

Municipal Electrical Aggregation Frequently Asked Questions



The Village Board of Trustees recently approved a resolution authorizing the Village to place a municipal aggregation Referendum on the March 20, 2012 general primary election ballot. Should the Referendum pass, the Village will have the ability to seek competitive pricing for the provision of electricity to residents and small businesses within the corporate limits of the Village of Cary.

On March 20, 2012, the Referendum will ask Cary voters if the Village should have the authority to seek competitive pricing bids for electric services under a single contract. The specific language will read as follows:

“Shall the Village of Cary have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such a program?”

As a homeowner or small business owner, you may be wondering what this means, and how it may or may not impact you. To assist you to better understand Municipal Electric Aggregation and what it means for consumers, the Village has prepared a series of frequently asked questions and answers on this initiative.

1. What is Municipal Electrical Aggregation?

On August 10, 2009, Governor Quinn signed into law Public Act 096-0176, which allows municipalities to arrange for the provision of electricity to residential and small commercial retail customers by alternative electric suppliers (i.e., suppliers other than ComEd). Under the new law, the Village may seek bids for the provision of aggregate electricity supply services to these customers, in hopes that the selected rate will be lower than the standard rate offered by ComEd.

Municipal Electric Aggregation permits the Village to combine the retail electric loads of customers, thereby leverage the buying power of thousands of residents and small businesses. This combined buying power typically provides lower, more stable rates from suppliers.

2. Why has a Referendum ballot issue been scheduled?

Under the new law, the Village can seek voter direction on whether or not to pursue proposals from electric power suppliers for residents and small businesses under a single contract. The Village can only pursue the process of electrical aggregation on behalf of Cary residents and small businesses if voters approve the measure via Referendum.

3. How does the Referendum pass?

The Referendum must be answered in the affirmative by the majority of registered Cary voters who answer the question on the March 20, 2012 General Primary Election ballot.

4. What happens if Cary voters approve the Referendum?

If voters approve the Referendum, the Village would begin the process of developing documents and seeking proposals from electric power suppliers. If resulting prices are lower than current prices from ComEd, the Village Board would accept the lowest, most responsible proposal. Since electric power prices would be lower, Cary residents' and small businesses' monthly electric bills could be reduced.

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5. **What if prices from the proposals are higher than ComEd's rates?**

The Village Board would not accept any proposals that offer a electric power rate that is higher than ComEd's. Residents and small business accounts would stay with ComEd.

6. **What happens if Cary voters don't approve the Referendum?**

If voters don't approve the Referendum, Cary residents' and small business' electric power supply will continue to be provided by ComEd, with the exception of those residents and businesses that have chosen to "opt in" to a program with an alternative power supplier on their own. These "opt in" programs will also continue to be available to Cary residents on an individual basis.

7. **Can savings be guaranteed under a Municipal Electrical Aggregation Program?**

It is too early to predict the magnitude of savings that might be achieved under this program, since electric power suppliers have yet to price Cary's residential and small business accounts under a single contract. The Village can structure its request for proposals from electric power suppliers so that bidders set their rates at a specified percentage under Exelon's (ComEd's supply company) established rate. Market fluctuations make it impossible to guarantee that bids will come in under the current energy rate paid by ComEd customers. However, since that current rate is set every May, the market can react to it, and often provide a lower rate. Currently, residents and businesses pay a higher rate than most large commercial, industrial and institutional accounts that have sought open market bids.

8. **Let's assume the Referendum passes. What do I have to do to participate?**

If the Referendum passes, all eligible residents and small businesses would have their electric power accounts bundled into a single account. Plus, you would not receive an additional bill from the new electric power supplier. You would still be a customer of ComEd's electric power transmission and delivery services and your new electric power rate would simply be reflected on a separate line. ComEd would serve as a "pass-through" for payment of your electric power rate.

9. **What if I don't want to participate in the program?**

Following completion of the process and the awarding of a contract to a third party electric power supplier, you and all eligible Cary electric customers would receive an "opt out" option notice in the mail. (You will also be contacted by the new electric power supplier and by ComEd). The "opt out" notice would list a date by which you must "opt out" of the program and you would stay with your current electric power supplier (ComEd or another third party supplier). Residents currently using a third party electric power supplier or residents moving to Cary from outside the community would not be automatically included; they would have to "opt in".

