



Township of Old Bridge Community Energy Aggregation

October 2017 Program Update

In 2014, the Township launched the Old Bridge Community Energy Aggregation (OBCEA), for the purpose of creating purchasing leverage and providing an opportunity for residents of the Township to save money on their electric bills. The Township issued a competitive bid in Fall 2015, and awarded a contract to South Jersey Energy for a power supply contract starting in March 2016. Since the program's inception in March 2016, residents have enjoyed prices for power supply from South Jersey Energy at rates significantly below those offered by JCP&L. The contract with South Jersey Energy has a term of 21-months, which is set to expire in December 2017. The contract with South Jersey is estimated to have resulted in about \$180 in electricity cost savings for the average participating residence, producing aggregate savings of about \$2.3 million thus far.

With the pending expiration of the OBCEA Round 1 contract, the Township recently conducted a public bid to solicit a new round of price proposals from independent energy suppliers. Upon receipt of pricing results in the recent bid, the Township determined that the new price offers were higher than the current contract price, and did not produce sufficient savings as compared to the JCP&L tariff price and that, therefore, it was not in the best interest of Old Bridge residents to accept a contract at this time. The Township came to the conclusion that the residents' interests can be better achieved by allowing residents to return to JCP&L for power supply at the end of the current contract, and to solicit updated bids prices at a later date in the hope of receiving better offers.

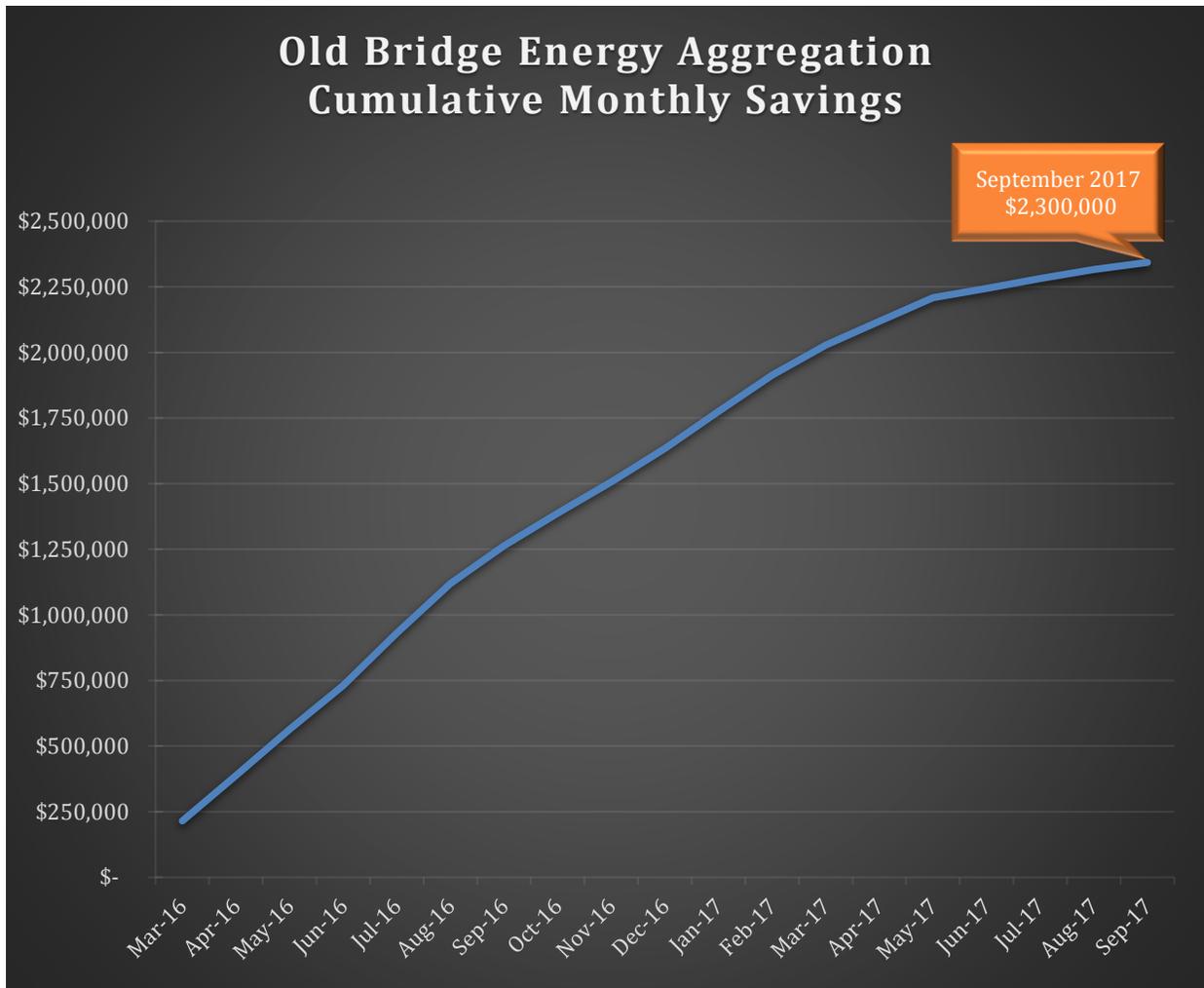
The Township assures residents that the transition from South Jersey Energy back to the JCP&L tariff in December 2017 will be seamless. In November, JCP&L will send notices to residents informing them that service with South Jersey Energy will be ending effective on your December 2017 meter read date. There is nothing further that a resident needs to do. Effective on your December meter read, JCP&L will resume as your power supplier (as they had been prior to March 2016). Starting with your January bill, you will notice on your JCP&L bill that South Jersey power supply charges will be replaced with a line item for JCP&L 'Basic Generation Service' power supply.

