

16-R-13

A RESOLUTION

**Amending the Plan of Operation and Governance for the
City of Evanston Electricity Aggregation Program**

WHEREAS, pursuant Section 1-92 of the Illinois Power Agency Act, 20 ILCS 3855/1-92 ("Act"), to facilitate competitive retail electric service to promote electric savings, lower cost of electric supplies, and other benefits, certain governmental entities may aggregate certain electric consumers within the jurisdiction; and

WHEREAS, on March 20, 2012, the electors of the City of Evanston approved the City's plan to create a program for the municipal aggregation of electricity ("Electricity Aggregation Program"); and

WHEREAS, as required under the Act, the City adopted an Electricity Aggregation Plan of Operation and Governance on April 10, 2012 by Resolution 24-R-12 (the "Plan") to implement its Municipal Aggregation Program; and

WHEREAS, the Plan requires City staff to obtain pricing for specific terms and percentages of renewable energy mixes, which is too restrictive from a procurement perspective; and

WHEREAS, the City Council has determined that amending the Plan as provided in this Resolution and the attached City of Evanston Electricity Municipal Aggregation Plan of Operation and Governance (the "Amended Plan") would be in the best interests of the City and its residents,

**NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
EVANSTON, COOK COUNTY, ILLINOIS, THAT:**

SECTION 1: The foregoing recitals are found as fact and made a part hereof.

SECTION 2: The City Council hereby adopts the amended City of Evanston's Plan of Operation and Governance, attached hereto and incorporated herein by reference as Exhibit "A", for the implementation and administration of the City's Electricity Aggregation Program in accordance with the Act.

SECTION 3: This Resolution 16-R-13 shall be in full force and effect from and after its passage and approval in the manner provided by law.


Elizabeth B. Tisdahl, Mayor

Attest:

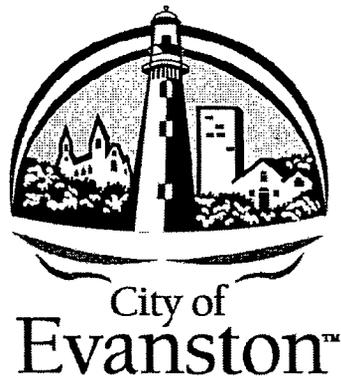

Rodney Greene, City Clerk

Adopted: March 11, 2013

EXHIBIT A

Amended Plan of Operation and Governance

City of Evanston
Electricity Aggregation Program



Plan of Operation and Governance

April 5, 2012

Approved by Evanston City Council April 10, 2012

Revised February 27, 2013

Approved by Evanston City Council March 11, 2013

1. Purpose of Electricity Aggregation Program & Services

This Plan of Operation and Governance (the "Plan") has been developed in compliance with the Illinois Power Agency Act, 20 ILCS 3855/1-92 regarding aggregation of electrical load by municipalities. The statute defines two types of aggregation programs that may be enacted by a governmental entity; opt-in aggregation and opt-out aggregation. The City of Evanston ("City") will administer an opt-out aggregation program (the "Program"). Under this Program, the City will aggregate the electric loads of residential and small commercial retail customers located within the City and then solicit proposals, select an Alternative Retail Electric Supplier ("Supplier") and enter into a service agreement to facilitate the purchase of electricity and related service on behalf of its residents and small businesses. Customers will be given prior written notice entitling them to affirmatively elect not to be part of the Program (the "Opt out Notice").

On November 29, 2011, the City adopted Ordinance 103-O-11, to place the issue of Opt-Out Governmental Aggregation of Electricity on the March 20, 2012 election ballot. The registered voters of the City subsequently passed the ballot measure on March 20, 2012. The City will follow the Plan of Operation and Governance ("Plan") outlined below. This Plan was presented to the Evanston City Council for introduction and action on April 10, 2012 after two public hearings are held in accordance with 20 ILCS 3855/1-92 and the City Council adopted said Plan on April 10, 2012. The Evanston City Council adopted said revisions to the Plan on March 11, 2013.

