

Township of Verona
Sustainable Essex Alliance
Renewable Government Energy Aggregation
Program
(SEA R-GEA)
Round 2

Public Information Session
February 16, 2021

Consultants:
Gabel Associates, Inc.
www.gabelassociates.com



Community Energy Aggregation: What is It?

- Implemented under the Government Energy Aggregation (GEA) law and Board of Public Utilities (BPU) rules. GEA allows a municipality to pool its residents together to create 'purchasing power' and obtain power supply at a better price, and under more favorable terms and conditions, than residents could obtain when shopping on their own.
- A municipality first passes an ordinance to establish a Community Energy Aggregation Program.
- Once an ordinance is passed, a municipality can implement a GEA program on its own, or join together with other municipalities to form a larger cooperative purchasing group.
- Municipalities must conduct a public, competitive bid process. Draft bid documents are submitted to the BPU and Division of Rate Counsel for review, to assure compliance with the BPU's rules.

SEA R-GEA: Background

- The Township passed necessary ordinance and a subsequent resolution in April 2018 joining the Sustainable Essex Alliance or 'SEA,' a purchasing cooperative also composed of Glen Ridge, Montclair, South Orange, and Maplewood, thereby creating additional purchasing power during the bid process.
- Round 1 of the SEA started with competitive bid in March 2019, resulting in an award of a contract to the low bidder, Direct Energy, for 17-month term July 2019-December 2020, for power supply with a lower price and higher renewable energy content as compared to power supply provided under PSE&G Basic Generation Service tariff.
- The Township of Livingston and The Borough of Glen Rock joined the SEA in 2020, bringing participating municipality count to seven, thereby creating additional purchasing power.
- The current RFP was issued in August 2020 for Round 2 contract. Unfavorable market conditions resulted in no contract award. All program participants in SEA R-GEA towns returned to PSE&G for power supply at end of Round 1 contract in December 2020.

SEA R-GEA: Round 2

Bid Results

- Refreshed pricing accepted in November, requesting suppliers to bid to provide electricity for Township residents with an enhanced renewable energy content.
- Competitive proposals were received 11/4/20. Proposal from Energy Harbor, LLC (Energy Harbor), for a 17-month contract beginning April 2021 with 40% renewable energy content, was selected as providing most overall value by Township.
- 40% renewable energy content (compared to the current State-required renewable energy content of about 23.5%) for the SEA consists of:
 - about 5% in-State NJ solar RECs
 - about 35% regional renewable (primarily wind) RECs
- The contract price: \$.12696/kwh. Even with monthly fluctuations in the PSE&G tariff price, and enhanced renewable content, SEA contract is projected to save the typical resident approximately \$20 versus the PSE&G BGS tariff price over the contract term.
- Program includes a voluntary 100% renewable product. For a \$.00741/kWh price premium, residents may elect to purchase 100% renewable energy sourced from the regional grid. Contract price for this 'opt-up' product is: \$.13437/kwh.

Benefits of the SEA Program

- Aggregate purchasing power creates competition that provides residents access to power supply with substantially higher renewable energy content at a price that is competitive with default power supply.
- Program renewable energy content is nearly double that of PSE&G supply.
- Consumer Protections:
 - Township able to manage risk by designing the contract and bid specifications to protect consumers
 - Contract terms are reviewed by the BPU and Rate Counsel
 - The price is established and known for the full contract term; no ‘bait and switch’ on price; no ‘market-based’ variable prices; no hidden fees
 - Length of contract is specifically defined
 - No fine print for customers to worry about
 - Contract allows residents to opt-out and switch back to PSE&G power supply or another third-party supplier at any time without penalty or fees

Benefits of the SEA Program (cont'd)

- ▶ Transparency: customers are fully informed of price, power supply content and terms and conditions.
- Customer Choice
 - Customers may opt out at any time (at beginning prior to enrollment or any time during contract) with no exit fee.
- No Hassle
 - Third party supplier charge shows up directly on PSE&G bill.
- Local purchasing
 - Currently the utility, through a wholesale auction overseen by the State, selects the contract length, supplier and the renewable energy content for residential accounts.
 - SEA program allows the municipality to shop on behalf of the residents and to customize the product and contract terms.

SEA Program: Building on Past Success and Blazing New Trails

- Dozens of municipalities across NJ have explored and implemented GEA programs since 2012. The vast majority of towns that have implemented a GEA program have moved forward to continue the program after the first contract expired.
- It is estimated that the SEA Round 1 contract saved SEA-participating residents about 2 million dollars in aggregate.
- The SEA Round 2 program is anticipated to provide additional savings for participating residents, while also providing enhanced renewable energy content.
- Verona was one of the first communities in the State to embrace an enhanced renewable energy content within its Community Energy Aggregation program.
- The voluntary 100% renewable 'opt-up' product is highly competitive versus marketplace offerings, with the added benefit that the renewable energy is sourced from wind power in the regional power grid.

