



## South Hunterdon Renewable Energy Cooperative Community Energy Aggregation



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### ***Program Update!***

The City of Lambertville and the Township of West Amwell are excited to announce another round of the SHREC CEA Program. After successfully saving residents over \$300,000 in electricity costs during the first Program, Lambertville and West Amwell decided to jointly continue the SHREC Community Energy Aggregation Program.

The SHREC CEA Round I ended in June 2015, at which time customers were returned to JCP&L's tariff for the supply portion of the electric bill. The City and the Township are now pleased to inform you that a successful new contract has been awarded to the low bidder, South Jersey Energy Company (SJE).

SJE is part of South Jersey Industries, which owns a gas utility in New Jersey and has been in business as a retail electric supplier in New Jersey since 1997. SJE will supply power to SHREC Round II participants for a 21-month contract beginning in March 2016 at a non-variable price of \$0.08702/kwh. This represents a savings of nearly 14% compared to the average JCP&L tariff price for power supply of \$0.1016/kwh. The contract is expected to save the typical resident more than \$240 over the 21-month contract term, with no change to the level of service. Aggregate savings for municipal residents that participate in the SHREC CEA Round II program are estimated to be nearly \$650,000 from March 2016 through December 2017.

The SHREC CEA Round II program also includes, on a voluntary basis, a 100% renewable energy product at a somewhat higher price. The contract price for this Voluntary SHREC CEA Renewable Energy Product Option is \$.10452 per kwh. As such, selecting this product will result in a price that is slightly (about 3%) higher than the JCP&L tariff price, but will contain 100% renewable energy as compared to the about 15% renewable energy content for JCP&L power supply. It is emphasized that this slightly higher-priced 100% renewable product is a voluntary add-on that individual residents can select if they so choose. To learn more and to select the 100% renewable energy option please contact South Jersey Energy Company using their contact information below.

The Municipalities are pleased to provide you with this opportunity to save money on your energy costs, with the option to decrease your environmental impact. Please keep an eye out for specific information and mailings regarding the SHREC CEA program leading up to the programs implementation in March 2016.

***Here are answers to some frequently asked questions about the program. . .***

## ➤ **What is Community Energy Aggregation?**

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**Community Energy Aggregation** is a program that allows municipalities 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 savings on your behalf.

SHREC has hired and collaborated with its Energy Consultant, Gabel Associates, to implement a successful procurement process to evaluation and select a Third Party Supplier and to provide power supply to its residents. After completing the first successful program, the Municipalities are excited to pursue another round of the SHREC Program.

## ➤ **Who is Gabel Associates?**

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Gabel Associates is a registered Energy Consultant that has been retained by the municipalities to administer and implement the SHREC CEA programs. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale aggregations (like this one) for over 15 years. We were also a key participant in the development of CEA rules and structure.

Gabel Associates was the first firm in the State to have successfully implemented a CEA Program in New Jersey, and the firm has successfully completed the most CEA programs in the State. These programs have saved millions of dollars for New Jersey residents!

## ➤ **Who is South Jersey Energy Company?**

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SJE is part of South Jersey Industries, which owns a gas utility in New Jersey and has been in business as a retail electric supplier in New Jersey since 1997.

South Jersey Energy Company can be contacted as follows:

South Jersey Energy (BPU License # ESL-0012)  
Toll Free Telephone Number: 1-(888) 816-6012  
Website: [www.southjerseyenergy.com](http://www.southjerseyenergy.com)  
Address: 11 E. Superior St Suite 430, Duluth, MN 55802  
Email Address: [SHRECCEA-SJE@sjindustries.com](mailto:SHRECCEA-SJE@sjindustries.com)

## ➤ **How does the SHREC CEA Program work?**

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The City and Township, with the assistance of Gabel Associates, issued a competitive bid during the fall of 2015 and followed strict competitive contracting laws in an effort to select a Third Party Supplier (“TPS”) of electricity at a non-variable rate below the average utility price (or BGS tariff price).

All residents who are not shopping independently are automatically included in the SHREC CEA Program and were sent a notice in the mail in January 2016. This notice, known as the Opt-Out

Notice, provided all the details of the program as well as the various ways to opt-out of the program, including SJE's toll free telephone number, email address, and a postage-paid opt-out card.

Customers have 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After 30 days, residents who do not opt-out of the program are enrolled by the winning supplier.

