

City of Shaker Heights Electric Aggregation Program

Public Hearings on the City's
Plan of Operation and Governance

July 25, 2022

12 noon and 7:00 p.m. at City Hall - Council Chambers

Presented by:

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And

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Utility Service Deregulation - *Natural Gas*

- ▶ *November 2003* - Shaker voters approve ballot measure authorizing City to form *natural gas aggregation*.
- ▶ *October 2005* - City contracted with AMPO to assist in establishing natural gas aggregation
- ▶ *2006* - City formed natural gas aggregation program with IGS as the supplier
- ▶ City's current program price/contract is for the period April 1, 2021 through March 31, 2023.

Look Back: Utility Service Deregulation - *Electric*

- ▶ May 1999 - Ohio General Assembly approves electric deregulation law, including opt-out electric aggregation
- ▶ April 2000 - FirstEnergy's Transition Plan to implement the deregulation law approved

Utility Service Deregulation - *Electric* - continued

- ▶ *July 2000* - City Council approves placing electric aggregation on ballot.
- ▶ *November 2000* - Voters approve Shaker ballot measure to form electric aggregation.

Utility Service Deregulation - *Electric* - continued

- ▶ *October 2000* - City Council approves joining NOPEC council of governments for electric aggregation.
- ▶ *November 2000* - Northeast Ohio Public Energy Council (NOPEC) formed.
- ▶ *December 2000* - Council approves NOPEC Plan of Operation and Governance for electric aggregation.

Forming City-Operated Electric Aggregation Program

- ▶ Starting in 2021, the City studied 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.

Forming City-Operated Electric Aggregation Program

- ▶ Council discussed issue of electric aggregation:
 - October 19 and November 16, 2021
 - April 19, May 31, and June 13, 2022
- ▶ May 17, 2022 - City hired Aspen Energy, consultant, for independent analysis and recommendations

Forming City-Operated Electric Aggregation Program

- ▶ June 27, 2022 - Council adopted Resolution 22-67:
“This Council hereby expresses its support for the City taking the steps necessary to form its own electric aggregation program starting in January 2023.”
- ▶ June 29, 2022 - City ended membership in NOPEC as of 12-31-22
- ▶ July 14, 2022 - Presentation of Plan of O&G to Sustainability Committee

Forming City-Operated Electric Aggregation Program

Required Steps:

- ▶ Develop Plan of Operation and Governance (O&G)
- ▶ Hold two public hearings on the draft Plan of O&G
- ▶ Council adopts legislation approving Plan of O&G.

Forming City-Operated Electric Aggregation Program

- ▶ File application for governmental aggregator certification at the PUCO.
- ▶ The PUCO has 30 days to act or it is automatically approved.
- ▶ Prepare 100% renewable electric supplier request for proposals/bids with Aspen---include “opt-in” notices, net metering, reliable call center, etc.

Forming City-Operated Electric Aggregation Program

- ▶ Submit recommended supplier to Council for approval.
- ▶ Contract with the selected Supplier.
- ▶ Identify eligible consumers within the City:
 - Customers on Percentage of Payment Plan (“PIPP”) low income program not eligible
 - Large Commercial customers not eligible
 - Customers on supplier contract not eligible

Forming City-Operated Electric Aggregation Program

- ▶ Eligible customers:
 - include those currently on NOPEC program, and customers on CEI standard service offer
- ▶ Mail opt-out notices to all eligible customers.
- ▶ After the 21-day opt-out period, the Supplier enrolls customers.

City of Shaker Heights Municipal Electric Aggregation Program Plan of Operation and Governance

Overview

All eligible consumers within the corporation limits will automatically be enrolled unless they “opt out” of the program

- ▶ Shaker voters approved by 70% establishment of “opt-out” electric aggregation program on November 7, 2000
- ▶ Proposed Plan of O&G complies with State law (Ohio Revised Code (R.C.) Section 4928.20)
- ▶ Public hearings advertised the weeks of July 11 & 18 in Sun Press, on City website & social media
- ▶ City has created an Electric Aggregation Program page on the City’s website, and will include appropriate updates and FAQs for the Program (<https://www.shakeronline.com/827/Electric-Aggregation-Program>).

Overview

- ▶ Participation in the City's Program is voluntary.
- ▶ Every individual eligible customer will receive prior notice allowing them to affirmatively elect not to be part of the Program and to return to FirstEnergy/CEI's standard offer or enter into a power supply contract with any Competitive Retail Electric Service Supplier.
- ▶ Purpose in creating the Program:
 - ▶ Represent the interests of its residents and businesses that have not or do not choose to select their electric supplier on their own
 - ▶ To aggregate the electric loads within the City
 - ▶ To negotiate affordable, competitive, and reliable electric supplies and related services
 - ▶ In particular, to provide 100% renewable electric supply to participants in the Program.

Overview

- ▶ Many consumers lack the leverage, interest or knowledge to effectively negotiate electric supply rates and services—an aggregation program provides an option for professional representation and bargaining power of a larger, more diverse consumer group that may be more attractive to suppliers, including renewable energy suppliers, allowing them to more effectively participate in the competitive electric supply process and its benefits.