Who is Energy Harbor?



- Electric power supplier licensed by NJ Board of Public Utilities. Currently active in the state of NJ and throughout North America; one of North America's largest retail energy suppliers, serving over 700,000 residential customers.
- Currently serving about 500,000 residential accounts in OH, IL, and NJ through energy aggregation programs like the SEA. Recently expanded into the NJ aggregation market; in addition to the SEA program, is currently providing enhanced renewable energy power supply to Piscataway and Plainsboro residents under R-GEA programs in those towns.
- For questions regarding SEA, to opt-out, or if you did not receive the Notification Letter and wish to become a SEA program participant, you can reach Energy Harbor in the following manners:
 - Call toll-free at: 1-866-636-3749
 - Email to: firstchoice@energyharbor.com
 - Or visit their aggregation website at: energyharbor.com/en/community-programs/find-your-program

Who is Gabel Associates?

- Gabel Associates is an independent energy consulting firm and State-registered energy agent hired by the Township to assist with the implementation of the SEA program. The consultant has no affiliation with any retail energy supplier.
- Gabel works for the Township to impartially assist with the implementation of the competitive bid process for energy supply and selection of the winning bidder.
- If you have any questions regarding the SEA, to opt-out, or if you did not receive the Notification Letter and wish to become a SEA program participant, you can contact Gabel Associates for assistance in the following manners:
 - ▶ Call toll-free at: 855-365-0770
 - ▶ Website: gabelassociates.com/GEA
 - ▶ Email to: SEA-info@gabelassociates.com



Energy Harbor to all ready on 3rd party 3) residents who better, a Program s an 'opt-out' card



What is Community Energy Aggregation?

Community Energy Aggregation is a program permitted under New Jersey law that allows municipalities to pool together resources and conduct a bid for power supply from third-party suppliers, with the aim of obtaining a power supply that is cheaper, greener, and more sustainable than the power supplied to the electric utility. The program is facilitated under the oversight of the New Jersey Board of Public Utilities, the Division of Rate Counsel and the Department of Community Affairs. Various, along with neighboring Essex County municipalities Glen Ridge, Livingston, Westwood, Montclair and South Orange as well as the Borough of Glen Rock in Bergen County, have joined together into a single purchasing cooperative, which has been named the Sustainable Essex Alliance (SEA).

Has this type of program been implemented previously?

Yes. Beginning in 2012, a growing number of NJ municipalities have implemented Community Energy Aggregation programs. Over the past multiple years, these programs have been increasingly focused on obtaining power supply with enhanced renewable energy content, in addition to cost savings, in order to address concerns regarding air quality and climate change. The original five municipalities in the SEA Program, Glen Ridge, Westwood, Montclair and South Orange entered into a contract for Round 1 of the SEA program which began in July 2010 and just recently expired in December 2020. That contract provided power supply to participating residents that contained enhanced renewable energy content and resulted in cost savings for participating residents. For Round 2 of the SEA program, the SEA has taken on two additional member municipalities, Livingston and Glen Rock, in order to create additional price purchasing power.

Who has been selected as the SEA program supplier for Round 2 of the SEA program?

The SEA recently completed a competitive process under which it solicited proposals from competing suppliers. Energy Harbor submitted the lowest proposed price in the public, competitive procurement process, and was selected by the SEA as the supplier for Round 2 of the SEA program. Energy Harbor is an electric power supplier licensed by the New Jersey Board of Public Utilities. It serves tens of thousands of residential customers in New Jersey and hundreds of thousands nationwide, through energy aggregation programs like the SEA.

When does the program with Energy Harbor begin?

Service will begin with the April 2022 meter read date and will continue for 17 months – until September 2022.

How does the SEA program contract price compare to the PJM500 tariff price for electric service?

The price of SE 1000 per kilowatt-hour (kWh) is below the current average PJM500 Basic Generation Service tariff price for power supply. While the net PJM500 price-to-consume does fluctuate on a monthly basis (as compared to the steady and predictable price for the SEA program contract), net household actual savings will vary by month and cannot be guaranteed. To typical residential service and the other SEA-participating municipalities will be required to save about \$10 over the full contract as compared to the average PJM500 tariff price-to-consume over that period. Additionally, low-income utility provided through the SEA program customers [SEA eligible income levels](#), may receive the amount of renewable energy content provided by PJM500 default energy supply.

What makes the SEA electric service more sustainable?

