
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: DISCUSSION: MUNICIPAL AGGREGATION PROGRAM
AGENDA: AUGUST 18, 2020
DATE: AUGUST 14, 2020

ISSUE

Shall the Village participate in a Green Community Aggregation Program.

DISCUSSION

The Village has been a part of an electric aggregation program since it was passed by referendum in March 2012. The “opt out” electric aggregation program allows the Village to go out to bid to negotiate the purchase of the combined electric supply of its residents and small businesses in effort to secure the most favorable terms for residents’ electricity supply.

When a supplier is chosen, ComEd continues to deliver the energy and continues to bill participants of the program. All residents and small businesses are automatically enrolled, unless they choose to opt out. The Village’s program ran from March 2012 through October 2018. At this time, the 3rd party supplier bid costs came back higher than ComEd’s rate, therefore, the program was suspended and remains suspended currently.

Our energy consultant, NIMEC, has presented a new aggregation program, whereby the residents are charged the ComEd rate while all participants receive 100% renewable power. Through this program from the suppliers, the Village would then receive a Civic Contribution. This contribution has no restrictions on use when the Village receives it. NIMEC recently tested the market to confirm that a fixed rate lower than ComEd’s was not available.

How it Works

- Every residential electric account establishes unique usage consumption patterns. Factors such as volume, time of day, single family vs. multi-family, and usage during ComEd peak periods combine to create a complex power usage profile.
- Based upon each resident’s unique usage profile, suppliers price each account individually.

- Suppliers provide power for those accounts that are profitable and keep all other accounts on ComEd.

When suppliers analyze a community for the Green Community Aggregation program, they calculate the price for each individual account and will switch only those accounts for which the power to serve that account costs less than ComEd default rate. The remainder of the accounts that are costlier to serve will remain on ComEd supply service. The supplier will purchase and retire Renewable Energy Certificates (RECs) to represent up to 100% of the historical power consumption for the entire aggregation community.

The profitable margin on the favorable (lower cost) accounts enable suppliers to purchase REC's for all residents in the program – including those residents who will be served by ComEd. All residents will receive notice of the program, with explanation that their power consumption is offset by RECs. The RECs are derived from Wind generators in the Midwest.

All residents will continue to be billed by ComEd and will pay the exact same ComEd default rate. There are no additional costs to the Village or Residents. Residents may opt out and leave the program at any time for any reason, and will never be charged an early termination fee. Accounts who have already contracted with another supplier individually on their own are not included in the program.

The Green Community Aggregation program enables the Village to receive the designation of US EPA Green Power Partner Community and to receive street signage from the EPA to post within the Village.

COST

There no cost to join the program.

RECOMMENDATION

The Village Board discuss the Green Community Aggregation program and provide direction to Staff.