



# Lacey Township Community Energy Aggregation Program (“LCEA”) Round 3 Program Update July 2021

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**The Township has recently awarded a contract for the third round of the Lacey Community Energy Aggregation (“LCEA”) program, under which it has signed a contract with Energy Harbor (“Energy Harbor”) that will offer Township residents a renewed opportunity to save money on their electric bills! Residents are not obligated to participate in the program and may ‘opt-out’ if you so choose. Eligible residents will be receiving a package in the mail from Energy Harbor at the end of July 2021 providing program details. Provided below is a program description as well as answers to frequently asked questions.**

## ➤ **Overview**

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In an effort to realize electricity cost savings for its residents, several years ago the Township of Lacey initiated the Lacey Community Energy Aggregation (“LCEA”). This energy aggregation program, approved under State rules, leverages the bulk purchasing power of thousands of households to obtain electric supply at lower cost. The Township’s original contract with South Jersey Energy under Round 1 of the LCEA, which resulted in significant savings for participating Township residents, began in April 2017 and ended in December 2018.

The contract for Round 2 of the LCEA program was awarded to Constellation New Energy (“CNE”); that contract ran from June 2019 until September 2020. The Township’s initial attempt to procure a contract for Round 3 of the LCEA was unsuccessful, with competitive price offers received in July 2020 coming in at unfavorable levels in comparison to the

prevailing JCP&L Basic Generation Service (“BGS”) Tariff ‘Price-To-Compare,’ and the Township rejected all proposals and no contract award was made. With the expiration of the CNE contract in September 2020, all LCEA-participating residents were returned to the JCP&L Basic Generation Service for power supply effective September 2020.

*With improved market conditions, the Township recently went back out to bid, seeking competitive offers for electric generation service for Round 3 of the LCEA program. A Request for Proposals was released on May 11, 2021, and as a result of competing offers submitted June 10, 2021, the Township of Lacey has signed a contract with the low bidder, Energy Harbor. The new contract with Energy Harbor will provide electric supply for a 24-month term beginning October 2021, at a price of \$0.08490 per kilowatt-hour (“kWh”). This price is approximately 11% below the current, average JCP&L tariff price for power supply. Although JCP&L tariff prices are expected to drop next year, the average Township resident is still projected to save in excess of \$100 over the full contract term, with savings more heavily weighted towards the first 8 months of the contract.*

Residential customers of JCP&L residing in the Township of Lacey who do not currently have a third-party supply contract are eligible to be included in the initial eligibility pool for the program and will receive a mailing in late July 2021 describing the program and providing the specifics of the Township’s contract with Energy Harbor. If you do not wish to participate in the program for any reason, you may simply opt out, with no strings or penalties, by simply following the instructions on the Program Summary provided, or by contacting Energy Harbor using the contract information provided below. If you do nothing, you will automatically be enrolled in the program and enjoy the electricity savings.

The energy aggregation program is only for the energy supply portion of your electric service. 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 readings, billing and service restoration. If you are on a JCP&L budget billing plan, you will continue to receive that service.

**For residents seeking additional information, we have scheduled a Public Information Session on August 11th, 2021 beginning at 7:00 p.m. For your convenience, the Session will be conducted electronically rather than in-person. The Township’s energy consultant, Gabel Associates, will make a presentation and will then open the session to questions from residents. You are encouraged to attend should you have any questions. Please use the following call-in instructions: Dial In: +16468769923; ID: 962 6147 6090; Passcode: 203633; Link: <https://zoom.us/j/96261476090?pwd=NDFkU2RXaXhPb2dYM2ZDU29RY051QT09>.**

The Township is pleased to provide you with this opportunity to save money on your energy costs. Please keep an eye out for specific information and mailings regarding the LCEA program late July 2021, leading up to the program’s implementation in October 2021.

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

## ➤ **What is Community Energy Aggregation (CEA)?**

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**Government Energy Aggregation** is a State program, otherwise referred to as Community Energy Aggregation or simply a ‘residential energy aggregation program, that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, with the goal of achieving **prices that are lower than the average utility price for power supply**. New Jersey regulations allow municipalities to take this approach to procure energy savings on your behalf.

## ➤ **Who is Gabel Associates?**

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Gabel Associates is a State-registered Energy Consultant that has assisted the Township with the administration and implementation of past rounds of the LCEA program and is again assisting the Township with Round 3 of the program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale energy aggregations (like this one) for over 20 years. Gabel Associates was also a key participant in the development of the State’s rules under which these programs are run.

Gabel Associates is a well-respected Energy Consultant that has been in business in New Jersey for over 27 years, with its offices located in Highland Park, New Jersey. Gabel Associates was the first energy consulting firm in the State to have successfully implemented a CEA program in New Jersey. The firm has now successfully completed CEA programs for numerous municipalities in the State, many of which are in their second, third, fourth or even fifth iterations. These programs, also implemented by about 50 municipalities statewide, including in nearby Manchester and Plumsted, have saved millions of dollars for New Jersey residents.

Gabel Associates can be reached through its website at [www.gabelassociates.com/GEA](http://www.gabelassociates.com/GEA) or via email at [LCEA-info@gabelassociates.com](mailto:LCEA-info@gabelassociates.com)

## ➤ **Who is Energy Harbor?**

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Energy Harbor is a retail power supplier licensed by the NJ Board of Public Utilities, and currently serves approximately 700,000 residential customers nationwide, with approximately half of those being served as part of residential energy aggregation programs similar to the LCEA. They have recently expanded into the NJ aggregation market and currently provide electric power supply to Plainsboro Township residents in Middlesex County as well as seven towns in Essex and Bergen counties.