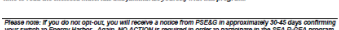
The additional renewable energy content residents will receive consists of the renewable energy that all NJ suppliers are required to supply based on New Jersey Renewable Portfolio Standards (RPS) plus an additional amount of RPS-compliant PJM Class I Renewable Energy Certificates (RECs) to reach 40% renewable energy in total. PJM Class I RECs are sourced from wind and power in our region. The additional 100% "UP" unit product available at an additional 10% RPS-compliance PJM Class I REC is given the base SEA option. For more information about RECs, NJ Renewable Portfolio Standards and other terms in this FAQ, go to the Township's website at [SEA how we source our power](#) where further program information is posted.

Can I receive 40% renewable energy through the SEA program? And what is the deadline to "opt out"?

Yes, you can receive 40% renewable energy through the SEA program. The SEA program will be a high-quality, 40% renewable product, at a slightly higher price of \$1.1425/kWh, or approximately \$4 a month on average more than the default baseline 60% renewable energy product under the SEA program. When received higher than the PJM500 rate, the price for the 100% renewable product compares favorably to similar products available in the marketplace. The "UP" unit is entirely optional. If you want to do so, you must "opt out" by March 7, 2021. Please note, while residents will always retain the right to opt-out of the SEA program at any time without fees, residents interested in the 100% renewable option

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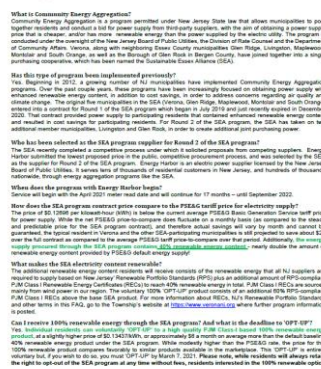


Para obtener esta información en Español por favor llame a este número 1-866-634-3748;

Residents receiving this notice who are outside the geographic boundaries of Verona, please contact Energy Harbor to be removed from the program. Verona residents who do not receive this notice are permitted to join the program any time.

¹ Supplier cannot vary prices monthly or adjust prices for changed market conditions, or change the rate after an initial "lock-in" period. The price will remain unchanged for the full contract term. The only exception is a one-time contract price adjustment resulting from a change in law that also affects the cost of power supply provided by PJSC, in which case the contract price adjustment will not adversely impact the level of savings as compared to the PJSC tariff price for power supply.

* Fixed payment plan (FPP) will be given to residents who currently have FPP with PSE&G. Under budget billing arrangement, Energy Harbor will calculate your estimated amount based on your average electric usage over the prior 12 months. Periodically, Energy Harbor will examine your budget, and may adjust to more closely match your usage from the previous year. Energy Harbor will conduct a final makeup at the end of the contract - or open up the billing program should you "opt-out" before the end of the 12-month term - to reconcile between the amount of electricity actually used and the amount paid under the plan. The new budget amount may vary from the level of your current budget payment. You will continue to receive a detailed account from PSE&G for delivery service, and you may experience this with PSE&G during the contract.



Overview of SEA: If You Decide to Opt-Out

- All residents included in the initial eligibility list have the option to ‘Opt-Out’ of the program. The “Opt-out” process is fast and easy:
 - Sign and return “opt-out” card in the mail
 - Call Energy Harbor’s toll-free program phone number: 1-866-636-3749
 - E-mail Energy Harbor’s SEA email address: firstchoice@energyharbor.com
 - Visit Gabel’s website: gabelassociates.com/GEA (case sensitive)
 - Email Gabel’s helpdesk: SEA-info@gabelassociates.com
- The initial opt-out period concludes on March 7th, 2021. Residents who opt-out by March 7th will not be enrolled in the program.
- After the 30-day opt-out period ends on March 7th, Energy Harbor will begin enrolling residents for service beginning with your April 2020 meter read date. This will be reflected on the PSE&G bill you receive in May.

Overview of SEA:

What Happens After the Initial 30-Day Opt-Out Period?

- ❖ If you do not opt-out by March 7th and your account is enrolled by Energy Harbor, for the April 2021 meter read date, you will receive a separate notice from PSE&G in mid-March informing you that the supplier has enrolled your account. **No further action is required if you wish to participate.**
- Even after the initial enrollment, if residents change their mind they may opt-out at ANY time during the contract without penalty or termination fee.

Overview of SEA:

Residents Removed from the Initial Pool of Eligible Customers

- Residents with existing third-party supply contract or existing solar were excluded from the initial eligibility pool and did not receive the mailing.
- May still participate in the program, by deciding to 'opt-in' to SEA, *however:*
- Customers with their own third party supply contract are urged to first:
 - compare prices and renewable energy content
 - carefully read their existing contract language to check for early termination fees (unlike the SEA program which prohibits termination fees, some third-party supply contracts include provisions for early termination penalties).
- Customers with solar panels urged to first review their PSE&G bills and/or discuss with their solar vendor whether their solar system does or will rely upon net-metering and banking of monthly 'over-production.' If so, you are likely better off remaining on PSE&G supply rather than participating in the SEA or having any other third-party supply contract.