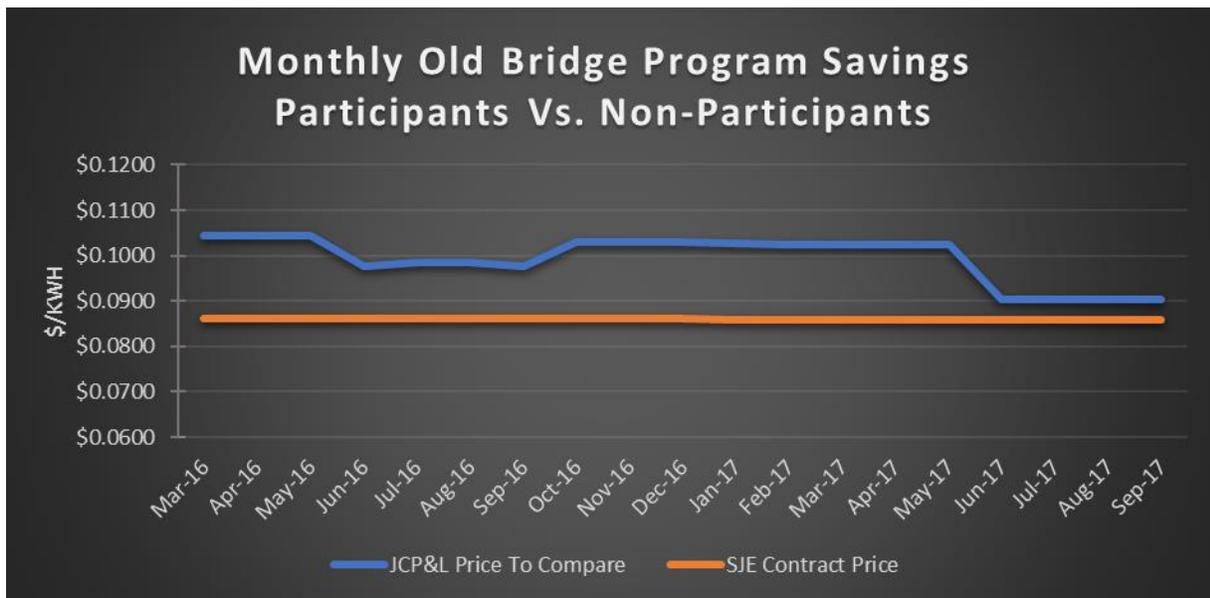
If the Township receives improved savings from its next bid later this year and awards a new contract for Round 2 of the Old Bridge Community Energy Aggregation program, the new contract would likely start in Spring 2018. In such event, eligible residents (all residents except those that have their own solar generating system or their own third party supply contract, or those who chose to opt-out of Round 1 of the program), will be sent a mailing informing them of the details of the new contract, after which residents would have the

choice of opting-out of the new program if they do not wish to participate. Again, no further action will be necessary for residents who want to enjoy supply savings through the program.

We appreciate your understanding and look forward to working diligently with our consultant in the coming months to achieve savings for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at obcea-info@gabelassociates.com.

