



Lacey Township Community Energy Aggregation Program ("LCEA")

PROGRAM UPDATE NOVEMBER 2018

The Township launched a new program in 2016, called the Lacey Township Community Energy Aggregation ("LCEA"), under which it signed a contract with South Jersey Energy ("SJE") that has been providing Township residents with substantial savings on their electric bills since April 2017. Provided below is an update on the status of the LCEA program.

Several years ago, the Township of Lacey launched the Lacey Township Community Energy Aggregation ("LCEA") Program, for the purpose of creating purchasing leverage and providing an opportunity for residents of the Township to save money on their electric bills. The Township originally implemented the program through the Stafford Township Electric Aggregation Cooperative Pricing System ("STEACPS"), headed by Stafford Township, in order to join forces with neighboring towns to create purchasing power to purchase electricity supply on behalf of residents in participating towns. Through a competitive procurement process conducted by the STEACPS, competing proposals were received from multiple State-licensed electric power suppliers, and a contract was awarded in December 2016 to the low bidder, South Jersey Energy ("SJE"). Under this contract, SJE has been providing electric supply service to participating Lacey Township residents since April 2017 at a significant discount to the price being charged by Jersey Central Power & Light ("JCP&L") for the power supply portion of your electric bill.

The contract with South Jersey Energy has a term of 20-months, which is set to expire in December 2018. **The contract with South Jersey is estimated to have saved participating residents well over one million dollars in aggregate.**

There have been significant changes in energy markets since the last time the Township went out to bid in December 2016, which have increased costs for third-party suppliers; however,

these cost increases have not yet been passed-through in the JCP&L tariff price. Accordingly, in the recent market it has been much more difficult to obtain favorable bid pricing as compared to the JCP&L than it was two years ago when the Township landed its current contract with South Jersey. The Township therefore came to the conclusion that the residents' interests can be better achieved, at least in the short-term, by allowing residents to return to JCP&L for power supply at the end of the current contract, and to solicit updated bids prices at a later date in the hope of receiving better offers.

The Township assures residents that the transition from South Jersey Energy back to the JCP&L tariff in December 2018 will be seamless. This month, JCP&L will send notices to residents informing them that service with South Jersey Energy will be ending effective on your December 2018 meter read date. There is nothing further that a resident needs to do. Effective on your December meter read, JCP&L will resume as your power supplier (as they had been prior to April 2017). Starting with your January bill, you will notice on your JCP&L bill that South Jersey power supply charges will be replaced with a line item for JCP&L 'Basic Generation Service' power supply. If you have had a budget billing (equal payment) plan with SJE, your December 2018 JCP&L will include a final true-up of your budget payments – a credit, if your total budget payments have been greater than the actual amount of electricity consumed during the past 20 months; a charge if your total budget payments have been less than the actual amount of electricity consumed during the past 20 months.

The Township will be monitoring market conditions in consultation with its energy consultant, Gabel Associates, Inc., for improved opportunities for achieving savings, and expects to be going back out to bid in early 2019. If this bid results in savings and the Township awards a new contract for Round 2 of the Lacey Township Community Energy Aggregation program, the new contract would likely start in late Spring 2019. In such event, eligible residents (all residents except those that have their own solar generating system or their own third party supply contract, or those residents who have requested to be placed on the program's 'Do Not Disturb' list), will be sent a mailing informing them of the details of the new contract, after which residents would have the choice of opting-out of the new program if they do not wish to participate. Again, no further action will be necessary for residents who want to enjoy supply savings through the program.

We appreciate your understanding and look forward to working diligently with our consultant in the coming months to achieve additional savings for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at LCEA-info@gabelassociates.com.