



CUB's Guide to: Municipal Electricity Aggregation

What is municipal aggregation?

Illinois law allows municipalities and counties to purchase electricity on behalf of residential and small-business utility customers (businesses using no more than 15,000 kilowatt-hours of electricity a year) living within their borders. While municipalities choosing aggregation would be responsible for negotiating the price of power from a supplier other than the traditional utility, your utility would still be responsible for delivering that power to your home, and billing you for it. In theory, municipal aggregation allows communities to use the collective bargaining power of residents to negotiate for lower power prices from suppliers.

CUB supports a community's right to buy electricity from an alternative supplier, in principle. However, it remains to be seen whether municipal aggregation will lead to real savings for consumers in the long term.

Individual ComEd and Ameren customers can also choose an alternative electricity supplier on their own. See CUB's electric choice fact sheets, at www.CitizensUtilityBoard.org.

Who purchases electricity under the current system?

The Illinois Power Agency (IPA) is a state office that negotiates power prices on behalf of residential customers taking electricity supply from their utility. The agency buys power for the state's two largest utilities, ComEd and Ameren, which then pass the cost of power onto their customers with no markup.

Would I automatically be billed at my community's rates?

Yes, unless you opt out of the program.

If a community passes a referendum approving electricity aggregation, local officials will then put out a request for proposals (RFP) and select a winning bid. Then, officials may hold a community hearing to get feedback and input from residents.

Residents who don't wish to participate would have two opportunities to "opt out" of the program: (1) When the community sends out an initial letter notifying residents that their electricity supplier will change, and (2) when the utility sends customers a letter notifying them that their electricity supplier has changed. After receiving the utility notification, residents generally have 10 days to opt out. So, even if your community passes a referendum, you don't have to participate in municipal aggregation if you don't want to.

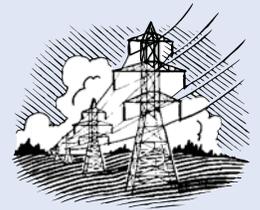
If a community fails to pass a referendum but still chooses to move forward, the program would be "opt in," where residents are not enrolled until they sign up. In any case, consumers always have the option of paying their utility's default prices—those negotiated by the IPA.

Prices to compare

ComEd

June - Sept. 2013: 5.511¢ per kWh

Oct. 2013 - May 2014: 5.473¢ per kWh



Ameren (varies by zone)

June - Sept. 2013: 4.66¢ to 4.69¢ per kWh

Oct. 2013 - May 2014: 4.941¢ to 4.957¢ per kWh

Who do I call if the power goes out?

Even if you choose to participate in municipal aggregation, your utility—ComEd or Ameren—is still responsible for delivering the electricity you purchase to your doorstep. So if the power goes out in your home, you should call your utility.

Would I get two bills?

In most municipalities, consumers will continue to get a single bill from their utility, but it's not a certainty.

Will municipal aggregation lower my electric bill?

Whether or not residents will get lower electricity rates would depend on the contract their community negotiates. If not, residents can opt out of the program. While municipal aggregation has been delivering savings to communities in the short term, long-term savings are not guaranteed.

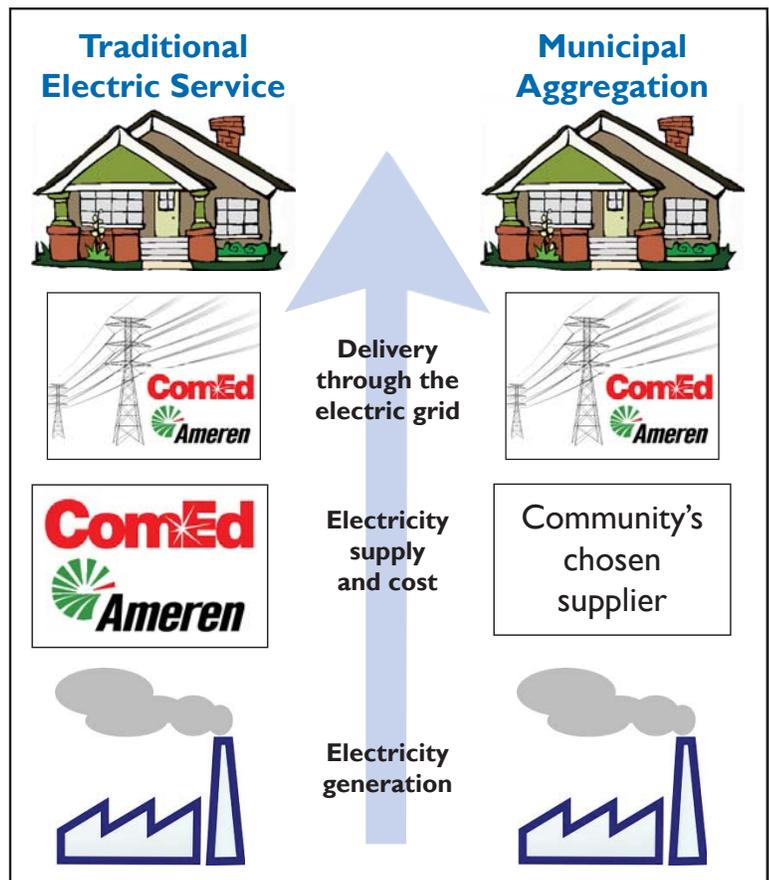
The best way for a community to ensure long-term residential savings is not to solely rely on the market, but to include robust, creative efficiency measures in its energy plan. That will help reduce power usage at peak times, which cuts individual power bills as well as market prices. So far, CUB has not seen communities use aggregation as an opportunity to employ such efficiency measures. **Note:** See a list of prices these communities have negotiated on the back page of this guide.

