

# CITY OF WARRENVILLE

## MEMO

To: Mayor and City Council  
From: Cristina White, Assistant City Administrator *CW*  
Subject: Electrical Aggregation Program  
Date: June 9, 2021

### Background

In 2012, Warrenville residents approved a referendum authorizing the City to establish an opt-out electrical aggregation program. The program allowed the City to arrange for the provision of electricity by alternative electric suppliers (other than ComEd) to residential and small business customers. The program intended to leverage the City's buying power to solicit supply bids at a lower and more stable rate than what ComEd offered. Another benefit to the program has been the option to incorporate 100% renewable energy through the purchase of Renewable Energy Credits (RECs).

The City's current agreement with Eligo, at a supply rate of 7.515¢ per kilowatt-hour (kWh), expires in October. The current ComEd supply rate is 7.13¢ per kWh. The ComEd rate for June 2021 through May 2022, is expected to be anywhere from 6.63¢ to 7.63¢. A chart demonstrating the ComEd supply rate from January 2010 to January 2021 is included as Exhibit A. The initial bids received for a fixed rate agreement indicate the most competitive pricing is 7.148¢ per kilowatt-hour (kWh) with Dynegy Energy for a 24-month term. Staff recommends not continuing a fixed-rate contract. The supply rate under this model continues to be at a higher rate than the ComEd rate. While this includes the purchase of 100% green energy certificates, the alternative model described below allows for continued investment in green energy and is more favorable to the consumer. A bid matrix with the indicative fixed rate offers for renewal is included as Exhibit B.

After two public hearings, the City Council approved an amended Plan of Operation and Governance, which allows consideration of an alternative electric aggregation program model. Staff is recommending the City Council adopt an alternative electric aggregation program that includes:

- 1) A price match with ComEd so customers are never charged more for supply than the ComEd rate;
- 2) Options for up to 100% renewal energy through the purchase of Renewable Energy Certificates; and
- 3) Options for an annual civic contribution during the term of the agreement, which would provide the City with some funding to invest into other local "green" initiatives.

This alternative program works as follows:

- Every residential and small business account has unique consumption patterns, which include factors like volume, time of day, building unit size, and volume during peak periods.

- The cost to produce electricity is variable. Electricity generators are required by law to ensure it is perpetually available in-full and on-demand.
- The supplier will analyze the variable cost to produce electricity and the individual account factors.
- With this information, the supplier calculates the price for each individual account and enroll only those for which power costs less than the ComEd rate. The remainder of the accounts would be supplied by ComEd. However, under this program, all of the residential and business customers would pay the same supply rate, regardless of the supplier.
- The program includes up to 100% green energy for all accounts in the aggregation program, even if they are supplied by ComEd.

NIMEC, the City’s electric aggregation consultant, has provided a bid matrix with indicative pricing for this program, which is included as **Exhibit C**.

**Comparison of Alternative Program Options**

The City received bids on the alternative electric aggregation program from two suppliers: Eligo Energy and MC Squared. The table below provides a comparison of the programs:

RATE	GREEN ENERGY REC’S	ELIGO CIVIC CONTRIBUTIONS			MC SQUARED CIVIC CONTRIBUTIONS
		1 YEAR*	2 YEARS	3 YEARS	1, 2 OR 3 YEARS
RATE MATCHED WITH COMED	0%	\$36,945	\$18,990	\$3,189	\$56,000
	5% (EPA)	\$29,808	\$11,852	N/A	\$48,000
	50%	\$27,159	\$9,204	N/A	\$30,000
	100%	\$24,155	\$6,200	N/A	\$10,000

*\*These civic contribution rates are available on a multi-year term if 5% drops are permitted, which allows Eligo to drop unfavorable accounts periodically throughout the term of the program. The MC Squared program would not require periodic drops and there is no variation in the civic contributions based on the number of years selected for the term of the agreement.*

The Environmental Protection Agency (EPA) offers recognition for organizations purchasing green energy Renewable Energy Certificates (RECs), which are included on a list on their website. The minimum threshold of green energy REC’s to be recognized by the EPA program is 5% from an EPA qualifying facility. Neither supplier is offering to purchase more than 5% of the RECs from an EPA qualifying facility because it is cost prohibitive. Should the City move forward with 100% green energy REC’s, 5% would be purchased from EPA qualifying facilities and the remaining 95% would be purchased from non-EPA qualifying facilities. All facilities are generating green energy (wind, solar, etc). However, the EPA is incentivizing the building of new facilities to generate green energy.