The City's Program seeks to aggregate the retail electric loads of eligible residential and small commercial retail accounts located within the City to negotiate the most favorable rates for the generation of supply of electric power. The City's program will solicit proposals for both a lowest rate alternative as well as an alternative for a cleaner, greener supply of electric power that would at a minimum meet the city's goal of reducing greenhouse gas emissions as set forth in the Evanston Climate Action Plan. With a City population of approximately 74,000, the Program has the potential to combine residential accounts and small commercial accounts into a buying group that will be attractive to a Supplier. Participation in the Program is voluntary. Any individual customer ("Member") has the opportunity to decline to be a Member of the Program and remain with the local utility ("ComEd") standard offer of service or to enter into a power supply contract with any other Alternative Retail Electric Supplier.

Residential and small commercial retail electric customers often lack the ability to effectively negotiate electric supply services. The City's Program provides them an opportunity to benefit from professional representation and bargaining power achieved through an aggregation program.

The Program is designed to reduce the amount Members pay for electric energy supply and to gain other favorable terms of service. The City will not buy and resell the power to the Program Members. Instead, the City will competitively seek proposals and negotiate a contract with a Supplier to provide firm, full-requirements generation service

to the Members of the Program. Individual members of the program will enter into an electric purchase and sale contract with the selected Supplier. The City is not a party to the contract and is not responsible for performance of the contract beyond negotiating the safeguards in the contract.

As required by the Act, this Plan of Operation and Governance describes:

1. How the Aggregation Program will provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers;
2. How demand management and energy efficiency services will be provided to each class of customers; and
3. How the Aggregation will meet any other legal requirements concerning aggregated electric service.

The City and the selected Supplier will follow the Plan set forth in this document.

2. Proposal / Contract Procedures

Following the adoption of this Plan, the City will conduct a proposal process in compliance with the City Code. The City will retain the full and absolute right to accept, accept with conditions, or reject any proposals. If this process does not result in the identification of an acceptable supplier, the City will conclude the proposal process and not proceed with the Program at that time. The proposal process will include a qualifications phase and a firm pricing phase. Suppliers which are found to be responsive and qualified will be invited to submit actionable pricing proposal following completion and adoption of this Plan. Requirements for company qualifications are outlined in Section 15.

By majority vote of the Corporate Authorities of the City, the City may select an Alternative Retail Electric Supplier to provide electric power through the Program according to the terms of a written Master Agreement to Provide Services to an Aggregated Group ("Agreement") entered into by and between the Supplier and the City. By majority vote of the Corporate Authorities, the City may determine not to enter into an Agreement with any Supplier and in such event eligible customers shall continue to purchase electric power through ComEd. If the Corporate Authorities enter into an Agreement with a Supplier, ComEd will continue to provide and service delivery of the electricity purchased from the Supplier, and metering, repairs and emergency service will continue to be provided by ComEd.

The Program may be terminated upon the termination or expiration of the Agreement without any extension, renewal, or subsequent Agreement being negotiated. Each individual Member receiving electric supply service under the Program will receive notification 45-90 days prior to termination of the Program. At the end of the agreement

term, the City will consult the Supplier regarding the next course of action, which will be one of the following: 1) switch the Members back to ComEd, 2) switch the Members to a different Supplier or 3) enter into a new Agreement with the City to continue the Program.

3. Determination of Rates and Other Charges

3.1 Rates

The City will solicit proposals from Alternative Retail Electric Suppliers ("ARES") certified by the Illinois Commerce Commission to provide electricity to aggregation programs. The proposal documents shall require the suppliers to offer a generation charge for firm, full-requirements supply. The Members will be charged the price determined to be the most favorable based on term and energy mix selected. Members will be notified of the rates and terms of the Program through a direct mailing sent to each eligible resident and business within the City limits.

3.2 Charges

Neither the City nor the selected Supplier will impose any terms, conditions, fees, or charges on any Member served by the Program unless the particular term, condition, fee, or charge is clearly disclosed to the Member at the time the Members chose stay in the Program and did not elect to opt out.

ComEd will continue to bill for Late Payments, Delivery Charges and Monthly Service Fees, and any other typical fees. These charges apply whether or not a Member switches to the Program's Supplier. Switching generation suppliers will not result in any new charges billed to the Member.

3.3 Switching Fees

Should ComEd assess a switching fee for Members voluntarily remaining in the aggregation program; the terms and conditions will be written to require the selected Supplier shall pay the switching fee without assessing the fee to the Members.

