



Livingston Community Energy Aggregation Program ("LCEA")

Program Update for PSE&G Customers April 2019

➤ Overview

Consistent with the Township's sustainability goals, and in an effort to reduce the Township's carbon footprint while realizing electricity cost savings for its residents, in 2018 the Township of Livingston initiated the Livingston Community Energy Aggregation ("LCEA"). Community energy aggregation is a program permitted under New Jersey State law that provides municipalities with the opportunity to aggregate all residents together in a single buying pool in order to create purchasing power and negotiate the best possible price, under the best possible terms, for power supply. The Township initially went out to bid in 2018 on two separate occasions; however, unfavorable energy market conditions in 2018 prevented the Township from being able to obtain a beneficial contract for residents.

With an improvement in market conditions this year, the Township launched a new competitive procurement process in February 2019 for the LCEA program. As a result of competing offers submitted on March 13, 2019, the Township of Livingston has signed a contract with the low bidder, Direct Energy Services ("Direct Energy").

The new contract with Direct Energy will provide electric supply to Township residents located in PSE&G territory for a 16-month term beginning in June 2019, at a price of \$.11320 per kilowatt-hour ("kWh"). This price is substantially lower than the average tariff price being paid by those residents currently receiving supply through PSE&G and, although the PSE&G tariff price is expected to drop somewhat later this year, the contract is projected to save the typical Township resident about \$165 as compared to the average PSE&G tariff price-to-compare over the 16-month contract term, with no change to the level of service. In addition, the power supply being provided by Direct Energy under the LCEA program will include 100% renewable energy.

Residential customers of PSE&G residing in the Township of Livingston who do not currently have a third-party supply contract are eligible to be included in the program and will receive a mailing in the 2nd week of April 2019 describing program and providing the specifics of the Township's contract with Direct Energy. If you do not wish to participate in the program for any reason, you may simply opt out, with no strings or penalties attached, by simply following the instructions on the Program Summary provided, or by contacting Direct Energy using the contract information provided below. If you do nothing, you will automatically be enrolled in the program and enjoy the electricity savings.

The energy aggregation program is only for the **energy supply portion** of your electric service.

Participating in the program will not affect your relationship with PSE&G.

PSE&G will continue to provide:

- the delivery portion of your service, at regulated rates;
- all emergency and safety services;
- customer services such as meter readings, billing and service restoration; and
- budget billing plans, if you are subscribed to those services.

Public Presentation:

For residents located in PSE&G territory seeking additional information, the Township will hold:

Public Information Session for those in PSE&G territory

Thursday, April 25, 2019

7:00 p.m. to 8:15 p.m.

Township Hall

357 S. Livingston Ave.

Livingston, NJ

The Township's energy consultant, Gabel Associates, will make a presentation, after which residents will be able to ask and receive answers to their questions.

The Township is pleased to provide residents with this opportunity to save money on energy costs while purchasing cleaner energy. Specific information and mailings were sent out to those in PSE&G territory during 2nd week of April 2019, leading up to the program's implementation in June 2019.

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Frequently Asked Questions About Community Energy Aggregation

➤ What is Community Energy Aggregation (CEA)?

Community Energy Aggregation is a New Jersey State program that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, **at prices lower than the average utility price**. New Jersey regulations allow municipalities to take this approach to procure energy savings on your behalf, and to also obtain energy supply that has a higher renewable energy content than State-required minimum green energy content (currently a little over 20%).

The Township of Livingston retained Gabel Associates as the Township’s Energy Consultant, (at no cost to the Township), to assist with implementing the procurement process for a Third-Party Supplier (“TPS”) to provide power supply to residents.

➤ Who is Gabel Associates?

Gabel Associates is a New Jersey State-registered energy consultant retained by Livingston to administer and implement the LCEA program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large-scale energy aggregations (like this one) for over 15 years. Gabel Associates was also a key participant in developing the State’s rules under which these programs are run.

Gabel Associates is a well-respected energy consultant that has been in business in New Jersey for over 25 years, with its offices located in Highland Park, New Jersey. Gabel Associates was the first energy consulting firm in the State to have successfully implemented a CEA program in New Jersey. The firm has now successfully completed CEA programs for numerous municipalities in the State, many of which are in their second, third or even fourth iterations. These programs, also implemented in about 50 municipalities statewide, have saved millions of dollars for New Jersey residents.

Gabel Associates can be reached through its website at www.gabelassociates.com/GEA or via email at LCEA-info@gabelassociates.com.

➤ Who is Direct Energy Services?

Direct Energy Services is a retail electric power supplier licensed by the NJ Board of Public Utilities. Direct energy has been a retail supplier for many years, and currently serves approximately 4 million accounts nationwide, including about 130,000 residential energy aggregation accounts.

