

Frequently Asked Questions About Municipal Electric Aggregation

Q: What is municipal electric aggregation?

A: Municipal electric aggregation (sometimes called community choice aggregation) is a program that allows local governments the option of bundling together, or aggregating, residential and small commercial retail electricity accounts and seeking bids for a cheaper, and possibly cleaner, source of power. Right now, these customers obtain power from Ameren at a fixed rate, set annually by the Illinois Power Agency and approved by the Illinois Commerce Commission. Many industrial and commercial customers already use other types of aggregation programs to purchase electricity at lower rates. By bundling residential and small commercial accounts, municipalities can achieve the same type of savings for those customers.

Q: What are the benefits of aggregation?

A: The most important benefit to aggregation is the opportunity for Durand residents and small businesses to save money on their electric bills. Individual customers can expect to save between 8 and 15 percent off their electric bills. There are also opportunities to purchase renewable energy (from sources like wind and solar) as part of the electric supply and to fund energy efficiency programs.

Q: What are the steps to implementing aggregation?

A: The Village of Durand has placed a referendum on the March 20, 2012 ballot asking voters to give the City authority to create an aggregation program. If the referendum is approved, the Village of Durand will then, with public input, create an aggregation plan that includes procedures and goals for the program. The Village of Durand will then seek bids from retail electric suppliers to obtain competitive electricity rates for participants. If no bids are acceptable, there is no obligation for the Village to accept them. A resident or small business can choose to opt out of the Village's program, meaning there is no obligation to participate in the program.

Q: How can municipal electric aggregation save customers money?

A: Due to reregulation of the power industry, customers already have the ability to choose their electric supplier. Only a small percentage of electric customers have done so. Municipal electric aggregation allows retail electric suppliers to save money on marketing their services to each individual household and on administration costs. Through aggregation, suppliers are able to acquire a large number of customers with very low marketing and administrative overhead. These savings are passed on to the customers in the form of lower electric rates.

Q: What will this cost the Village of Durand? --

A: Other than some legal review, the cost is borne by the supplier of choice and the Consultant. The Energy Supplier and Consultant are paid from the net energy costs. The customer still saves the difference of the final energy costs and ComEd.

Q: Will this take a lot of time away from the City Staff? --

A: Not much, if any. This is a function of the Energy Consultant, the ICC Approved Energy Suppliers and, ComEd.

Q: When will aggregation go into effect?

A: Before the Village can begin implementing the program, voters must approve a referendum on March 20, 2012 to allow municipal electric aggregation. If the referendum passes, the program will likely begin in July or August 2012.

Q: What component of my electrical bill will aggregation effect?

A: 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 60 to 70 percent of the electric bill. The transmission and distribution parts of the bill will be unaffected by aggregation.

Q: How many electric bills will I receive under aggregation?

A: You will continue to receive only one bill from ComEd. The retail electric supplier chosen under the aggregation program will bill customers through ComEd to minimize the number of bills received by participants and to avoid confusion.

Q: When will I start seeing a reduction in my electricity bill?

A: The earliest participants would receive bills with the new rates is likely July or August 2012.

Q: Do I have to participate in the City's aggregation program if I do not want to?

A: No. Residents and small businesses are free to opt out. Opt out notices will be provided through the mail to all eligible participants before the program begins.

Q: Will this affect ComEd?

ComEd will still be the delivery company and be responsible for delivering the power to homes and businesses. This will not affect how they currently do business and will not affect any jobs or positions. ComEd currently passes through their costs of energy to customers now. This power is purchased for ComEd by the Illinois Power Agency. This will not affect ComEd delivery rates since these rates are regulated by the Illinois Commerce Commission.

Q: Who will I call if I have problems with my power or my bill?

A: All service and billing questions will continue to be directed to ComEd, as they will still be responsible for transmission and distribution of your electricity.

Q: How can I get more information about Durand's aggregation program?

A: Informational brochures and public information sessions are forthcoming. The website, www.electricaggregation.org will provide information related to the electric aggregation program.

Q: If I heat my home with electricity, can I save money with aggregation?

A: Probably not. Residents who heat their homes with electricity already have a discounted rate structure, and aggregation may not save them money on their electric bill. If you are considering switching, it is important that you evaluate your annual usage and the rate being offered through aggregation in order to determine what electric supply option best suits your needs. For more information, go to the Illinois Commerce Commission web site, www.pluginillinois.org and click on "Utility Space Heating Rate."

Q: Are there other types of customers which may not benefit from participation in a municipal electric aggregation program?