3.4 Early Termination Fee

Members may terminate their agreement without penalty if they relocate outside of the City or if they decide to go back to ComEd for their energy supply. Members that leave the Program for other reasons, such as switching to another Supplier may be assessed an early termination fee by the Supplier. The City will negotiate with the Supplier to ensure that any early termination fee assessed against the Members is reasonable and clearly stated in the electric purchase and sale terms and conditions sent to the Members with the Opt-out Notice.

4. Contents of the Proposal

Suppliers which are found to be responsive and qualified will be formally invited to submit actionable pricing and will be sent a formal request for proposals. Key items to be included in the proposal include the following:

4.1 Term of Agreement:

Proposals by prospective suppliers shall provide pricing for terms between 12 to 36 months in duration. The City will select the duration which offers the City the most protection against future increases in energy prices.

4.2 Power Mix:

Proposers will quote rates for the following energy mixes:

- a. Lowest Price Mix – The lowest priced electricity supply available from an ARES using, at a minimum, renewable energy consistent with the Illinois Renewable Portfolio Standard (“IRPS”) required by law.
- b. Renewable Energy - REC Supported Mix. Electricity with a percentage of the energy used by the aggregated accounts will be offset by Renewable Energy Credits (“REC”). RECs shall be Green-e certified.
- c. Renewable Energy-Non REC Supported Mix. Electricity where a percentage of the energy used by the aggregated accounts will come from renewable energy that is not REC based. Renewable energy may come from a power purchase agreement (“Power Purchase Agreement”), distributed generation or any other such sources as long as the electricity is created through a renewable source.

4.3 Rates:

The documents shall require the ARES to provide the rate information in the following format:

	Energy Mix Options	
Rate Period	Best Rate – IRPS	REC Supported
12 month or 36 month term		25% to 100% Rec Supported

The City's intent in soliciting the proposals is to provide residents with delivered electricity prices that are always less than ComEd's applicable rates. The City is also interested in selecting a renewable energy option in a cost effective way.

5. Determination of Eligible Customer Pool

Under the opt-out aggregation provisions, all eligible electric consumers within the City will be automatically included in the Program. However, such customers will be given prior notice entitling them to affirmatively elect not to be part of the Program.

Prior to mailing opt-out notices, a thorough review will be performed to see that all ineligible customers are excluded. The review process will include the efforts of numerous parties and utilize a number of resources:

- ComEd will query their customer database using best efforts to capture all accounts within the City limits.
- The Supplier, with assistance from the City, using available City resources and publicly available material shall screen out customers who are not located within the City limits. Those resources may include any or all of the following: property records, water and/or sewer records, fire and/or police department address records, 911 address records, street listings, City maps, internet maps, county parcel mapping databases, and geographical information systems (GIS).
- Ineligible accounts will be screened out based on codes provided in the ComEd data.
- The data shall be reviewed to see that all zip codes have been included, all streets included, all customer classes, all customer rate schedules, and finally that an expected total for a community of this population was turned over.
- Any suspected omissions will be reported to ComEd along with a request to furnish that data.

6. Opt-Out Process

The City is using an Opt-Out form of Governmental Aggregation under the Act. Any such person that opts-out of the aggregation program pursuant to stated procedure will default to the standard service offer provided by ComEd until the person chooses an alternative supplier.

When a successful supply offer is found, the City shall order the eligible customer list from ComEd. ComEd shall turn over the list to the City upon request within a reasonable time period. Once the City obtains the list, it will be shared with the selected Supplier and they will have thirty (30) days from the City's receipt of the data to mail the Opt-out Notices to all eligible Members receiving an offer.

The selected Supplier will be required to pay for printing and mailing of Opt-out Notices. The notices will be mailed to the owner or occupant residing at the electric account mailing address shown on ComEd's customer list. The selected Supplier and the City

will agree upon the format and content of the Opt-out Notice prior to mailing the notice to eligible Members. A City official will sign the notice and it will contain the City's name and logo on the outside of the envelope to clearly indicate to the recipient that it is a notice from the City. The City will review and approve any additional attachments to be included in the opt-out notices.