The City has historically selected 100% green energy through the purchase of RECs under the traditional electric aggregation program as a way to support the generation of cleaner energy sources. With the civic contributions permitted under the alternative program, the City could purchase less RECs and obtain a larger civic contribution for use in local green programs, projects, or initiatives that benefit Warrenville directly. Selecting a program that includes civic contributions has no bearing on the supply rate charged to the consumer. The rate for supply will always match the ComEd rate regardless of which option is selected.

Finally, should the City select an option that includes civic contributions, there is no need to determine how the funds will be used at this time. There is no time limit or restrictions on the use of the civic contributions. Staff is seeking a direction on which program option to pursue for the electric aggregation program, effective October 2021, as NIMEC requires approximately 90 days to implement the program and issue the required notices to the affected residences and businesses with the option to opt out. Additional discussion on the use of the civic contributions can take place at a future meeting.

**Option 1 – 5% Renewable Energy RECs - (RECOMMENDED)**

Recommend the City Council enter a three year agreement with MC Squared, including the EPA minimum of 5% green energy Renewable Energy Certificates (RECs) and \$48,000 per year in civic contributions, and 2) direct staff to develop recommendations for the use of the civic contributions on local community environmental programs, projects and initiatives.

**Option 2 – 100% Renewable Energy RECs**

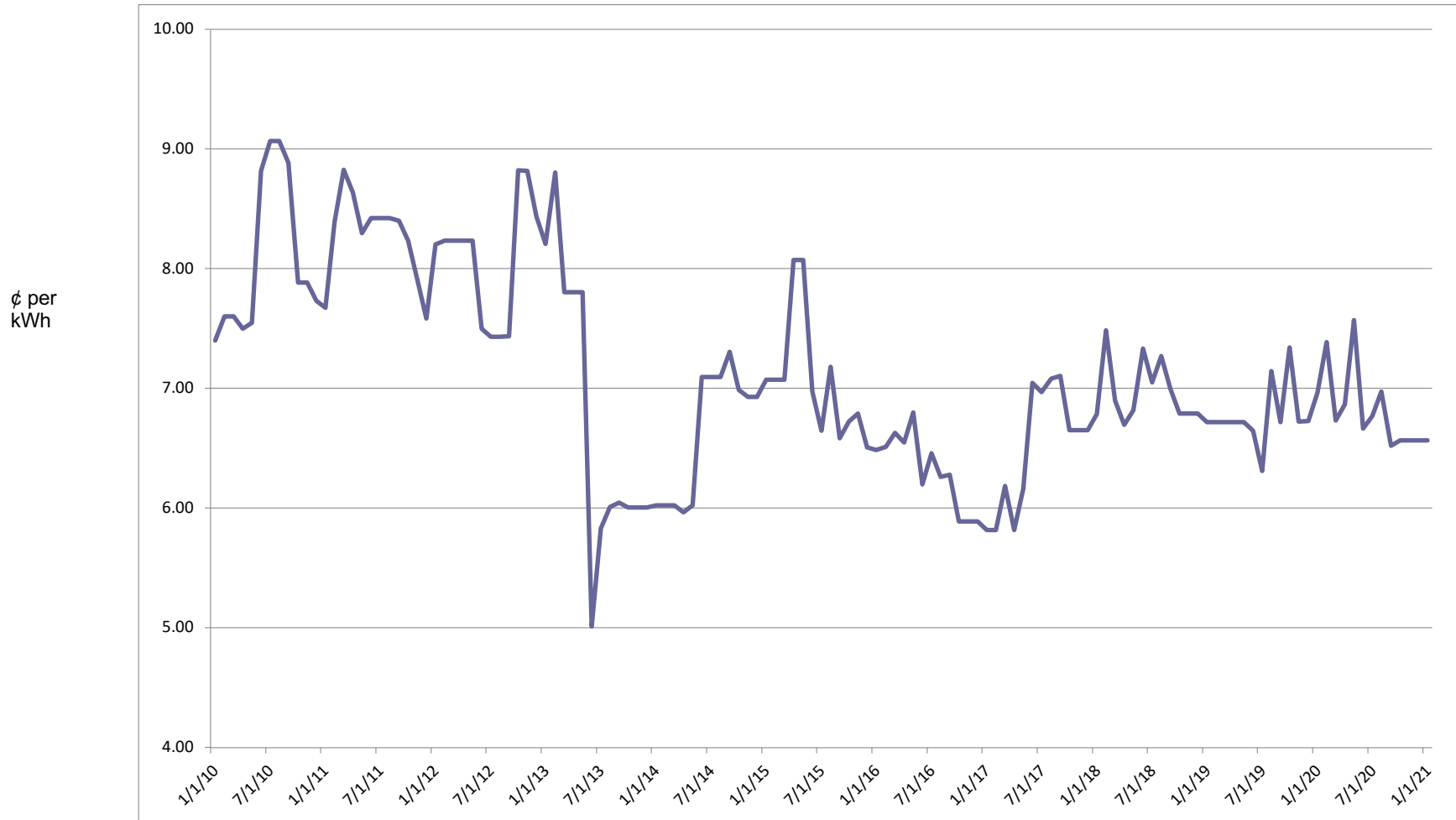
Recommend the City Council 1) enter into a three year agreement with MC Squared, including 100% green energy Renewable Energy Certificates (RECs) and \$10,000 per year in civic contributions, and 2) direct staff to develop recommendations for the use of the civic contributions on local community environmental programs, projects and initiatives.

