

CITY OF AURORA, ILLINOIS
ORDINANCE NO. 012-029
DATE OF PASSAGE April 24, 2012

**AN ORDINANCE ADOPTING
A PLAN OF OPERATION AND GOVERNANCE
FOR MUNICIPAL ELECTRICITY AGGREGATION**

WHEREAS, the City of Aurora (the "City") has a population of more than 25,000 persons and is therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, recently, the Illinois Power Agency Act, Chapter 20, Illinois Compiled Statutes, Act 3855, added Section 1-92 entitled Aggregation of Electrical Load by Municipalities and Counties, codified at 20 ILCS 3855/1-92 (the "Act"); and,

WHEREAS, on December 13, 2011, the Aurora City Council approved Ordinance No. O11-067, which provides for the electors of the City of Aurora to consider the question of whether the City of Aurora should have the authority under Public Act 96-0176 to arrange for the supply of electricity for residential and small commercial retail customers who have not opted out of such program; and,

WHEREAS, on March 20, 2012, the electors of the City of Aurora approved the referendum question by a greater than 60/40 margin; and,

WHEREAS, with the assistance of a qualified consultant, the City prepared a tentative plan of operation and governance for municipal electricity aggregation (the "Plan") that is in full compliance with the Act; and,

WHEREAS, the tentative Plan has been posted on the City's website and available for public inspection in the City's Finance Department since April 6, 2012; and,

WHEREAS, public hearings on the tentative Plan were held on April 18 and 24, 2012, in compliance with the Act; and,

WHEREAS, notice of the aforementioned public hearings were published in *The Beacon News* and *The Daily Herald* on April 6 and 13, 2012, in compliance with the Act; and

WHEREAS, the tentative Plan has been found to present a reasonable approach for effectively and efficiently accomplishing municipal electricity aggregation.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AURORA, ILLINOIS, AS FOLLOWS:

SECTION 1: That the attached Plan of Operation and Governance for Municipal Electricity Aggregation for the City of Aurora is hereby passed and adopted.

SECTION 2: That this ordinance shall be in full force and effect, and shall be controlling, upon its passage and approval.

SECTION 3: That all ordinances or parts of ordinances thereof in conflict herewith are hereby repealed to the extent of any such conflict.

SECTION 4: That any section or provision of this ordinance that is construed to be invalid or void shall not affect the remaining sections or provisions, which shall remain in full force and effect thereafter.

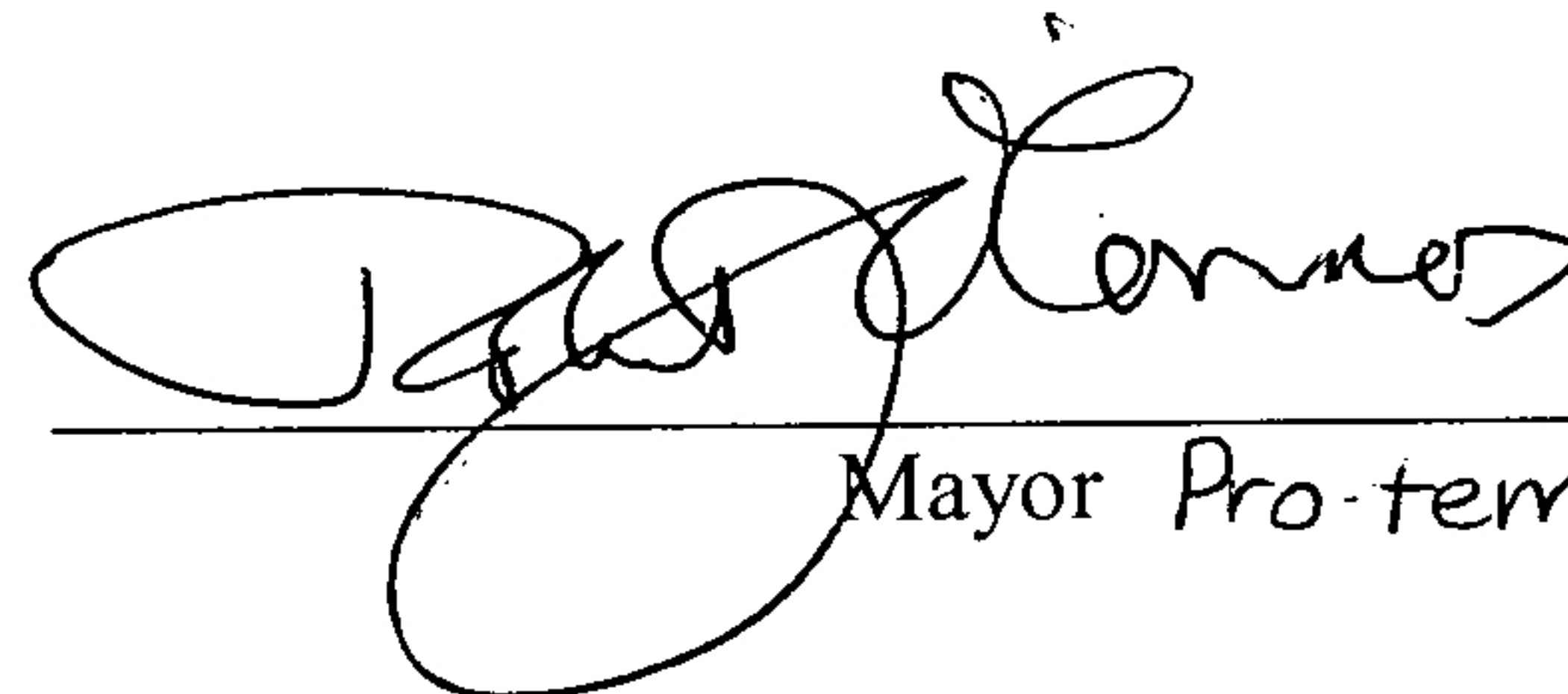
PRESENTED to the City Council of the City of Aurora, Illinois, this 17th day of April, 2012.

