



Livingston

Community Energy Aggregation Program (“LCEA”)

Program Update

August 2020

➤ **August 2020 UPDATE**

The Township of Livingston launched a new program in 2019, called the Livingston Community Energy Aggregation (“LCEA”), with the goal of obtaining power supply with higher renewable energy content and at a lower price than power supply provided by the local electric utility. The Township’s contracts with Constellation New Energy (participating residents in JCP&L territory) and Direct Energy Services (participating residents in PSE&G territory) under Round 1 of the LCEA program will be coming to an end in September 2020 and October 2020, respectively. The Township recently went back out to bid for new contracts for a Round 2 of the program; however, based upon the bid results and current market conditions the Township determined that, at least temporarily, power supply provided by the utility is the best option. Residents currently participating in the LCEA program will be transitioned back to utility-provided power supply effective September 2020 (JCP&L territory) and October 2020 (PSE&G territory), while the Township continues to test the market for another opportunity to procure greener and cheaper power supply for its residents.

Please check back periodically for further updates, and read below for further details.

➤ **Background and Details**

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.

In early 2019 the Township went back out to bid and, due to improved market conditions, awarded the following contracts which started in June 2019 and have been providing participating residents with power supply with a higher renewable energy content at a lower average price than provided by the local utility under its Basic Generation Service tariff:

Residents in JCP&L territory: Contract awarded to Constellation NewEnergy for a 15-month term beginning in June 2019 and ending September 2020, for power supply with over 40% renewable energy content (20% higher than the renewable energy content of utility-provided supply).

Residents in PSE&G territory: Contract awarded to Direct Energy Services for a 16-month term beginning in June 2019 and ending October 2020, for power supply with 100% renewable energy content.

There have been significant changes in energy markets since the last time the Township went out to bid in early 2019, which are currently making it more difficult to obtain favorable bid pricing as compared to the utility tariff than it was a year and a half ago when the Township landed its current contracts with Constellation NewEnergy (“CNE”) and Direct Energy Services (“DES”). The Township conducted a competitive bid process in July 2020 for a new contract under Round II of the LCEA program; however, the bid prices did not produce sufficient benefits to justify the award of a new contract. The Township therefore came to the conclusion that the residents’ interests can be better achieved, at least in the short-term, by transitioning residents back to the utility for power supply at the end of the current contract, and to solicit updated bids prices at a later date in the hope of receiving better offers.

The Township assures residents that the transition from CNE and DES back to the utility tariff will be seamless:

Residents in JCP&L territory:

In August, JCP&L will send notices to residents informing them that service with Constellation NewEnergy will be ending effective on your September 2020 meter read date. There is nothing further that participating residents need to do. Effective on your September 2020 meter read, JCP&L will resume as your power supplier (as they had been prior to June 2019). Starting with your October 2020 bill, you will notice on your JCP&L bill that CNE power supply charges will be replaced with a line item for JCP&L ‘Basic Generation Service’ power supply. For those of you who have had a budget billing (equal payment) plan with CNE, your September JCP&L bill will include a final true-up of your budget payments – a credit, if your total budget payments have been greater than the actual amount of electricity consumed during the past 15 months; a

charge if your total budget payments have been less than the actual amount of electricity consumed during the past 15 months.

Residents in PSE&G territory:

In September, PSE&G will send notices to residents informing them that service with Direct Energy Services will be ending effective on your October 2020 meter read date. Again, there is nothing further that participating residents need to do. Effective on your October 2020 meter read, PSE&G will resume as your power supplier (as they had been prior to June 2019). Starting with your November bill, you will notice on your PSE&G bill that Direct Energy power supply charges will be replaced with a line item for PSE&G 'Basic Generation Service' power supply. For those of you who have had a budget billing (equal payment) plan with Direct Energy, your October PSE&G bill will include a final true-up of your budget payments – a credit, if your total budget payments have been greater than the actual amount of electricity consumed during the past 16 months; a charge if your total budget payments have been less than the actual amount of electricity consumed during the past 16 months.

The Township continues to act in the best interests of residents. When the market presented an opportunity in 2019 to obtain power supply with higher renewable energy content and a lower price than utility-provided supply, the Township acted to award contracts to afford that opportunity to residents. Currently, with the expiration of the current LCEA-Round 1 contracts and given current market conditions, the Township has concluded that the utility Basic Generation Service tariff is, at least temporarily, the better option for residents. We will continue to monitor market conditions in consultation with our energy consultant, Gabel Associates, Inc., for improved opportunities for obtaining greener and cheaper power supply. If and when such an opportunity emerges and the Township awards a new contract for Round 2 of the Livingston Community Energy Aggregation program, eligible residents (all residents except those that have their own solar generating system or their own third party supply contract, or those residents who have requested to be placed on the program's 'Do Not Disturb' list), will be sent a mailing informing them of the details of the new contract, after which residents would have the choice of opting-out of the new program if they do not wish to participate. Again, no further action will be necessary for residents who want to enjoy supply savings through the program.

We appreciate your understanding and look forward to working diligently with our consultant in the coming months to identify new opportunities for greener and cheaper power supply for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at LCEA-info@gabelassociates.com.