Here are answers to some frequently asked questions about the program. . .





The Township of Old Bridge is pleased to provide you with this opportunity to save money on your energy costs, with the option to decrease your environmental impact.

Here are answers to some frequently asked questions about the program. . .

➤ What is Community Energy Aggregation?

Community Energy Aggregation is a program that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, **at prices lower than the average utility price**. New Jersey regulations allow municipalities to take this approach to procure savings on your behalf.

The Township of Old Bridge hired and collaborated with its Energy Consultant, Gabel Associates, to implement a successful procurement process for a third party supplier to provide power supply to its residents.

➤ Who is Gabel Associates?

Gabel Associates is a registered Energy Consultant that has been retained by Old Bridge to administer and implement the OBCEA program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale aggregations (like this one) for over 15 years. We were also a key participant in the development of CEA rules and programs state-wide.

Gabel Associates was the first firm in the State to have successfully implemented a CEA program in New Jersey, and the firm has successfully completed the most CEA programs in the State. These programs have saved millions of dollars for New Jersey residents!

➤ Who is South Jersey Energy Company?

SJE is part of South Jersey Industries, which owns a gas utility in New Jersey and has been in business as a retail electric supplier in New Jersey since 1997.

South Jersey Energy Company can be contacted as follows:

South Jersey Energy (BPU License # ESL-0012)
Toll Free Telephone Number: 1-(888) 812-1826
Website: www.southjerseyenergy.com
Address: 11 E. Superior St Suite 430, Duluth, MN 55802
Email Address: OBCEA-SJE@sjindustries.com

➤ **How does the OBCEA Program work?**

The Township, with the assistance of Gabel Associates, issued a competitive bid process in late 2015 following strict competitive contracting laws in an effort to select a third party supplier (“TPS”) of electricity at a non-variable rate below the average JCP&L price (or BGS tariff price).

All residents who are not shopping independently are automatically included in the OBCEA program and were sent a notice in the mail in January 2016. This notice, known as the Opt-Out Notice, provided all the details of the program as well as the various ways to opt-out of the program, including SJE’s toll free telephone number, email address, and a postage-paid opt-out card.

Customers had 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After 30 days, residents who did not opt-out of the program were enrolled by the winning supplier.

Even after an electric account is enrolled, residents are free to opt-out of the program at any time during the contract! Participation in the OBCEA Program is 100% optional! There are still no any fees or penalties if you decide to opt-out.

Customers that have their own, independent TPS contracts still have the option to join the OBCEA program once their current contract expire.

➤ **Will I receive two bills?**

No. You will always receive one bill from JCP&L. The only thing that changes in the OBCEA Program, or any CEA Program, is the cost of the electricity provided.

Electric bills are comprised of two main components: power supply and distribution. It is important to emphasize that this program covers **only the power supply portion of the electric bill**. Under New Jersey’s retail choice regulations, you may purchase power supply from either the electric utility company under its Basic Generation Service (“BGS”) tariff rates, or you may purchase your power supply from a TPS. The goal of the OBCEA program is to provide savings on the power supply portion of your bill. The new, lower power supply charges assessed

by South Jersey Energy appear on your JCP&L bill in place of the BGS tariff charges for power supply. JCP&L delivery charges remain the same.

The delivery portion continues to be provided by JCP&L at regulated rates and JCP&L continue to provide all emergency and safety services. JCP&L also continues to provide customer services such as meter reading, billing and service restoration. Furthermore, you continue to have all existing consumer protections and rights.

Importantly, the delivery and distribution of electricity under this program continues to remain the same, through the regulated utility (i.e. JCP&L) that serves your home. The utility continues to handle your account, providing meter reading and billing, and addressing any power outages and maintaining service.

➤ **Can I Opt-In to the OBCEA Program?**

Yes. Residents who have their own third party supply contract but would like to join the OBCEA program still have the opportunity to join.

For customers with their own TPS contracts, it is very important to read your existing contracts very carefully, as there may be penalties for terminating the contract prematurely. Some third party suppliers have automatic "roll over" provisions which renew your contract without consent or action from you. Please be sure to read your current agreement and take the necessary actions to alert your third party supplier that you wish to terminate service at the end of your contract term in order to join the OBCEA.

Please note that neither the Energy Consultant nor the Township are responsible for informing your existing supplier or terminating your agreement with them. However, if you have any difficulty with them, please let us know and we'll try to help you resolve issues. Contact Information Provided Below.

