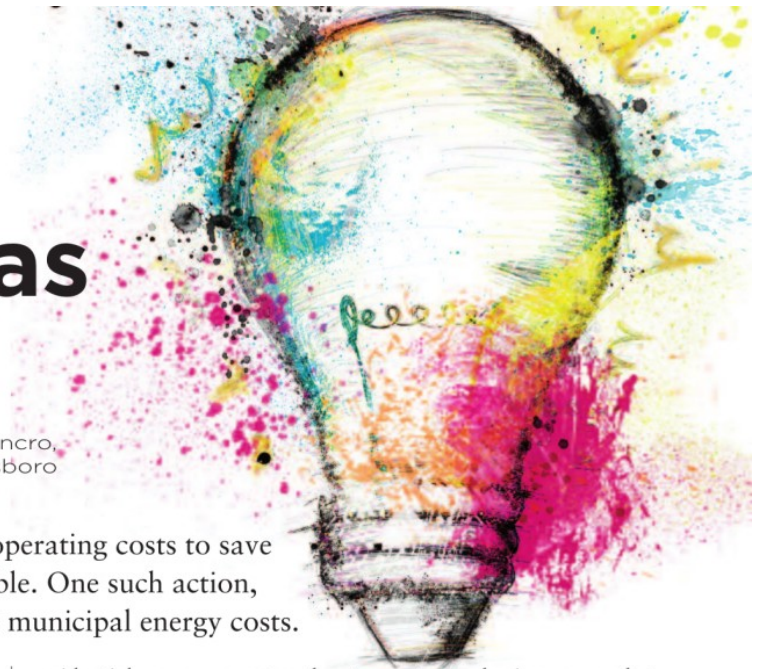


Powerful Ideas

Energy saving options
for municipalities

By Anthony Cancro,
Township Administrator, Township of Plainsboro



Many municipalities look to reduce their operating costs to save money and keep their budgets manageable. One such action, and a good place to start, is by reducing municipal energy costs.

Plainsboro took advantage of the state's Direct Install program, part of the BPU's Clean Energy Program.

Getting started

The Direct Install is a turnkey solution that makes it easy and affordable to install energy efficient equipment, and pays up to 70% of the retrofit costs! An energy assessment will tell you what you need to replace, including lighting, HVAC, and other inefficient operational equipment with energy efficient alternatives. The Township used Tri-State Light and Energy to undertake its interior and external lighting improvements, as well as energy conservation measures. In general, we saved as much as 80% with our improvements over the older, less efficient equipment. It is an incredible state program to assist municipalities in reducing their energy cost, reduce their carbon footprint, and to allow more than two-thirds of the costs to be paid by a state grant.

The Sustainable Jersey program offers a well-organized review of the various programs and methods to increase building efficiency which municipalities seriously consider.

Another option to consider is purchasing your power (electric and/or natural gas) from a third-party supplier utilizing a DCA-approved Reverse Auction Energy Consulting firm. The Township of Plainsboro hired a consultant to investigate whether there would be energy savings if we purchased electric power directly from a third-party supplier.

Energy auctions were held for electric power to both municipal buildings and street lights. The end results revealed a significant reduction in cost (almost 18%), which provides our Township with an annual total savings of over \$45,000 per year.

Considering aggregation

While Community Energy Aggregation does not reduce a municipality's budget, it can directly reduce what the Township residents are paying for electricity. The Government Energy Aggregation Act of 2003 (P.L. 2003, c. 24, "GEA Act") allows municipalities and counties to establish Government Energy Aggregation (GEA) programs through an ordinance or by resolution, respectively.

A Community Energy Aggregation or Government Energy Aggregation program permits a municipality to aggregate

residential energy users together to create purchasing power that provides an opportunity to purchase energy supply from third-party suppliers (TPS) at prices lower than the average utility price.

Municipalities can also purchase renewable energy content for residents at a premium, if they so choose. Only BPU licensed TPS are considered.

Community Energy Aggregation is subject to significant regulatory oversight through both legislation and regulations; assuring residents that the Township has followed a regulatory process with safeguards. To ensure compliance with those regulations, and to get the best supplier for its residents, the Township hired a consultant to take us through the process.

Municipal Benefits

Some of the benefits of the Plainsboro Township Community Energy Aggregation program:

- **Reduced Energy Prices.** Competitive process and pooling of thousands of residents into a single bid encourages lower rates.
- **Consumer Protection.** Township and consultants manage risk by designing the contract and bid specifications to protect consumers. Contract terms were reviewed by BPU and Division of Rate Counsel. The price is established and known for the full contract term; no bait and switch on price; no market-based variable prices; no hidden fees. Length of contract is specifically defined. No fine print for customers to worry about.
- **Transparency.** Residents are informed of price, contract term, and comparative savings vs. utility tariff.
- **Customer Choice.** Customers may opt-out or opt-in at any time with no fee.
- **No Hassle.** Third-party supplier charge shows up on PSE&G bill—no change.
- **Local purchasing.** Currently the utility, through a wholesale auction overseen by the State, selects the supplier for residential accounts. The PCEA program allows the municipality to shop on behalf of the residents.

Even with a consultant, a municipality must be engaged in the process—pass an ordinance, hold town hall meetings, answer resident questions, write articles, and post to social media to educate and inform the residents of the program, the benefits, and potential savings.

Under state rules, a municipality must first pass an ordinance to establish a Community Energy Aggregation Program. In August 2016, the Township formed the Plainsboro Township Community Energy Aggregation (PCEA) program.

Required documentation was then sent to the state BPU and Division of Rate Counsel for review. The Township released a Request for Proposals to all New Jersey licensed third-party suppliers to supply electricity to all Township residents who are not currently being served by a third-party supplier. The Township released the RFP in October 2016. In November 2016, proposals were received and after review and evaluation, the Township Committee determined the most beneficial proposal. Under BPU rules, the Township could only award a contract if the bid price was below the current tariff price charged by PSE&G. If there were no savings, then no contract could be awarded.

As a result of that competitive process, the Township awarded a contract to the selected vendor for a 21-month period beginning March 2017. The 21-month proposal provided the most overall value, considering price, long-term price stability, and the company's qualifications. The firm has been a retail electric power supplier for more than 10 years, and has served residential customers in New Jersey since 2013. Today, they serve more than 100,000 residential aggregation meters statewide. The contract price is \$.10401/kwh, and will save participating residents about 17% as compared to the average PSE&G tariff price for power supply. This translates into savings of about \$15 per month, or nearly \$300 over the 21-month contract term.

Into the future

Now that Plainsboro has taken advantage of the Community Energy Aggregation process, we will investigate ways to increase the green fraction of the energy beyond the State mandated renewable portfolio standard. This will lower



Bright Idea!
 Each municipality should analyze the contract term lengths to determine the greater savings. Most often the longer the contract period, the greater the annual savings and price predictability.

Plainsboro's carbon footprint and achieve a significant number of Sustainable Jersey Certification points.

In the end, municipal officials have options to save their towns and residents money through various proven energy conservation measures and actions. Look to experienced experts in the field to guide you through the process that will result in maximizing savings. ↴

KNOW

achievement happens when we work together.

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