10. **What if I already have a contract with a third party electric supplier?**

If you have already entered into a contract with a third party electric power supplier, but want to enroll in the Village's program, you may still "opt in" to the Village's competitively bid rate, but only within the structure of the existing contract of your current provider. In addition, unlike those customers who are still receiving their electricity supply from ComEd, you will not be automatically switched over to the new electric power supplier. You may also be subject to early termination fees or other restrictions with your current provider. It is best to check with your provider to better understand any restrictions or policies that might apply, should you decide to "opt in" to the Village's program.

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11. Assuming the Referendum passes, when would the Village solicit proposals from a third party supplier?

At the very earliest, early to mid-summer 2012. State law requires certain steps be followed to approve and implement a Municipal Electrical Aggregation Program. If Cary voters give the Village the authority to pursue an aggregation program, two public hearings must be held, an ordinance approving the program must be approved and a Plan of Governance must be created and adopted. Once all of the requirements have been met, the Village would contract with an industry consultant to seek competitive bids from third party electric suppliers through a Request for Proposals (RFP) process.

12. Will Aggregation affect my municipal utility tax?

No. Your utility tax is assessed by usage, not by rates.

13. How long would the Village's contract with a third party supplier be?

The Village would have the option to explore a 1 year, 2 year or 3 year contract with a third party electric power supplier. The term of the contract would be included in bids received through the RFP process. Negotiating a one-year contract that coincides with the ComEd rate cycle will always allow the aggregation process to determine guaranteed savings. However, longer term contracts may not result in generating the same level of savings over the entire contract. Should the ComEd rate fall below the contract rate with the third-party supplier, a longer term contract may also result in residents and small businesses having to pay more than the ComEd rate for a period of time.

14. I own a small business in Cary. Am I eligible to participate in the program?

You may be. The Public Act designates that small business customers are those which use less than 15,000 kWh of power per year.

15. What if my power goes out - who will I need to call to have it restored?

ComEd is responsible for ensuring that electricity flows through its distribution network to all homes and businesses in Cary. Municipal Electrical Aggregation will not change how ComEd responds to power outages. Outages would still be reported to 1-800-EDISON-1.

16. Will there be an opportunity for public input regarding the Referendum?

The Village will provide information regarding both the Referendum and, if the Referendum is approved, the bidding process through its normal communication channels including the Village's website (www.caryillinois.com), the Cary News Weekly e-mail blast and press releases. In addition, the Village will host a public education meeting on February 28, 2012 to provide residents with information, as well as two public hearings as a component of the bidding process should the Referendum pass.

17. Is the Aggregation Program available to those residents who use space heaters?

No. Residents using a space heater to heat their homes are on a subsidized rate through ComEd and would not be eligible to participate in an aggregation program.

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18. I would like to vote on the Referendum question on March 20th, but I don't want to declare a political party. Can I still vote?

Yes. In lieu of a political party primary party ballot (which will include the question), you will have the option to request a Non-Partisan ballot. With a Non-Partisan ballot, you can vote on the Referendum without declaring a political party affiliation. The deadline to register to vote is Tuesday, February 21, 2012. Contact McHenry County for additional information on voter registration.

19. I've received mailings from electric retail suppliers offering lower electricity rates now. What should I do?

That is up to you. There are three options available to customers under this program:

- 1) Take no action. Residents and small businesses may continue to receive the electric power rate from Exelon and make no changes to their electricity supplier.
- 2) Opt-In Aggregation. This is available today to residents and small business owners. You may contact third-party electricity suppliers and bid the rates for their own individual electrical accounts.
- 3) Opt-Out Aggregation. The Village of Cary would combine the retail electric loads of eligible customers into one account in order to receive a reduced electricity rate. The Village would then enter into a contract with a third-party electric supplier.

20. How can I learn more?

There are several public information outlets for you to obtain additional information. You can visit any of the websites listed below or contact the Village of Cary at (847) 639-0003.

Illinois Commerce Commission - [www..icc.illinois.gov](http://www.icc.illinois.gov)

Illinois Municipal Aggregation of Electric - www.electricaggregation.org

Illinois Municipal League - www.iml.org