SEA Program: Anticipated Timeline

Below you'll find an SEA timeline with important dates to remember:

Sustainable Essex R-GEA Timeline		
Tuesday, February 16, 2021		
Action Item		Actual/Tentative Dates
1	Bid Award	Wednesday, November 4, 2020
2	Opt-Out Packages Mailed	Friday, February 5, 2021
3	Public Information Session	Tuesday, February 16, 2021
4	30 Day Opt-Out Period Ends	Sunday, March 7, 2021
5	Enrollment Notification Letter Mailed by PSE&G	Mid-March 2021
6	Service Commences	April 2021 MRDs
7	Service Concludes	September 2022

Community Energy Aggregation Recap/Facts

- All residents (except those who currently have a third-party supplier or who have an installed solar system) are automatically included in the SEA program, subject to an open-ended ability to opt-out.
- SEA provides 40% renewable energy content (nearly double the current renewable content of PSE&G supply), at a price that is lower than the current average PSE&G tariff 'price-to-compare.'
- Even with monthly fluctuations in the PSE&G net price-to-compare, SEA is estimated to save the typical Township resident about \$20 over the 17-month contract term.
- Residents may opt out at any time without penalty and will be removed from the program. If you opt-out by March 7th you will be removed from the eligibility list and will not be enrolled. Opt-outs occurring after March 7th will take effect at the next available PSE&G meter read date.
- The contract price is 'non-variable.' Supplier cannot vary prices monthly, adjust prices for changed market conditions, or change the rate after an initial 'teaser' period.

Reading Your PSE&G Bill

- ▶ Your PSE&G Bill is split up into two portions: Delivery Charges and Supply Charges.
- ▶ For SEA-Round 2 participants, charges from Energy Harbor will replace the supply line item charges for power supply on your bill
- ▶ In order to opt-in or out through any one of the available means, we ask that residents have readied their PoD ID number, a unique identifier which allows us to enroll or unenroll an account with the supplier.
- ▶ The PoD ID number can be found on the right side of the portion of your bill which reads Details of your electricity charges.
- ▶ All PoD ID numbers begin with the letters 'PE' and have a total of 20 digits

Community Energy Aggregation Recap/Facts (Cont'd)

- The price will remain unchanged for the full contract term.
- PSE&G will continue to provide the delivery of power and reliability. In the case of a power outage, a resident would still reach out to PSE&G to have power restored at 800-436-7734 (PSEG).
- Residents will still receive **one** bill for electricity; the third party supplier's energy cost will be included on your PSE&G bill in place of the PSE&G power supply line item.
- **Residents who have budget billing (Equal Payment Plan) arrangements with PSE&G will still be able to obtain budget billing for power supply charges. There will be no effect on financial assistance received (LIHEAP, etc.) on PSE&G bills.**

Example PSE&G Bill – the current Delivery price charged by PSE&G will always appear. The charges of SEA's supplier Energy Harbor will appear below, replacing PSE&G Supply charges



Details of your electric charges

Your rate: *Residential Service (RS)*

Meter # 127 [REDACTED]	Usage
Actual reading Mar 18, 2019	48979
<i>Less</i> Actual reading Feb 14, 2019	48152
Total electric you used in 32 days	827 kWh

Delivery charges

Monthly service charge		\$4.95
Charges for delivering electric to you:		
kWh charges		
For the first	600 kWh x \$0.039983	\$23.99
For the next	227 kWh x \$0.040000	\$9.08
Total electric delivery charges		\$38.02

Supply charges

Cost of electric supplied by PSE&G:

Charges		
For the first	263 kWh x \$0.139772	\$36.76
For the next	98 kWh x \$0.139796	\$13.70
For the next	338 kWh x \$0.129734	\$43.85
For the next	128 kWh x \$0.129766	\$16.61
Total electric supply charges		\$110.92



Total electric charges

\$148.94

Explaining electric charges

We charge for the electric you use in kilowatt hours (kWh). 1 kilowatt is equal to 1,000 watts.



If you used a 100 watt light bulb, it would take 10 hours of use to equal to 1 kWh of energy.

Price to compare

If you want to consider getting your electric supply from another supplier, compare their price with ours. This month, your cost for energy supply is \$110.92 (or an average of 0.134123 per kWh). This price to compare varies month to month, depending on your usage.

Your PoD ID is: PE0000089635 [REDACTED] – Your PoD ID is your Point of Delivery identification within PSE&G's system. You will need this number if you are considering enrolling with another supplier.

Thank You

Questions?

Visit Verona's SEA Round 2 program link on the
Township's website at:
veronanj.org
for more information.