A: Yes. Residential customers on a real time pricing plan or a percentage of income payment plan (PIPP) will likely not benefit from aggregation pricing.

Q: What are the risks of municipal electric aggregation?

A: The largest risk of municipal electric aggregation is that the default rate for electricity provided by ComEd could eventually fall below the aggregation supply rate. However, the Village of Durand will work with a knowledgeable energy purchasing consultant to minimize this risk and others. Such risk can be minimized by including appropriate contract language, forecasting future energy prices, and keeping the supply contract at or under two years in duration.

Q: What types of small businesses will be included in the aggregation program?

A: The answer to this question is still unknown at this time. ComEd and the Illinois Commerce Commission must settle on the maximum level of electrical service to qualify as a "small commercial retail" customer. Some state legislation points to a maximum level of 15,000 kilowatt-hours (kWh) per year, which is just slightly larger than the average residential customer. Other state legislation points to commercial customers with a peak demand of 150 kilowatts (kW). This information will be updated as soon as this issue is decided.

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

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

What to look for in an offer:

1. **Registered suppliers** -- Make sure the supplier seeking your business is registered with the Illinois Commerce Commission, www.pluginillinois.org.
2. **Length of contract** -- Many retail suppliers require a minimum one-year contract, which would prevent a customer from getting the Village's aggregation rate until the contract ends.
3. **Termination fees** -- Look at the cost of early termination. Some companies charge fees and others do not.
4. **One bill or two?** -- Under the Village's aggregation program, participants will still receive one monthly bill from ComEd and make one payment to ComEd. Some retail suppliers do not have this provision meaning customers may receive their regular bill from ComEd and a separate bill from the retail supplier.

Q: I heard about ComEd increasing electric rates due to a "smart grid" bill that passed in Illinois. Will municipal aggregation prevent such an increase?

A: Aggregation will not impact any potential increases by ComEd for distribution and transmission of electricity due to the smart grid bill, but cost decreases through aggregation could offset some of the potential increases.

Q: Can renewable power be purchased under municipal electric aggregation?

A: Yes. The Village of Durand can purchase renewable power (renewable energy certificates) through the aggregation electric supply contract. While the Village (or any other customer) cannot control the specific source of electricity coming through the grid, purchasing renewable energy certificates (or RECs) equal up to 100 percent of the amount of electricity purchased qualifies as a renewable energy purchase. RECs help generate demand for the construction of new renewable energy generation facilities (such as solar and wind).

Q: Can municipal electric aggregation help the Village of Durand meet environmental goals?

A: Yes. If the aggregation supply contract includes the purchase of renewable power, then emissions will indirectly be reduced and the Village's carbon footprint will decrease. For more information on renewable power, visit the USEPA's Green Power Partnership web site, <http://www.epa.gov/greenpower/>.

Q: How can I vote on municipal electric aggregation?

A: To vote, a Village of Durand resident must be registered as a voter with the Winnebago County Clerk's Office. For information on voter registration or polling locations, please contact 815-319-4252 or visit www.winnebagocountyclerk.com. Since the March 20, 2012 election is a primary election, you may ask for a political party ballot or a non-partisan ballot at the polling place.

Q: If I vote in favor of aggregation, will I be required to participate? If I vote against aggregation, will I be allowed to participate?

A: Your vote on the March 20, 2012 referendum will have no impact on your ability to participate, or opt out of participating, in the aggregation program.

Q: Are there other communities that have participated in this process? --

The City of Fulton is the first city in Illinois to have passed a referendum in the fall election. Currently there are about twenty other communities that have already passed their ordinances and were approved on the 2011 Spring ballot . The State of Ohio has been involved in a successful aggregation process for the last 10 years.

In Summary: This is the last part of the Deregulation process. Deregulation has been around for since December 1997. Only the largest customers were able to participate. Now it has moved down to the largest market segment in ComEd. Currently over 90% of the large industrial and public sector businesses have switched to retail energy. Illinois businesses have saved over 1 Billion dollars in energy savings

ComEd has 3.8 million customers; 3.4 million of them are residential. This is the last market segment that has not experienced the benefits of the open market.

In Conclusion: Any monies saved by the aggregation process, stays with the residents of the Village of Durand.

Q: How can I get more information about municipal electric aggregation in general?

A: There are a number of internet sites pertaining to Municipal Aggregation. www.electricaggregation.org; www.pluginillinois.org; or <http://www.epa.gov/greenpower/> are just a few. Or contact Durand Village Hall, 815-248-2606 with your question and we will find the answer for you.