Direct Energy can be contacted as follows:

Direct Energy Services (BPU License # ESL-0078)
Toll-Free Telephone Number: 1-866-968-8065
Website: www.directenergy.com/aggregations
Address: P.O. Box 180, Tulsa, OK 74101
Email Address: lcea-livingston@directenergy.com

➤ How was the LCEA Program established?

The Township of Livingston, with the assistance of Gabel Associates, issued a public, competitive bidding process in February 2019 following strict competitive contracting laws in an effort to select a TPS of electricity with a higher renewable energy content and at a price below the average PSE&G tariff price (or BGS tariff price) for power supply. A contract award was made in March 2019 to the low bidder, Direct Energy Services, for a power supply product that includes 100% renewable energy and at a price substantially below the current PSE&G tariff price for power supply.

➤ How does LCEA enrollment work?

All eligible residents (all residential customers of PSE&G in the Township *except* for: (1) those that already have their own TPS contract or (2) those that have a solar electric generating system on their property that supplies power to their home) are automatically included in the LCEA program and were sent a notice in the mail in the 2nd week of April 2019. This notice, known as the Opt-Out Notice, provides all the details of the program, in addition to providing the various ways to opt out of the program, including Direct Energy's toll-free telephone number, email address, and an opt-out card with postage-paid envelope.

Customers have 30 days to review the Opt-Out Notice and decide whether they wish to opt out of the program. After that 30-day opt-out period concludes on **May 8, 2019**, those residents who do not opt out of the program will be enrolled by the winning supplier, Direct Energy.

Even after an electric account is enrolled, residents remain free to opt out of the program at any time during the contract. Participation in the LCEA Program is 100% optional. There are no fees or penalties if you decide to opt out.

As noted above, customers that have their own, independent TPS contracts are not initially included but do have the option to join the LCEA program.

➤ Will I receive two bills?

No; you will always receive only one bill from your utility. The only thing that changes in the LCEA program, or any CEA program, is the cost of the electricity provided.

Electric bills are comprised of two main components: power supply and distribution. It is important to emphasize that this program covers **only** the power supply portion of the electric bill. Under New Jersey's retail choice regulations, you may purchase power supply from either the electric utility company under its Basic Generation Service ("BGS") tariff rates, or you may purchase your power supply from a TPS. The LCEA program seeks to provide savings on the power supply portion of your bill.

A critical component of this program is the fact that the delivery and distribution of electricity under the program will continue to remain the same, through the regulated utility (i.e. PSE&G) that serves your home. PSE&G continues to handle your account, addressing any outages and maintaining your service.

➤ Do I have to be part of the program?

No. Residential customers who are initially included in the program have the right to "opt out" during the initial, pre-enrollment 30-day 'opt-out' period, or **at any time** after enrollment.

However, it is advantageous for all residents to join and remain in the program, as this gives the community the "strength in numbers" to negotiate the best price for consumers. All residents will receive information about the program and have the opportunity to opt out.

➤ Can I opt *in* to the LCEA Program?

Yes. Residents who already have their own third-party supply contract and who, therefore, would not be included in the initial eligibility pool, but who would like to join the LCEA, will have the opportunity to do so. Residents who move into their home after the start of the program and who, therefore, would not be included in the initial eligibility pool, but would like to join the LCEA, will also have the opportunity to opt in to the program.

For customers with their own Third-Party Supplier contracts:

If you currently have your own TPS contract but are considering terminating that contract and joining the LCEA program, it is very important to first read your existing contracts very carefully, as there may be penalties for terminating the contract prematurely. Some third-party suppliers have automatic "roll over" provisions which renew your contract without affirmative consent or action from you.

Please be sure to read your current agreement; if, after comparing your current deal to the LCEA program, you decided to join the Township's program, you will simply need to advise your third-party supplier that you wish to terminate service at the end of your contract term, and then contact Direct Energy directly to opt in to the LCEA program.

Please note that, if you have an existing contract with a supplier not affiliated with the LCEA program, neither the energy consultant nor the Township will be responsible for informing your existing supplier or terminating your agreement with them. However, if you have any difficulty with them, please let us know and we would try to help you resolve issues.

➤ **Will I still be able to receive budget billing (Equal Payment Plan)?**

Yes. The Township requires that LCEA program supplier Direct Energy provide budget billing for their power supply charges to those customers that currently have such arrangements with PSE&G. PSE&G will continue to bill a levelized amount each month for delivery service, and Direct Energy will also bill a levelized amount each month (through the PSE&G bill) for power supply.

Because Direct Energy's contract price for power supply is lower than the PSE&G price for power supply, your total monthly budget amount (sum of monthly PSE&G delivery service budget amount and Direct Energy's budget amount for power supply) should be reduced. You may experience a "true-up" on your bill from PSE&G prior to enrollment and then again at the end of the program.