Energy Harbor can be contacted as follows:

Energy Harbor, LLC (BPU License # ESL-0246)  
Toll Free Telephone Number: 1-866-636-3749  
Website: <https://energyharbor.com/communities>  
Address: 168 East Market St, Akron, Ohio 44308  
Email Address: [firstchoice@energyharbor.com](mailto:firstchoice@energyharbor.com)

## ➤ **How does the LCEA Program work?**

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The Township of Lacey, with the assistance of Gabel Associates, issued a public, competitive bidding process in May 2021 following strict competitive contracting laws in an effort to select a Third Party Supplier (“TPS”) of electricity at a price below the average JCP&L tariff price (or BGS tariff price) for power supply. Under State regulations, the Township can only award a contract to a supplier if their price offered through the competitive process produced energy savings as compared to the JCP&L tariff price. A contract award was made in June 2021 to the low bidder, Energy Harbor, at a price substantially below the current average JCP&L tariff price for power supply.

All eligible residents (all residential customers of JCP&L in the Township except for those that already have their own TPS contract or that have a solar electric generating system on their property that supplies power to their home) are automatically included in the LCEA program and will be sent a notification package in the mail in late July 2021. This package, known as the Opt-Out Notice, provides all the details of the program as well as the various ways to opt-out of the program, including the awarded TPS’s toll free telephone number, email address, and a postage-paid opt-out card, if you do not wish to participate.

Customers have 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After that 30 day opt-out period concludes on **August 27, 2021**, those residents who do not opt-out of the program will be enrolled by the winning supplier (Energy Harbor), for service beginning October 2021.

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

As noted above customers that have their own, independent TPS contracts are not initially included but are given the option to join the LCEA program.

## ➤ **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 LCEA 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 would cover **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 ("TPS"). The LCEA program seeks to provide savings on the power supply portion of your bill.

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

As noted above, your JCP&L bill has two categories of charges: delivery service and supply service. If you participate in the LCEA program, your bill will consist of JCP&L charges for delivery service and Energy Harbor charges for supply service.

### ➤ **Do I have to be part of the program?**

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No. Residential customers who are initially included in the program have the right to "opt-out" During the initial, pre-enrollment 30-day 'opt-out period, or at any time after enrollment.

However, it is advantageous for all residents to join and remain in the program, as this gives the community the "strength in numbers" to negotiate the best price for consumers. All residents would receive information about the program and be given the opportunity to opt-out.

### ➤ **Would I be able to Opt-In to the LCEA Program?**

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Yes. Residents who have their own third-party supply contract and who therefore would not be included in the initial eligibility pool, but would like to join the LCEA, would have the opportunity to do so. Residents who move into their home after the start of the program and who therefore would not be included in the initial eligibility pool, but would like to join the LCEA, would also have the opportunity to opt-in to the program.

For customers with their own TPS contracts: If you currently have your own third-party supply contract but were considering terminating that contract and joining the LCEA program, it would be very important to first 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 affirmative consent or action from you. Please be sure to read your current agreement and if, after comparing your current deal to the LCEA program you decided to join the Township's program, you would simply need to alert your third-party supplier that you wish to

terminate service at the end of your contract term, and then contact the awarded LCEA supplier (Energy Harbor) directly to opt-in to the LCEA program.

Please note that, if you have an existing contract with a supplier not affiliated with the LCEA program, neither the Energy Consultant nor the Township would be 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 would try to help you resolve issues.

### ➤ **Will I still be able to receive budget billing (Equal Payment Plan)?**

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The Township requires that the awarded supplier provide budget billing for their power supply charges to those customers that currently have such arrangements with JCP&L. JCP&L will continue to bill a levelized amount each month for delivery service, and the awarded supplier will also bill a levelized amount each month (through the JCP&L bill) for power supply. You may experience a “true-up” on your bill from JCP&L prior to enrollment and then again at the end of the program. Also, the monthly budget amount initially established by Energy Harbor may be adjusted up or down during the contract term to reflect changes in your actual usage as compared to historical usage levels, and there will be a final true-up on your last bill with Energy Harbor at the end of the LCEA program contract in October 2023 to assure that you only pay for what you use over the entire contract term, no more and no less. You can also reach out to Energy Harbor at 1-866-636-3749 or [firstchoice@energyharbor.com](mailto:firstchoice@energyharbor.com) at any time after the contract starts should you wish to check on your equal payment plan true-up balance.

If you do not currently have budget billing with JCP&L but wish to receive an Equal Payment Plan from the awarded supplier for their power supply charges, you will be able to contact the awarded LCEA supplier and request that they establish this service for you.

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 to experience trouble with your budget billing, you may contact JCP&L, the winning supplier, or Gabel Associates for assistance.

### ➤ **Why is the program set as an opt-out program, rather than an opt-in program?**

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The ‘opt-out’ model for community energy aggregation is established in the State laws and regulations governing these types of programs. The program is configured 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. Starting with a large pool of eligible customers provides for an opportunity that attracts suppliers to bid, which creates robust competition for your business and also allows suppliers to reflect bulk purchasing discounts in their price bids.



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 several years, it was recognized that this “opt in” approach put such a burden on 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 the lowest 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.

### ➤ **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 at 1-888-544-4877.

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

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Customers with solar-power generating systems on their home or property, especially those 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 Energy Aggregation programs would be very minimal on average. It is for this reason that the Township will remove solar customers from the LCEA program.

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 LCEA 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 LCEA?**

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