City Selection of Supplier

- ▶ City will be purchasing agent for the Program
 - ▶ Select a Supplier through competitive process
 - ▶ Negotiate terms of supply between the Supplier and each Program participant, and
 - ▶ Oversee the enrollment procedures administered by the Supplier.
- ▶ City will not buy and resell electricity, except for its own facilities.
- ▶ Each participating customer contractually responsible to Supplier to pay for electric supply services

Supplier

- ▶ Supplier must meet the following minimum City criteria:
 - ▶ Be a PUCO Certified Electric Supplier.
 - ▶ Be registered with FirstEnergy.
 - ▶ Successfully complete Electronic Data Interchange (EDI) computer system testing with FirstEnergy; be capable of processing Aggregation EDI transactions in a timely manner.
 - ▶ Meet standards of creditworthiness established by the City.
 - ▶ Have a customer call center capable of effectively handling participants' questions, concerns and disputes in a timely manner with a toll-free number, email and/or website.
 - ▶ Hold the City harmless from any financial obligations arising from offering electric and/or energy-related services to Aggregation Program participants.
 - ▶ Disclose any subcontractors that it uses in fulfillment of the services under the contract.
 - ▶ Develop internal controls and processes to help ensure that the City remains in good standing under State law and regulations as a governmental aggregator

Supplier and FirstEnergy/CEI

- ▶ The Aggregation Program will provide only the electric supply portion of each participant's service, and a portion of each customer's electric bill.
- ▶ FirstEnergy/CEI will continue to:
 - ▶ Deliver electric supply to Program participants as a monopoly function regulated by the PUCO.
 - ▶ Install, operate and maintain its system of poles, wires, rights of way, meters and other electric distribution components.
 - ▶ Handle calls from Program participants if electric is interrupted, if customers have a downed wire or if they have billing questions.
- ▶ PUCO will continue to oversee FirstEnergy/CEI's electric safety and reliability standards.

Supplier - Contract and Rates

- ▶ Supply contract will be for firm, all-requirements supply.
- ▶ All electric supply charges will be fully and prominently disclosed in customer enrollment materials (such as the Opt-Out Notice), available on the City's website, and available by calling the Supplier's toll-free customer service telephone number, email and/or website.
- ▶ No surcharge allowed by State law (R.C. 4928.20) to be charged.
- ▶ Supplier's rates will include administrative fee collected to fund implementation and administration of the Program; typically covers costs of a broker or consultant that assists the City to operate the Program.

Initial Consumer Notification and Enrollment

- ▶ All eligible consumers will receive a notice detailing the rates, charges and other terms and conditions of participation in the Program
- ▶ If consumers wish to participate, they don't need to take any further action-they will be automatically enrolled

Initial Consumer Notification and Enrollment

- ▶ Consumers will be given a 21-day period to notify the Supplier if they wish to opt-out of, or decline participation in, the Program
- ▶ After the 21-day opt-out period has elapsed, the Supplier will enroll consumers who did not opt out beginning January 1, 2023

Initial Consumer Notification and Enrollment

Consumers enrolled in the program will receive a letter from FirstEnergy/CEI notifying them of their enrollment and granting them 7 calendar days to notify the utility of any objections to their enrollment

Leaving the Aggregation Program

Participants who wish to leave the program may do so:

- ▶ During the initial 21-day opt-out period or the 7-day rescission period
- ▶ At least every three years
- ▶ At any other time at no cost (City must negotiate with Supplier to eliminate any fee)

Leaving the Aggregation Program

- ▶ Consumers who opt-out of the program will continue on FirstEnergy/CEI Standard Offer Supply Service unless they contract with a supplier
- ▶ Consumers who relocate outside the City limits will pay no exit fee

New and Returning Participants

- ▶ Residents who become eligible to join at a later date
- ▶ Participants who leave the program and later wish to return

and

- ▶ new City residents

...all will be able to join the Program

Customer Billing

The Supplier will use FirstEnergy/CEI billing, so that each consumer receives one bill itemizing the energy *supply* charges and FirstEnergy/CEI *delivery* charges

Reliability and Customer Service

- ▶ FirstEnergy/CEI will operate and maintain its electric distribution system and will deliver electricity from the City's Supplier to program participants
- ▶ The only thing that changes for participants is the electric *supplier*

Reliability and Customer Service

- ▶ Customers call FirstEnergy/CEI for outages and billing questions
- ▶ Supplier will maintain toll-free telephone number for questions and concerns
- ▶ FirstEnergy/CEI payment arrangements and budget billing options will remain available to participants

Reliability and Consumer Indemnification

- ▶ If for any reason the Supplier fails to deliver, the City will attempt to acquire an alternate supply
- ▶ If this fails, participants will default to FirstEnergy/CEI Standard Service Offer
- ▶ In no case will participants be without electric power

Questions?