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

Customers that have their own, independent TPS contracts were given the option to join the SHREC CEA Program once their current contract expired.

### ➤ **Will I receive two bills?**

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**No, you will always receive one bill from your utility.** The only thing that changes in the SHREC CEA 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 Third Party Supplier. The goal of the SHREC CEA Program is to provide savings on the power supply portion of your bill. The new, lower power supply charges assessed by South Jersey Energy will appear on your JCP&L bill in place of the BGS tariff charges for power supply. JCP&L delivery charges will remain the same.

The delivery portion will continue to be provided by JCP&L at regulated rates and JCP&L will continue to provide all emergency and safety services. JCP&L will also continue to provide customer services such as meter reading, billing and service restoration. Furthermore, you will continue to have all existing consumer protections and rights.

**Importantly, the delivery and distribution of electricity under this program will continue to remain the same, through the regulated utility (i.e. JCP&L) that serves your home. The utility continues to handle your account, providing meter reading and billing, and addressing any power outages and maintaining service.**

### ➤ **Can I opt-in to the SHREC CEA Round II Program?**

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Yes. Residents who have their own third party supply contract but would like to join the SHREC CEA Program will be given the opportunity to join.

For customers with their own TPS contracts, it is very important to 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 consent or action from you. Please be sure to read your current agreement and take the necessary actions to

alert your third party supplier that you wish to terminate service at the end of your contract term in order to join the SHREC CEA.

Please note that neither the Energy Consultant nor the Municipalities are 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'll try to help you resolve issues. Contact Information Provided Below.

➤ **Will I be able to keep my budget (or equalized payment plan)?**

The Municipalities required that South Jersey Energy Company provide budget billing for their power supply charges to those customers that currently have such arrangements with JCP&L. JCP&L will continue to provide budget billing for their delivery charges. Therefore, the consolidated bill issued by JCP&L will continue to contain equalized payments.

Nonetheless, budget billing with JCP&L's distribution portion of the bill and the awarded third party supplier's supply portion of the bill can be complicated. If you are experiencing trouble with your budget billing, please contact JCP&L, South Jersey Energy Company, or Gabel Associates (contact information below) for assistance.

➤ **Why is the program set up so that residents can only opt-out, rather than having it so that residents may opt-in if they wish to join?**

The program is set up 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.

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.

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 a number of years it was recognized that this "opt in" approach put such a burden on the programs that none got off the ground, and the model was changed to "opt-out" for residential customers. 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 as low 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.

The regulations also require that an aggregation program show savings versus the utility-provided rates. Each residential customer will receive a written notification after the bid, informing them of the price, the comparison to the utility price, and their right to opt out. As such, each resident will be fully apprised of all pertinent information necessary to make an informed decision.

## ➤ **What about power outages?**

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Power outages are **not** under the control of the third party supplier. The delivery system is still under JCP&L's control, and there is no difference in delivery services whether you purchase the power supply from a third party supplier or from JCP&L under its tariff. In the event of an outage, you would still contact JCP&L.

## ➤ **What if I have a solar system?**

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Customers with solar systems, especially 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 savings attributable to the SHREC CEA program would be very minimal. It is for this reason that the Municipalities elected to remove solar customers from the SHREC CEA Round II supply contract.

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 JCP&L bill, you may consider opting-in to the SHREC CEA program. You are encouraged to contact the selected supplier or JCP&L for further information.

## ➤ **Will the LIHEAP and Lifeline benefit programs for low income residents still apply if I participate in the SHREC CEA?**

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LIHEAP (Low Income Home Energy Assistance Program) is a federally funded program, administered by the Dept. 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 SHREC CEA program on customers' eligibility. Lifeline or Universal Service programs are state-funded through State taxes and societal benefits charges, again with eligibility based upon a number of factors tied to income. Bill credits of up to \$225 are provided to assist eligible customers with electric and gas utility bills. The SHREC CEA will provide consolidated billing through the utility; as such the bill credits would be unaffected.

## ➤ **Where can I get more information or answers to additional questions?**

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You can contact Gabel Associates, the SHREC's Energy Consultant at 1-[855-365-0770](tel:855-365-0770) or by email at [SHREC-CEA-info@gabelassociates.com](mailto:SHREC-CEA-info@gabelassociates.com).