If you do not currently have budget billing with PSE&G but wish to receive an Equal Payment Plan from Direct Energy for their power supply charges, you will be able to contact Direct Energy and request that they establish this service for you. Budget billing with PSE&G's distribution portion of the bill and Direct Energy's supply portion of the bill can be complicated. If you are to experience trouble with your budget billing, you may contact PSE&G, Direct Energy, or Gabel Associates for assistance.

➤ **Why is this an opt-out program, rather than an opt-in program?**

The 'opt-out' model for community energy aggregation is established in the State laws and regulations governing these types of programs.

The program is configured this way to ensure that a sufficient number of households will participate to obtain a meaningful bid, and to avoid the costly and time-consuming process of having everyone affirmatively sign up for the program. Starting with a large pool of eligible customers provides for an opportunity that attracts suppliers to bid, which creates robust competition for your business and also allows suppliers to reflect bulk purchasing discounts in their price bids.

The aggregation rules incorporate consumer protections and recognize the logistical challenges of a residential procurement program, while at the same time providing a structure that will attract bidders.

How opt in became opt out

When the retail choice program was originally enacted in NJ in 1999, the rules required that government aggregators be required to obtain a so-called “wet signature” from each residential customer demonstrating the customer’s affirmative consent to join. After several years, it was recognized that this “opt-in” approach put such a burden on programs that none got off the ground, and the model set forth in NJ law was changed to an “opt-out” approach for residential customers. (N.J.A.C. 14:4-6.3 (i))

Unlike business customers, residential customers represent large numbers and (relatively) small usage/margins for each account. In order for an aggregation of residential customers to work, it is necessary to get large volumes with the lowest transaction costs as possible. This results in the opt-out approach, which gives suppliers a firmer basis for the load they are bidding on, but still provides residential customers with the ability to opt out.

➤ How do I opt out?

Opting out of the LCEA program is easy – there are 5 options:

- **Sign and return** the form by U.S. Mail in the postage-paid envelope enclosed with the LCEA Program letter that was sent to residents in April
- **Call** Direct Energy toll free at 1-866-968-8065
- **Email** lcea-livingston@directenergy.com
- **Visit** www.gabelassociates.com/GEA
- **Email** LCEA-info@gabelassociates.com

How can I be sure I’m on the “Opt Out” list?

- **By U.S. Mail:** If you sign and return the form by U.S. Mail in the postage-paid envelope, you will not receive any confirmation. However, you may call Direct Energy at 1-866-968-8065 to confirm that you have been added to the Opt-Out list.
- **Call:** If you call Direct Energy at 1-866-968-8065 to opt out, you will receive verbal confirmation that you have opted out of the program.
- **Email or website visit:** If you send an email to lcea-livingston@directenergy.com, or to LCEA-info@gabelassociates.com, or visit www.gabelassociates.com/GEA, you will receive an email confirmation when your message has been received.
- Residents in PSE&G territory wish to confirm that they have been added to the Opt-Out list may call Direct Energy at 1-866-968-8065 to confirm.

➤ What about power outages?

In the event of an outage, you would still contact PSE&G at 1-800-436-7734 (PSEG).

Power outages are **not** under the control of the third-party supplier. The delivery system is still under PSE&G's control, and there is no difference in delivery services whether you purchase the power supply from a third-party supplier or from PSE&G under its tariff.

➤ What if I have a solar system?

Solar customers will not be included in the LCEA program. Customers with solar systems – especially those that are larger in size – typically result in solar production in some months exceeding your monthly electric consumption. In such cases, the monthly utility bill is usually very low.

For these customers, the average savings attributable to energy aggregation programs would be very minimal. For this reason, the Township will remove solar customers from the LCEA program.

However, if you believe based upon a review of your past bills that your solar system is NOT producing excess energy that is being 'banked' on your PSE&G bill, you may consider opting-in to the LCEA program. You are encouraged to contact the selected supplier or PSE&G for further information.

➤ Will the LIHEAP and Lifeline benefit programs for low-income residents still apply if I participate in the LCEA?

LIHEAP (Low Income Home Energy Assistance Program) is a federally funded program, administered by the NJ Department of Community Affairs, to assist low-income households with paying their heating bills (whether electric, gas, oil, etc.). There should be no impact of participation in the LCEA program on customers' eligibility.

Lifeline or Universal Service programs are state funded through state taxes and societal benefits charges, again with eligibility based upon several factors tied to income. Bill credits of up to \$225 are provided to assist eligible customers with electric and gas utility bills. The LCEA will provide consolidated billing through the utility; therefore, the bill credits will be unaffected.