SHAKER HEIGHTS

Memorandum

To: Members of City Council

From: Michael Peters, Sustainability Coordinator
And
William M. Ondrey Gruber, Director of Law

cc: Mayor David E. Weiss
Jeri E. Chaikin, Chief Administrative Officer

Date: July 25, 2022

Re: **Community Choice Electric Aggregation Program – Plan of Operation**

Summary

As the City works to create a City-operated Community Choice Aggregation program for electricity, the City must prepare and Council must approve a Plan of Operation and Governance. Then the City must register with the Public Utilities Commission of Ohio (PUCO) as a Competitive Retail Electric Service (CRES) provider. A similar process was accomplished when the City began its natural gas aggregation program, for which the City is registered with the PUCO.

Accompanying this Memorandum is a ***draft*** Plan of Operation and Governance for review and approval by City Council. This Plan was reviewed and commented upon by the Sustainability Committee at its meeting on July 14, 2022. The Plan was also the subject of two public hearings held at 12 noon and 7 p.m. on July 25th prior to Council considering the Plan for approval.

Background

Starting in 2021, the City has reviewed options for offering its residents and small businesses 100% renewably-sourced or "green" power as a source of electric supply through an aggregation program on an "opt-out" (automatic) basis.

Council held work sessions on the issue of electric aggregation on October 19, 2021, and on November 16, 2021, an update was provided at the April 19, 2022 work session, and another discussion was held on May 31, 2022. A proposed Resolution supporting the City forming its own electric aggregation program was sent to Council and posted on the City's website prior to the June 13, 2022 Special Meeting and Work Session when the issue was discussed again.

The City hired Aspen Energy as a consultant to perform an independent analysis and provide recommendations and supporting material for the City regarding whether the City should form its own electric aggregation program providing 100% renewable electric supply.

Ultimately, Council and the Administration agreed that the City should form its own electric aggregation program starting in January 2023, with the goal of making a decision prior to June 30, 2022. On June 27, 2022, City Council adopted a Resolution (No. 22-67) that stated: "This Council hereby expresses its support for the City taking the steps

necessary to form its own electric aggregation program starting in January 2023." On June 29, 2022, the City provided formal notice to NOPEC that the City was leaving its electric aggregation program.

On July 14, 2022, the Sustainability Committee discussed the Plan of Operation. Several issues were raised by that Committee:

- Large commercial customers: Ohio law does not permit government aggregations to include as part of an "opt-out" aggregation large commercial (i.e. mercantile) customers that consume 700,000 kWh per year or more. As examples, the City's Service Center (15600 Chagrin Blvd.) and Police/Court Building (3355 Lee road) each consume more then 700,000 kWh of electricity each year.
- Transmission Issues: The City's consultant, Jay Sell of Aspen Energy and Sustainability Coordinator Michael Peters addressed the issue of renewable energy, and the difficulty under current circumstances of scheduling transmission capacity for new renewable energy sources. PJM, the regional transmission coordinator for our area, has had a backlog of transmission capacity scheduling. They pointed out that the City should still be able to purchase Renewable Energy Credits (RECs) for the City's aggregation program. For more information about PJM and renewable energy see, e.g., this article: https://www.eenews.net/articles/renewables-backlog-plan-for-pjm-region-met-with-mixed-reviews/.
- Net metering: A citizen asked if net metering would be available in the aggregation program. The answer is that it depends on the supplier. It is available for FirstEnergy/CEI customers generally. It will need to be addressed through the City's request for bids from suppliers. Net metering is a system in which a homeowner's or individual business's solar panels or other renewable energy generators are connected to the public-utility power grid (i.e. FirstEnergy/CEI) and surplus power generated is transferred onto the grid, allowing that homeowner or business to offset the cost of power drawn from the utility. For more information visit: https://puco.ohio.gov/utilities/electricity/resources/net-metering

The City has created an Electric Aggregation Program page on the City's website, and will include appropriate updates and FAQs as the Program is created (https://www.shakeronline.com/827/Electric-Aggregation-Program).