FILED for inspection this 17th day of April, 2012.

PASSED by the City Council of the City of Aurora, Illinois, this 24th day of April, 2012 pursuant to a roll call vote as follows:

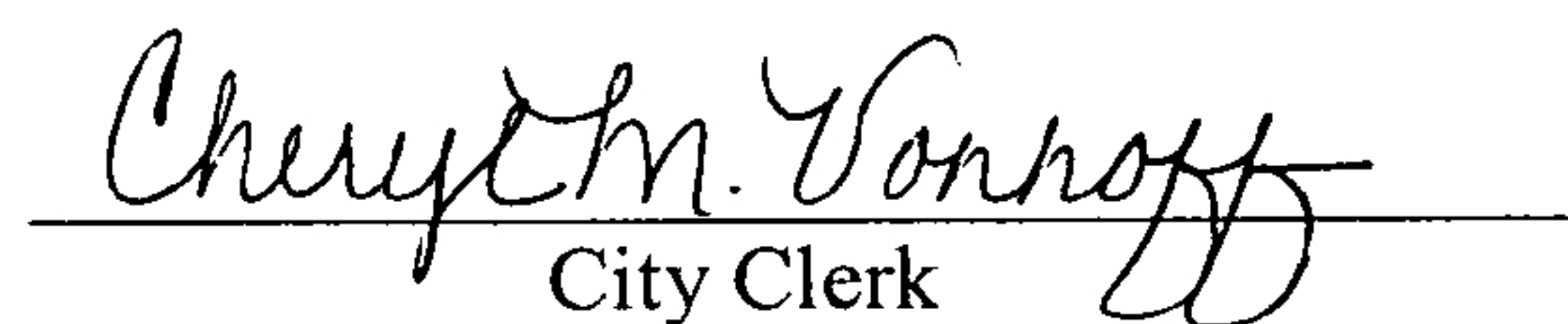
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APPROVED AND SIGNED by the Mayor of the City of Aurora, Illinois, this 24th day of April, 2012.