**Option 3 – 100% Renewable Energy RECs/No Civic Contribution**

Recommend the City Council enter into a three year agreement with Eligo Energy, including 100% green energy Renewable Energy Certificates (RECs).

### COMED RATE HISTORY

EFFECTIVE RATE TO COMPARE, INCLUDES PURCHASED ELECTRICITY ADJUSTMENT (PEA)  
JANUARY 2010 – FEBRUARY 2021



May 2021

ComEd rate: 7.0¢ (ranges from 6.5¢ to 7.5¢)

100% Renewable	Term (months): Price in ¢ per kWh	Ownership	Current IL Programs (# of A/Cs) served
Standard Aggregation, Fixed Rate Bids (12-36 mos)			
<b>Constellation Energy</b>	12: 0.000 24: 0.000 36: 0.000	Wholly owned by Exelon (NYSE: EXC)	27 (99,000)
<b>Dynegy Energy</b>	12: 7.515 24: 7.148 36: 7.143	Wholly owned by Vistra Energy Corp (NYSE: VST)	82 (517,000)
<b>Eligo Energy</b>	12: 7.89 24: 7.90 36: 8.02	Privately held by Eligo Energy, LLC, in energy space seven years	32 (48,500)
<b>Energy Harbor</b>	12: 7.95 24: 7.56 36: 7.48	Privately owned by Energy Harbor Corporation	15 (20,000)
<b>MC Squared Energy</b>	12: 7.49* 24: 7.49* 36: n/a	Wholly owned subsidiary of Wolverine Holdings	58 (113,000)

\* traditional pricing (no additional renewable)

Section 454.90 of the Public Utilities Act (220 ILCS 5/16 – 115C) requires all agents, brokers and consultants to disclose that if one of the above bids is accepted, NIMEC receives compensation from the winning supplier.



# City of Warrenville

May 20, 2021

Green Aggregation with Annual Civic Contribution (1, 2 or 3 years)					
	Green Energy	Eligo Energy			MC Squared
		1 yr*	2 yr	3 yr	1, 2 or 3 yr
Exactly at ComEd rate, guaranteed	0%	\$36,945	\$18,990	\$3,189	\$56,000
	EPA	\$29,808	\$11,852	n/a	\$48,000
	50%	\$27,159	\$9,204	n/a	\$30,000
	100%	\$24,155	\$6,200	n/a	\$10,000

\* available for multi-year terms if 5% drops are permitted

(allows Eligo to drop unfavorabel accounts periodically)

Section 454.90 of the Public Utilities Act (220 ILCS 5/16 – 115C) requires all agents, brokers and consultants to disclose that if one of the above bids is accepted, NIMEC receives compensation from the winning supplier.