What happens if I'm already enrolled with an alternative electricity supplier?

So far, most communities have separated out individuals who are already under contract with an alternative supplier. It's wise to check with local officials to learn what the process will be. The rate you're offered through municipal aggregation may be better than what your current supplier is offering you. If you switch, however, you may have to pay an exit fee.

If I'm a Real-Time Pricing or Power Smart Pricing customer, will I be able to stay with the program if I opt for municipal aggregation?

ComEd's Real-Time Pricing and Ameren's Power Smart Pricing programs allow customers to pay hourly market electricity prices, rather than the utilities' fixed rates. Consumers who aren't home during the day, when energy prices tend to be highest, or who can shift high-energy usage activities like laundry or running the dishwasher to off-peak hours, benefit the most. In fact, participants have saved an average of about 25 percent on the supply portion of their power bills. To date, no municipal power agreements or individual alternative supplier plans offer real-time pricing options, so if you would like to enroll or stay enrolled in real-time pricing, you'll have to stick with your utility. Just like customers who are already enrolled with alternative suppliers, Real-Time Pricing and Power Smart Pricing customers will likely be filtered out when residents are switched over to the community's negotiated power supplier. Still, it's an important detail to check.

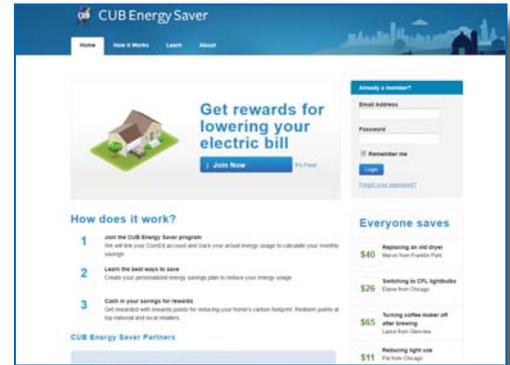


Checklist: What Everyone Should Know About Municipal Aggregation

- What price is the supplier offering and how does it compare with the utility's price?**
While it is a basic question, it is the key question for consumers: Will I save money with municipal aggregation? Ask community leaders to be clear about the price being offered and match it up with your utility's "price to compare," listed on the front page of this guide.
- What if I want to leave the alternative supplier?**
See if you can get out of a deal without having to pay an exit fee. Also, find out if the alternative supplier promises to meet or beat the utility's price over the course of the contract, as some have.
- What happens when my community's power contract ends?**
After your municipality's agreement with an alternative supplier runs its course, will you automatically return to your utility's rates? Check with your community leaders to find out.
- Will my community factor energy efficiency into its power contract?**
Reducing power usage, especially during peak hours, reduces electricity costs for everyone. Find out what energy efficiency and demand-response measures, if any, your community plans to include in its contract with an alternative supplier.
- Will my community buy Renewable Energy Certificates (RECs) to invest in "green" energy?**
Many alternative suppliers offer "green" plans, which ensure that a certain percentage of the power used will be put back onto the grid by renewable energy sources, like wind and solar power. Find out if your community plans to purchase RECs, and if it will cost you extra. Remember, even if you buy "green energy" from an alternative supplier, it doesn't mean the actual electricity you use is from a renewable energy source—it just means that clean energy was added somewhere to the power grid.
- Are consultants advising my community, and if so, what fee(s) are they charging?**
Many communities obtain a consultant to seek out and negotiate power prices on behalf of residents. These consultants charge fees—taxpayer dollars—for their services. Make sure your municipality's consulting fees, if any, won't eat up your electric bill savings.
- Does my community plan to accept fees from the alternative supplier it chooses?**
Some communities take fees from alternative suppliers. If your community is considering such a move, ask local leaders how that impacts the price offered and what they plan to do with the extra money.

What else can I do to lower my bill?

No matter what company supplies you with electricity, **CUBenergysaver.com** can help you make deep cuts in your utility bills. It recommends hundreds of simple, money-saving actions. Users can connect to their ComEd accounts to track real savings and earn rewards for their energy savings redeemable at local and national businesses. Signing up is free, and takes just a few minutes. On average, CUB Energy Saver users have cut their gas and electric bills by about \$100 a year.



What prices have communities negotiated so far?

Below is a sampling of the rates negotiated by communities that have already moved forward with municipal aggregation:

ComEd

Fulton	FirstEnergy Solutions, 6.23¢ per kWh through July 2014
Grayslake	Integrays, 5.52¢ per kWh through Jan. 2014
Chicago	Integrays, 5.42¢ per kWh through May 2014
Oak Lawn	Verde Energy, 5.118¢ per kWh through Feb. 2015
Park Ridge	MC Squared, 4.99¢ per kWh through May 2014
Libertyville	FirstEnergy Solutions, 4.75¢ per kWh through July 2014
Aurora	FirstEnergy Solutions, 4.71¢ per kWh through Aug. 2014
Crystal Lake	FirstEnergy Solutions, 4.69¢ per kWh through July 2014
Darien	Direct Energy, 4.54¢ per kWh through July 2014

Ameren

Toluca	Constellation Energy, 4.79¢ per kWh through Aug. 2014
La Salle	Homefield Energy, 4.42¢ per kWh through July 2015
Champaign	Integrays, 4.149¢ per kWh through June 2014
Alton	Homefield Energy, 4.08¢ per kWh through June 2014
Peoria	Homefield Energy, 4.08¢ per kWh through June 2014
Lincoln	Integrays, 3.965¢ per kWh through Sept. 2014