMED BILL (BEFORE SWITCH)



Service from 6/6/2011 to 7/6/2011 - 30 Days

Residential - Single

Electricity Supply Services \$121.35

Electricity Supply Charge	1,441 kWh	X	0.07154	103.09
Transmission Services Charge	1,441 kWh	X	0.00767	11.05
Purchased Electricity Adjustment				7.21

**Price: \$0.07154 + \$0.00767
= \$0.07921/kWh**

Delivery Services - ComEd \$47.05

Customer Charge				14.28
Standard Metering Charge				2.86
Distribution Facilities Charge	1,441 kWh	X	0.01949	28.09
IL Electricity Distribution Charge	1,441 kWh	X	0.00126	1.82

Taxes and Other \$17.20

Smart Meter Program				0.15
Environmental Cost Recovery Adj	1,441 kWh	X	0.00015	0.22
Energy Efficiency Programs	1,441 kWh	X	0.00160	2.31
Franchise Cost	\$46.43	X	2.90400%	1.35
State Tax				4.76
Municipal Tax				8.41

Total Current Charges \$185.60

COMED BILL (AFTER SWITCH)



Service from 7/6/2011 to 8/3/2011 - 28 Days

Retail Delivery Service - Res Single

Electricity Supply Services - Chosen Energy Supplier **\$134.68**

CUSTOMER CHARGE 134.68

IntegrYS Energy Services Inc 1-312-681-1800 www.integrYSenergy.com
Please refer to your supplier contract for details.

**Price: \$134.68/2,088kWh
= \$0.0645/kWh**

Delivery Services - ComEd **\$60.47**

Customer Charge				14.28
Standard Metering Charge				2.86
Distribution Facilities Charge	2,088 kWh	X	0.01949	40.70
IL Electricity Distribution Charge	2,088 kWh	X	0.00126	2.63

Taxes and Other **\$24.44**

Smart Meter Program				0.15
Environmental Cost Recovery Adj	2,088 kWh	X	0.00015	0.31
Energy Efficiency Programs	2,088 kWh	X	0.00160	3.34
Franchise Cost	\$59.85	X	2.90400%	1.74
State Tax				6.88
Municipal Tax				12.02

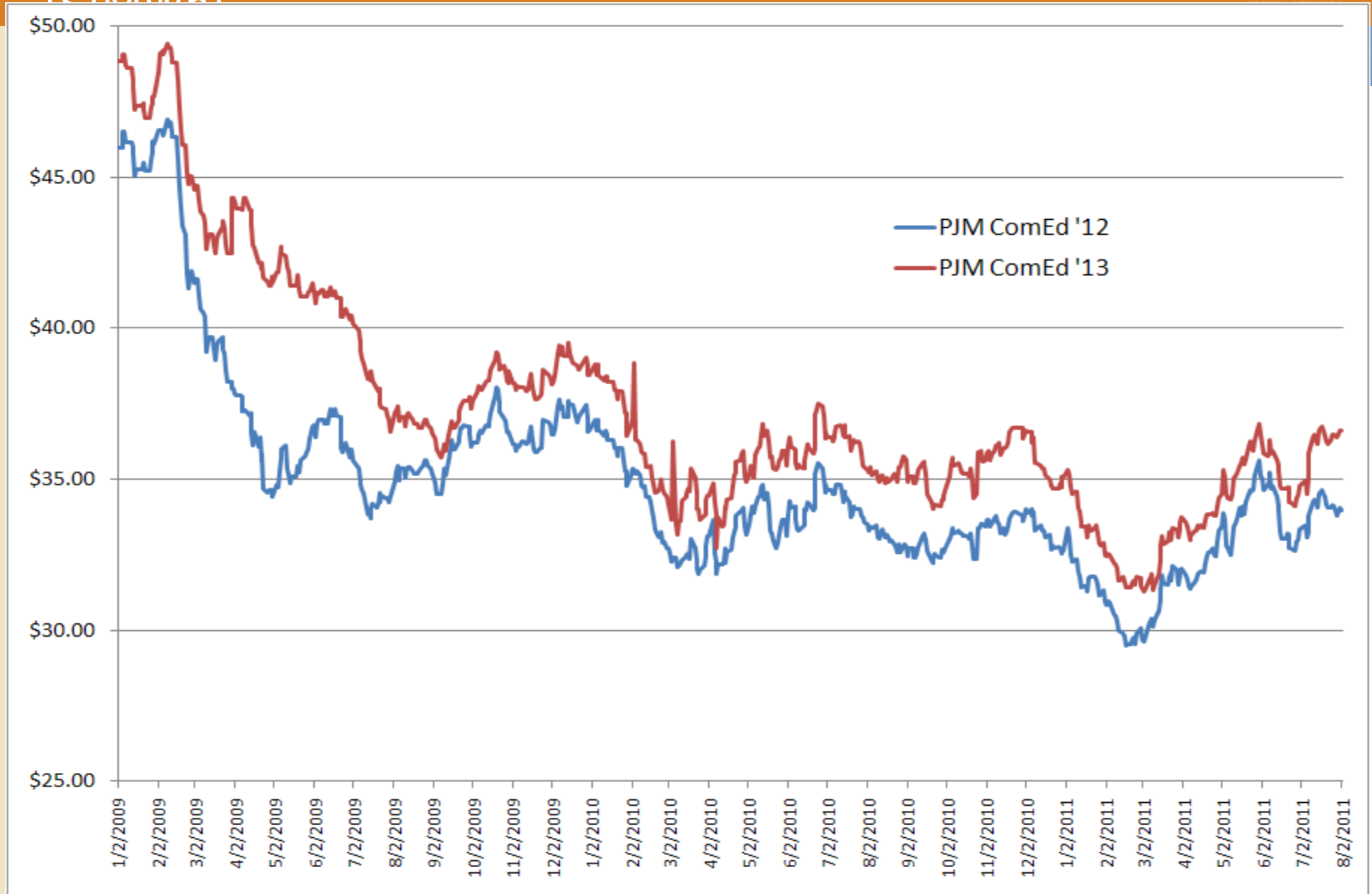
Total Current Charges

SAVINGS = \$41.16 !!! **\$219.59**

COMED - PJM FORWARD ENERGY CURVE



(\$/MWh)



TIME IS OF THE ESSENCE



September	October	November	December	January	February	March
- Establish logistics for public hearings	- Prepare public discussion advertisements - Prepare public discussion written letter - Establish toll free number and landing page - City Council passes ordinance to hold referendum in Feb.	- Send out invitation letter to public presentations - Place ads announcing public presentations - City arranges for referendum to be placed on the ballot in February	- Hold public presentations	- Hold public presentations	- Referendum vote takes place	- Post Referendum Services commence

- Steps toward aggregation take place over a six-month time period.
- Timeline largely determined by election dates, ICC requirements
 - Deadline for submitting request for referendums in the **Primary** election is January 3, 2012 (Primary election is March 20, 2012).
 - Deadline for submitting request for referendums in the **General** election is August 20, 2012 (General Election is November 6, 2012).
- Decision needed shortly to move the process forward.

- **Significant Savings are available at the present time but may not always be there if the market moves.**
- **Partnering with a Aggregation Services Provider/Supplier will provide the maximum value:**
 - Avoid the cost of consulting fees.
 - Gaining visibility into the market forward curve position.
 - After RFP support going forward.
 - More flexibility in deal structuring and value creation.

WRAP-UP



- **Questions**
- **Discussion**
- **Next Steps**