Prior to mailing the Opt-out Notices, a thorough review will be performed of the customer list to ensure that all eligible Members receive the Opt-out notice. The review process will include the efforts of numerous parties and utilize a number of resources as specified in Section 5 of this Plan.

Following acceptance of an offer by the City, the Supplier will mail the Opt-out Notices to eligible Members receiving an offer. Members will have at least twenty-one (21) days from the postmark date on the notice to postmark the return opt-out card if they do not wish to participate in the City's program. The Supplier shall offer at least 2 additional means of opting out, such as, a toll-free phone number, website, or email address. The selected Supplier will not enroll the accounts which affirmatively opted out of the Program.

In the event that an eligible Member is inadvertently omitted from the Program, the Supplier shall, upon request, enroll the eligible Member at the group rate for the remaining term.

All members of the Program will also be given an opportunity to opt-out without penalty at least once every three (3) years.

Procedure Steps:

- a. The selected Supplier and the City will agree upon the format of the Opt-out Notice and other documents to be included in the mailing prior to mailing it to eligible Members.
- b. The selected Supplier will distribute an Opt-Out Form to all eligible Members via first-class U.S. Mail.
- c. Recipients will have at least twenty-one (21) days from the postmark on the Opt-out Notice to notify the selected Supplier if they do not want to be part of the Program.
- d. Members will be able to opt-out by returning an opt-out card via U.S. Mail to the selected Supplier. The Supplier shall offer at least two additional means of opting out, such as a toll-free phone number, website, email address, or fax number.
- e. The opt-out notice will clearly notify the Program Members of the rates to be charged for electricity and other terms of the contract with the selected supplier.
- f. The selected Supplier will not enroll those accounts opting out from the Program.
- g. Additionally, Members who do not opt-out under step d above will receive written notification from ComEd stating that they are about to be switched to the new Supplier. The ComEd notice will inform the Member that they have seven (7) days to rescind the contract by contacting ComEd.

7. Customer Classes Included

The Program provides for universal access and equitable treatment of all eligible customers. Utility rules approved by the Illinois Commerce Commission ("ICC") or other regulatory agencies may limit eligibility to enroll in the aggregation program.

The following eligibility requirements apply:

- Customers must not have opted-out of the Program
- Customers must not be supplied generation service from another supplier
- Commercial customers must have a Peak Demand of $\leq 100\text{kW}$
- Residential customers must live within the City limits
- Customers must not be an "hourly rate" ComEd customer
- Customers must not be on ComEd's "bundled hold"

Customers receiving power from ComEd under particular tariffs as they may be approved and/or amended by the Illinois Commerce Commission from time to time may not be eligible to enroll in the aggregation program.

While providing for universal access to all eligible customers, specific savings for each such customer may depend upon the load usage patterns of that customer. Thus, a Supplier's offer may not provide to all Members equal economic savings opportunity as compared to ComEd's prevailing rate

8. Billing Procedures

The Program will utilize the coordinated billing services of ComEd and the selected Supplier. Customers will receive a single bill from ComEd that itemizes among other things, the cost of generation provided by the Supplier.

Members are required to remit and comply with the payment terms of ComEd. The City will not be responsible for late or no payment on the part of any of the Members. Furthermore, slow or no payment on the part of some Members will not adversely impact the rates charged to other Members.

9. Credit / Deposit Requirements

Collection and credit procedures remain the responsibility of ComEd, the selected Supplier, and the individual Member. Members are required to remit and comply with the payment terms of ComEd and/or the Supplier. This Program will not be responsible for late or no payment on the part of any of its Members. The City will have no separate credit or deposit policy.

10. Procedures for Handling Customer Complaints and Dispute Resolution

Members have multiple means of addressing complaints. As a general rule, concerns regarding service reliability should be directed to ComEd, billing questions should be directed to ComEd or the selected Supplier, and any unresolved disputes should be directed to the ICC.

11. Moving Into the City

Residents and businesses that move into the City will NOT be automatically included in the City's Program. However, customers wishing to opt-in to the Program may contact the Supplier to obtain enrollment information. There is no guarantee that customers opting-in at a later date will receive the same price as did the initial participants.