➤ **Will I be able to keep my budget billing (or equalized payment plan)?**

The Township requires South Jersey Energy to provide budget billing for their power supply charges to those customers that currently have such arrangements with JCP&L. JCP&L continues to provide budget billing for their delivery charges. Therefore, the consolidated bill issued by JCP&L continues to contain equalized payments.

Nonetheless, budget billing with JCP&L's distribution portion of the bill and the awarded third party supplier's supply portion of the bill can be complicated. If you are experiencing trouble with your budget billing, please contact JCP&L, South Jersey Energy, or Gabel Associates (contact information below) for assistance.

➤ **Why is the program set up so that residents can only opt-out, rather than having it so that residents may opt-in if they wish to join?**

The program is set up this way to ensure that a sufficient number of households will participate to obtain a meaningful bid, and to avoid the costly and time-consuming process of having everyone affirmatively sign up for the program.

The aggregation rules incorporate consumer protections, and recognize the logistical challenges of a residential procurement program, while at the same time providing a structure that will attract bidders.

When the retail choice program was originally enacted in NJ in 1999, the rules required that government aggregators be required to obtain a so-called “wet signature” from each residential customer demonstrating the customer’s affirmative consent to join. After a number of years it was recognized that this “opt in” approach put such a burden on the programs that none got off the ground, and the model was changed to “opt-out” for residential customers. Unlike business customers, residential customers represent large numbers and (relatively) small usage/margins for each account. In order for an aggregation of residential customers to work, it is necessary to get large volumes with as low transaction costs as possible. This results in the opt-out approach, which gives suppliers a firmer basis for the load they are bidding on, but still provides residential customers with the ability to opt out.

The regulations also require that an aggregation program show savings versus the utility-provided rates. Residential customers receive a written notification after the bid, informing them of the price, the comparison to the utility price, and their right to opt out. As such, each resident is fully apprised of all pertinent information necessary to make an informed decision.

➤ **What about power outages?**

Power outages are **not** under the control of the third party supplier. The delivery system is still under JCP&L’s control, and there is no difference in delivery services whether you purchase the power supply from a third party supplier or from JCP&L under its tariff. In the event of an outage, you would still contact JCP&L.

➤ **What if I have a solar system?**

Customers with solar systems, especially that are larger in size, typically result in solar production in some months exceeding your monthly electric consumption. In such cases, the monthly utility bill is usually very low.

For these customers, the savings attributable to the OBCEA program would be very minimal. It is for this reason that the Township elected to preemptively remove solar customers from the OBCEA supply contract.

However, if you believe based upon a review of your past bills that your solar system is NOT producing excess energy that is being ‘banked’ on your JCP&L bill, you may consider opting-in to the OBCEA program. You are encouraged to contact the SJE or JCP&L for further information.

➤ **Will the LIHEAP and Lifeline benefit programs for low income residents still apply if I participate in the OBCEA?**

LIHEAP (Low Income Home Energy Assistance Program) is federally funded program, administered by the Dept. of Community Affairs, to assist low income households with paying their heating bills (whether electric, gas, oil, etc.). There should be no impact of participation in the OBCEA program on customers’ eligibility. Lifeline or Universal Service programs are state-

funded through State taxes and societal benefits charges, again with eligibility based upon a number of factors tied to income. Bill credits of up to \$225 are provided to assist eligible customers with electric and gas utility bills. The OBCEA provides consolidated billing through the utility; as such the bill credits would be unaffected.

Additionally, in an effort to respond to the interest expressed by some Township residents to reduce their carbon footprint, the contract with South Jersey Energy under Round 1 of the OBCEA program offered the option to receive energy supply that contains 25% renewable energy. The contract price for this voluntary OBCEA Renewable Energy Product Option was \$0.0025 per kWh greater than the contract price, *which still represented a significant savings as compared to the average JCP&L tariff price!* As such, selecting this product resulted in a price that is slightly higher than the standard OBCEA price, but contained 25% renewable energy as compared to the about 20% renewable energy content for JCP&L power supply. It is emphasized that this slightly higher-priced 25% renewable product was a voluntary add-on that individual residents could select if they so chose. The Township anticipates including a similar option in the OBCEA Round 2 program. Details on this option will be provided to residents if and when a new contract is awarded for the OBCEA Round 2 program.