



Residential Electric Aggregation Program Fact Sheet and FAQs

Illinois legislation enacted in August 2009 (Public Act 096-0176) allowed for municipalities to pool together, or “aggregate” the electric load of its residents and small business entities to go to bid for the purpose of driving down electric supply costs for individual electric accounts.

This is a final phase of the more than decade-long deregulation process of electricity supply in Illinois. Prior to this amendment, the majority of large commercial entities were enjoying lower electric rates whereas individual residents were not. This law allows municipalities to take its community’s electric load to bid with the objective of negotiating lower supply rates. Residents must first pass a referendum to allow their local governing body to engage in an electric aggregation program.

Residents now have the ability to purchase their power supply from a number of Alternative Retail Electric Suppliers (ARES) that are licensed by the Illinois Commerce Commission. By law, ComEd continues to deliver the power supply, and maintains the networks and power lines as well as responds to any reports of outages. Residents may engage in an individual contract with an ARES, but the savings is greater, and more competitive, lower rates can be achieved through a municipal electric aggregation program. (The savings is typically twice that achieved through an individual electric supplier contract.)

On July 16, 2012, the Hawthorn Woods Village Board approved an ordinance to place the referendum question on the November 6, 2012 ballot. The goal is to provide residents with as much information as possible prior to Election Day.

Q: What is Municipal / Electric / Community Aggregation?

A: Aggregation is the process in which the Village pools together the electric load of all residents in order to seek competitive bids from power suppliers. The State of Illinois deregulated the energy market and enacted legislation that allows municipalities to negotiate with electric suppliers for a lower electric rate for their residents. This is similar to garbage disposal contracts the municipality negotiates on behalf of the community. The Village must pass a referendum in the November 6, 2012 election to allow it to solicit bids. After the referendum passes, the Village would go to bid.

Q: Why is the Village doing this?

A. The Village wants to help you save money by buying your power at lower rates. As a governmental organization, we want to take advantage of the new law that was enacted to benefit our residents and small businesses. If a savings to residents of \$250 to \$400 per year can be achieved, you could use those monies for other purchases.

Q: Is the Aggregation Program a scam?

A: No, this is “for real.” The Village is seeking to negotiate lower electric rates for all residents and small businesses.

Q: What do I have to do be in the aggregation and get the lower rate?

A: You do nothing. You will automatically be included in the new aggregation program.

Q: What is the ComEd rate?

ComEd’s current effective rate is 8.36¢ per kWh through May 31, 2013. The Village expects to get bids for lower rates. Going to bid with the larger aggregated load puts the village in the

www.ElectricAggregation.com



position of being able to command more aggressive pricing (lower rates) for residents from the suppliers than is currently offered through ComEd, or than they could currently achieve with an individual contract.

Q: What if I don't want to participate in the aggregation? Can I stay with ComEd?

A: Residents are not obligated to participate in the aggregation and can stay with ComEd. You will receive two opportunities to "opt out" of the aggregation program: When a new supplier is selected, you will receive a letter with an Opt Out form; ComEd will send a second letter. Return the form in the mail, or call the toll free phone numbers provided. We cannot opt you out; you must do that yourself by returning the form.

Q: Can I Opt Out now, and return later to the supplier that won the bid in the aggregation?

A: Yes.

Q: What is the referendum question?

A: "Shall the Village of Hawthorn Woods have the authority to arrange for the supply of electricity for its residential and small commercial retain customers who have not opted out of such program? YES _____ NO _____"

Q: Is my commercial account included in the aggregation?

A: Only commercial accounts in the 0-15,000 kWh category are included. The program includes "small commercial" accounts, and the ICC has defined small commercial to include only those business accounts using under 15,000 kWh per year.

Q: What happens if the power goes out? Whom do I call?

A: You should continue to call ComEd with any service issues. ComEd will still *deliver* your electricity. You will simply have a new *supplier*. (ComEd is no longer an electric supplier; they only deliver the power, and maintain the network of wiring, stations, etc.)