12. Moving Within the City and Maintaining the Same Account Number

The selected Supplier shall continue service at the same rate and under the same terms and conditions for any Member who relocates within the City prior to the expiration of the contract term, providing that the Member notifies the Supplier of their desire to do so with thirty (30) days notice. Moving within the City may cause the Member to be served for a brief period of time by ComEd. The Supplier shall have the right to bill the participant for any associated switching fee imposed by ComEd. Members may also opt-out without penalty under these circumstances.

13. Joining the Aggregation Group after Opting-Out

Members who have left the aggregation group and wish to rejoin at a later date are treated in the same manner as new residents moving into the City. These customers may contact the Supplier at any time to obtain enrollment information. There is, however, no guarantee that customers opting-in at a later date will receive the same price as did the initial participants.

14. Joining the Aggregation Group after ending an agreement with another Supplier

Residents and businesses that were under contract with a Supplier at the start of the Program were not initially eligible for the program. However, they can join the program at a later date once their contract with their current Supplier has ended. These customers may contact the Supplier at any time during the Term of the program to obtain enrollment information. There is, however, no guarantee that customers opting-in at a later date will receive the same price as did the initial participants.

15. Reliability of Power Supply

The Program will only affect the generation source of power. ComEd will continue to deliver power through their transmission and distribution systems. Responsibility for maintaining system reliability continues to rest with ComEd. If members have service

reliability problems, they should contact ComEd for repairs. The ICC has established "Minimum Reliability Standards" for all utilities operating distribution systems in Illinois. Customer outages, duration of outages, interruptions, etc., are monitored to ensure reliability remains at satisfactory levels.

In addition to maintaining the "wires" system, ComEd is required to be the "Provider of Last Resort." This means, should the selected Supplier fail for any reason to deliver any or all of the electricity needed to serve the Members needs, ComEd will immediately provide for the shortfall. ComEd would then bill the Supplier for the power provided on their behalf. The Supplier cannot pass on the additional costs incurred to the Members from charges by ComEd from performing services and supply as a last resort.

16. Supplier Qualification Process

The City will conduct a qualifications process to identify Suppliers which are qualified to provide electric power to the Program. Only Suppliers meeting strict criteria and providing complete responses to the request for qualifications will be considered for the firm pricing process. A summary of key qualifications criteria is provided below:

- Certified by the Illinois Commerce Commission.
- Registered with ComEd to do business in their service territory. Both the certification and registration ensure that Suppliers possess the managerial, technical, and financial competence to perform the services they offer.
- Agree to sign the Master Service Agreement with the City as provided in the request for qualifications documentation.
- Demonstrate creditworthiness by possessing an investment grade long-term bond rating from a major rating agency.
- Submit a complete response to the request for qualifications including the submission of references, completed certification forms, litigation history, detailed scope of work, and company history and experience.

Pursuant to 20 ILCS 3855/1-92, Supplier shall:

- Provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers.
- Describe demand management and energy efficiency services to be provided to each class of customers.
- Meet any requirements established by law concerning aggregated service offered pursuant to the 20 ILCS 3855/1-92.

The following factors will be evaluated for each Supplier that submits a proposal:

- The qualifications of the Supplier to conduct a municipal aggregation based on references, past experience, financial information and litigation information.
- Rate and power mix.

- Willingness of Supplier to execute the proposed Master Agreement to Provide Services to an Aggregated Group
- Completeness of Proposal.
- Proposed aggregation implementation plan.
- Quality of customer service procedures and resources.

Suppliers which are found to be responsive and qualified will be notified as such and will be formally invited to submit firm pricing following the adoption of this Plan.

17. Miscellaneous

The operation of the City's Program may be impacted by any of the following:

- Amendments to the Act
- Federal Energy Regulatory Commission (FERC) tariffs that may be enacted or amended from time to time.
- Illinois Commerce Commission (ICC) rules and regulation as may be enacted or amended from time to time.
- ComEd tariffs as approved or amended from time to time by the ICC.
- Federal, state, and local laws.
- Rules, regulations, and orders approved or enacted by federal, state, or local regulatory agencies.

The City will maintain a copy of this Plan of Operation and Governance on file at its administrative office. This Plan will be kept available for public inspection. It will, upon request, be copied for any existing or potential Member of the aggregation in accordance with the City rules for copying public documents.