Process to Form a City-Operated Electric Aggregation Program

The process of forming a City-operated electric aggregation program involves the following steps:

- Authorizing legislation approved by Council and a ballot initiative approved by Shaker Heights voters to form a Community Choice Electric Aggregation program:
    - This has already been accomplished. The City adopted legislation and conducted this vote on November 7, 2000, and Shaker Heights residents approved the measure (Issue 149) with over 77 percent in favor.
- Plan of Operation and Governance:
    - The Plan must be considered at two public hearings and approved by City Council.
    - The Plan outlines the mechanics of the operation of the City's program.
    - The City adopted a similar document for the natural gas aggregation program.
    - While the City has responsibility for overall operations, the majority of the tasks are performed by the electricity supplier and the City's consultant, Aspen Energy.
- Approval of the City's Program by the PUCO:
    - The City must submit the approved Plan to the PUCO for approval, and register with the PUCO as a Competitive Retail Electric Service (CRES) Governmental Aggregation Provider.
    - For more information about PUCO certification go to: https://puco.ohio.gov/utilities/electricity/resources/competitive-retail-electric-service-certification
- Selection of a Supplier:
    - With the assistance of the City's consultant, Aspen Energy, the City will solicit proposals/bids from suppliers to provide electric supply to the aggregation.
    - The City will be seeking a supplier that:

        - Meets all minimum requirements of the PUCO as a CRES provider.
        - Has experience and a track record of goo customer service and responsiveness.
        - Is willing to allow customers to join and leave the Program with no special fee or charge.
        - Will allow for net metering.
        - Will provide "opt-in" opportunities so the City can reach out to customers who are ineligible for the "opt-out" notices.
    - City Council must approve a contract with the Supplier.
    - The City will contract with the Supplier, and then the Supplier will seek 100% renewable energy to supply the aggregation at the most competitive rates possible. The City, Aspen and Supplier will decide the period of time for which supply will be purchased based on the market at the time.
- Outreach efforts:
    - The City will use its website, social media and special outreach mechanisms to inform the residents and small businesses of the City about the new City Program, and its purpose and goals for providing renewable energy.
- Opt-Out Disclosure Notice:
    - This is the notice that is mailed to all households that are eligible to participate in the program.
    - A resident or business is not eligible if:
        - They are of low income and in the CEI PIPP program.
        - They have a contract with a supplier (they can opt in once they leave their contract).
        - They are a large commercial business.
    - Anyone who is on the current NOPEC program, and anyone who is on the CEI standard service offer, is eligible.
    - New residents---depending on the timing of when they move in---may need to opt in by contacting the City's supplier.
    - The notice and its contents are mandated by state law and regulation.
    - The notice informs residents that they are enrolled in the program by default unless they opt-out, which they can do at any time and without cost from the City program. This is the same process as the natural gas program and the supplier typically manages the mailing.
    - It is anticipated that the notices would be sent out in November for a January 1, 2023 start date.
- Operation:
    - The Supplier will handle most of the operation of the aggregation program.
    - The consultant, Aspen Energy, will be paid through the participant rates, and they will assist with all PUCO filings and compliance activities. They will also assist with trouble shooting, searching for renewable sources of energy, contracting and contract oversight.

The City will hold two public hearings on the proposed Plan of Operation and Governance. These have been scheduled for July 25th at 12 noon and at 7:00 pm in City Council Chambers. They will be available to attend in-person and by Zoom. The 7 pm hearing will also be live streamed. Notices of the hearings are being published in the local edition of the Sun Press on July 14th and 21st, and will be posted on the City's website and in social media. A summary of the Plan of Operations will be presented at the hearings and time for questions from the public will follow.

Once these documents have been submitted to the PUCO and approved, the next step is to issue a request for proposals to electricity suppliers. The process remains on schedule for the proposed January 1, 2023, start date.

Council is asked to approve the proposed Plan of Operation and Governance on first reading and as an emergency so the Plan may be submitted to the PUCO, which has 30 days to approve the Plan, after which the City will seek a supplier through a competitive process. The City must act quickly to be able to put a Program in place for a January 1, 2023 start date.