Q: Will I get two bills?

A: No. You will continue to receive a bill from ComEd, and will remain on any budget billing payment plan you currently have with them: no changes. You will still have an account with ComEd. The only difference on your bill is the new lower rate and the new supplier's name will be listed. The transition of power supply to the new ARES will be nearly transparent; you will observe no change in your supply. Your ComEd bill will list the name and customer service number of the new supplier on your regular ComEd bill.

Q: I am getting offers from retail electric suppliers to switch for lower rates. What should I do?

A: If you switch your electric account to a new supplier prior to the aggregation program, you will not be included in the community aggregation. If you switch to a new supplier, and later want to join the community aggregation, you may (possibly) have to pay a termination fee. Be sure to review the details of the offer. If you do not switch to a new retail supplier, you will automatically be included in the aggregation program.

Q: Will I still be able to participate in the PIPP and LIHEAP low-income assistance programs?



A: Yes. You may continue to participate in these programs in the aggregation. Should you sign up with an alternative electric supplier outside of the village's aggregation program, you would no longer be able to enjoy these low-income assistance programs.

Q: What happens with ComEd; won't they increase charges to keep their profit margins?

A: ComEd is indifferent whether you choose another power provider. Your choice of supplier has no impact on ComEd as they only *deliver* and do not *supply* the power. ComEd processes the bills for these supplier companies. ComE passes 100 percent of the revenue back to the company that generates the power.

Q: What if the rate we currently have is lower than the power suppliers' bids?

A: No action will be taken and residents accounts would remain with the ComEd supplier. The village resident's electric accounts will not move to a new supplier. The referendum does not mandate the village to switch to a new provider.

Q: If a referendum is passed, when will the program begin

A: The Village could go to bid as early as December. Staff would seek competitive pricing from eligible power supply companies. Should they accept a rate and contract with an ARES that meets the program goals, power flow with the new supplier could occur as early as February or March 2013.

Q: I am receiving solicitations from retail electric suppliers offering lower rates now. What should I do?

A: Residents and small commercial electric account holders who decide to switch to another supplier will not be automatically included in the Village's aggregation program. They may chose to later leave their own individual contact and join the community's aggregation program. May suppliers require a minimum contract term that charges an early termination fee to later cancel and leave the contract.

Q: What savings can I expect to receive?

A: Community aggregation programs completed in 2011 results in average annual household savings of \$175 per year, with 20-30 percent savings on electric supply. Because electricity supply prices have continued to fall while the ComEd electric supply rate has risen, aggregation programs completed by communities across northern Illinois in 2012 resulted in average annual household savings of \$250 to \$400, with 40- 50 percent savings on supply. The electric market prices are not static, and the Village cannot project the trend of rates in the future.

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

A: Electric aggregation rate savings affects only the electric supply portion of your ComEd bill. This is about 60-70 percent of the total cost on your electric bill. Thus savings achieved for community aggregation programs completed in 2012 resulted in a net savings of 25-30 percent off the total ComEd bill.

Q: For what length of term would the village contract?

A: That would be determined when the Village receives bid pricing. Municipalities across Illinois have contracted electric supply rates for residents between 9 and 36 months, with the typical community contracting for a term of 2 years. The rates are fixed and do not float. Electric supply rates achieved through ComEd are also fixed and are adjusted once each year for the period June 1 through May 31 of the following calendar year.



Q: Are other municipalities engaging in municipal aggregation programs?

A: Yes, in 2011, nineteen Illinois municipalities took advantage of the new law by undertaking the very first municipal aggregation programs in the State. In the March 2012 election, an additional 245 municipal bodies passed referenda to undertake municipal aggregation programs for their communities. Over one million residents in northern Illinois have switched to new, lower cost power suppliers through municipal aggregation programs.

For more information, view:

ICC site for consumers: www.pluginillinois.org

ComEd page about your bill: <https://www.comed.com/customer-service/billing-payment/understand-bill/Pages/residential.aspx>