

## **Electric Aggregation Frequently Asked Questions**

### **Q: Why is the opportunity for electric aggregation available?**

A: On August 10, 2009, Governor Quinn signed into law Public Act 096-0176, amending the original Illinois electric deregulation legislation. This is the last part of the Deregulation Process, until this Act was amended, only larger customers such as industrial, commercial, and governmental entities could participate. Three fourths of this commercial load is currently purchased from sources other than ComEd. The new law allows municipalities to transfer their residents' and small business owners' electric accounts to alternative electric suppliers.

### **Q: What is deregulation?**

A: On December 16, 1997, the state of Illinois implemented a plan to deregulate Commonwealth Edison ("Com-Ed"). Under this plan, Com-Ed no longer generates electricity for its customers but continues to provide power generated by others through its distribution system. Deregulation means that power can be purchased through any of the 23 Illinois Commerce Commission approved power suppliers.

### **Q: What is electric aggregation?**

A: Electric Aggregation is a program that allows local governments to bundle – or aggregate – residential and small commercial retail electric accounts and seek bids for a cheaper source of power. This is similar to bulk purchasing. Currently, ComEd customers receive electricity at a price set each year by the Illinois Power Agency, a governmental body that secures electricity on the wholesale market on behalf of ComEd. By bundling residential and small commercial accounts, municipalities can go out into the open market to seek a lower rate for electric power. Since 1999, large industrial and commercial customers have used this option to reduce electricity costs.

### **Q: How does the program work?**

A: Under state law, each municipality must place a referendum on the ballot to ask voters to give the municipal government the authority to aggregate electric accounts and seek bids for power generation. If voters approve the referendum on the March 20, 2012 ballot, the Village of Homer Glen will hold at least two public hearings to discuss and create an aggregation plan. Once the plan is in place, Village staff, with the assistance of energy experts, would prepare and publicize a request for proposals. Only energy suppliers certified and regulated by the Illinois Commerce Commission could respond. The bid that comes closest to achieving the goals of the aggregation plan would be accepted. However, if none of the bids meet the plan's goals, there is no obligation to accept one, and the aggregated accounts will continue to receive power from ComEd at the prevailing rates. A resident or small business has no obligation to participate and could choose to opt out of the program altogether.

**Q: What is the referendum on the March 20, 2012 election ballot?**

A: Voters will be asked whether or not Homer Glen residents should 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.

**Q: What are the benefits of aggregation?**

A: The most important benefit is the opportunity for residents and small businesses to save money on electric supply costs.

**Q: Am I obligated to participate?**

A: No. Any account holder may opt-out of the program and remain on ComEd's supply service rate.

**Q: What does "opt-out" mean?**

A: All residential and small commercial electricity users will be included in the customer base unless they affirmatively choose not to participate. The opportunity to opt out will be available up to the time of program implementation.

**Q: How do I opt-out of the program?**

A: Customers will have a chance to opt-out of the aggregation program, but must do so before the new service begins. Customers will receive notice informing them of the opt-out period, who to contact, and how they must communicate their intention to opt-out.

**Q: Who will take care of my power if there is an outage?**

A: ComEd, by law, will still be paid to distribute the power to the homes and businesses and handle any emergency repairs.

**Q: What is ComEd's role in this program?**

A: ComEd distributes electricity, but does not generate it. As the local electricity distributor, ComEd is responsible for infrastructure, like power lines that bring electricity into homes and businesses, responding to outages and billing. ComEd will continue to bill customers for electric usage regardless of the supplier of that electricity.

**Q: If I participate, will I get two bills – one from ComEd for delivering the power and another from a company that provides it?**

A: No. ComEd will remain responsible for billing customers for all electricity, regardless of the electric supplier. The only change would be the name of the electricity provider on the bill's electricity supply.

**Q: If aggregation means lower energy costs for customers, won't ComEd simply increase charges on the distribution side to protect its profit margin?**

A: ComEd owns the distribution system only, and so does not realize profits or losses from the sale of energy. ComEd has worked for several years with large commercial and industrial customers who have switched to third-party energy suppliers, and remains supportive of other customers who switch to third-party suppliers. In other words, there will be no impact on distribution rates. Per ICC regulations, ComEd cannot introduce any separate distribution fees on cities that aggregate.

**Q. Can savings be guaranteed under an aggregation program?**

A: Municipalities can structure its request for proposals so that bidders set their rates at a specified percentage under ComEd's 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. Right now, residents and small businesses pay a higher rate than most large commercial, industrial and institutional accounts that have sought open market bids.

**Q: What happens if the municipality cannot purchase or negotiate lower rates than ComEd?**

A: Your account would stay at ComEd and ComEd would be both the power provider and the local distribution company. Either way, ComEd will be our distributor.

**Q: I am currently enrolled in ComEd's budget program where you are able to spread out your ComEd electric service costs evenly throughout the year. Will the new power provider have this or a similar program?**

A: The Request for Proposals will request that this program is included in the bid specs.

**Q: Are there any downsides?**

A: Municipalities will not be obligated to accept unfavorable bids and any account holder can opt out of the program. If bids do not meet the aggregation plan goals, then they can be rejected.

**Q: What are the costs to implement and manage the program?**

A: Few costs are associated with Electric Aggregation beyond staff time and community outreach and education efforts.