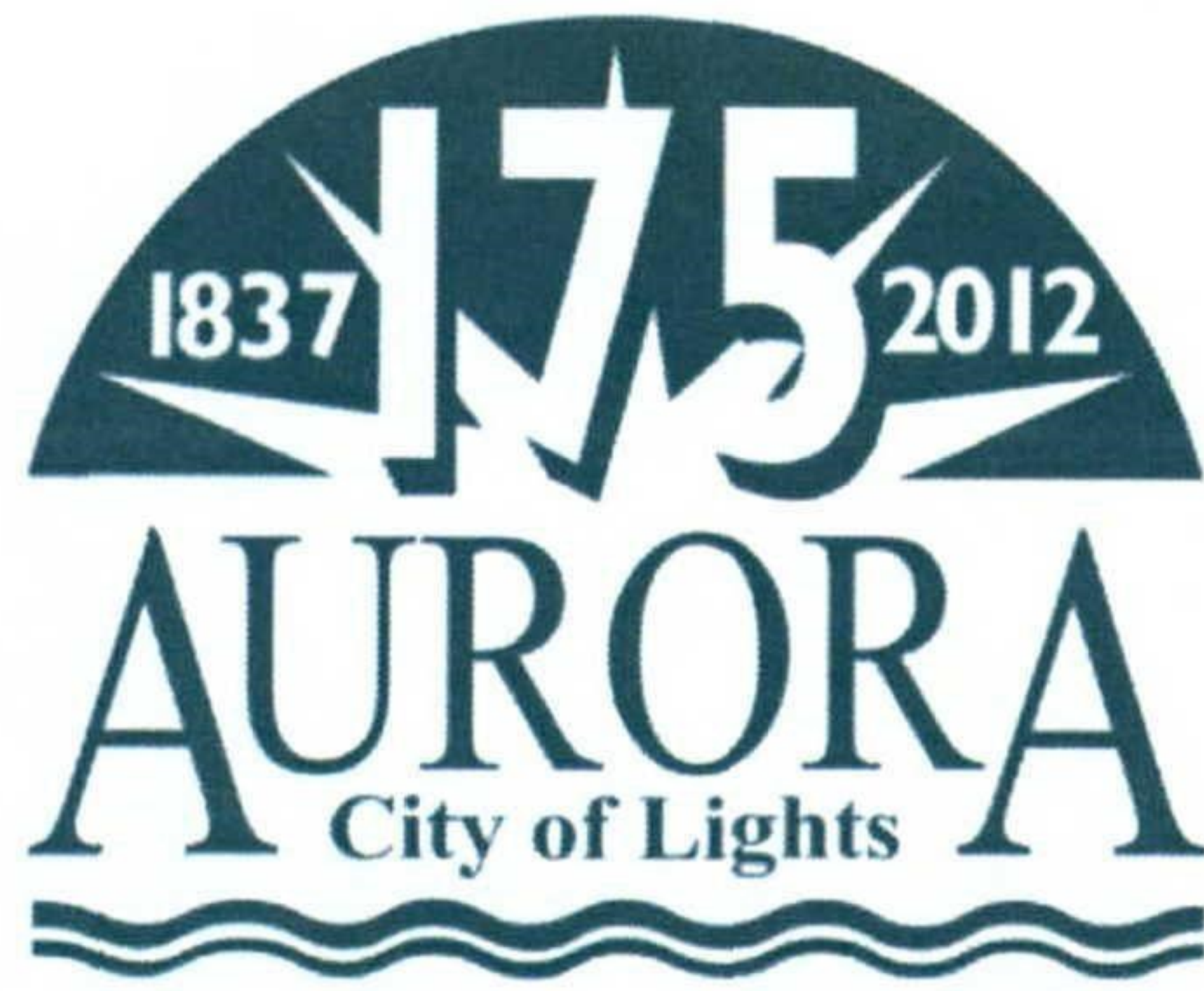
Mayor Pro-tem

ATTEST:



City Clerk

Plan of Operation and Governance for Municipal Electricity Aggregation



City of Aurora

April 24, 2012

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1) Purpose of Municipal Electricity Aggregation

In compliance with Illinois statute 20 ILCS 3855/1 - 92 of the Illinois Power Agency Act ("Act") regarding aggregation of electrical load by municipalities, the City of Aurora ("Aurora") has developed this Plan of Operation and Governance ("Plan") explaining the process and procedures of Aurora's Municipal Electricity Aggregation Program ("Program"). According to the Act, Aurora will serve as governmental aggregator authorized to collect all residential and small business electric load within Aurora's municipal boundaries and seek bids from Alternative Retail Electric Suppliers (ARES).

This Plan has been prepared by Aurora officials to provide an understanding of structure, governance, operations, management, and policies of the Program to be utilized for residents and small businesses participating in the Program. The purpose in developing this Plan is to describe the uniform approach to the Program undertaken by municipal officials. Pursuant to 20 ILCS 3855/1-92, the load aggregation plan shall:

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

The Program is designed to reduce the amount Aurora residents and small businesses pay for electricity, and to gain favorable economic and non-economic terms in power supply contracts with ARES. Aurora shall seek fixed electricity prices for each eligible class of customers that may be lower than the comparable price available from the local distribution company, in this case Commonwealth Edison ("ComEd"). Individual residential and small business retail consumers are unable to obtain significant price discounts since they lack the bargaining power, expertise and the economies of scale enjoyed by larger industrial consumers. The Program will band together numerous electric accounts, providing the benefits of competitive energy markets that work to benefit the smaller consumer.

Aurora does not own electric generation assets and will not purchase and resell electricity, but represents consumer interests as a governmental aggregator to set the terms for

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electricity supply and service from competing ARES licensed with the state. Through a competitive bid process, Aurora will enter into a contract with an ARES for full-requirements retail electricity supply service. The contract is expected to be for a fixed price for a specified term. Aurora may contract with one or more ARES if necessary to meet the needs of participating residents and small businesses.

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2) Background – Illinois Power Agency Act

On August 10, 2009, Public Act 96-0176 amended the Illinois Power Agency Act authorizing municipalities and counties to form electrical aggregations of residents and small businesses. The Act allows for the authorization to be given to municipalities only after the passage of a referendum, after which the utilization of an opt-out form of aggregation would comply with the statute. Once the referendum is passed the municipality can develop an aggregation program for the procurement of electricity supply to residential and small business customers.

Since the Act was amended, over 250 communities in both Ameren and Commonwealth Edison utility territories in Illinois have passed referenda and will be going out to bid for electricity in this government purchasing arrangement. Municipalities are combining the electrical loads of their residents and small businesses in a Request for Proposal to alternative retail electric suppliers ("ARES").

On December 13, 2011, in accordance with the requirements of the Act, the corporate authorities of the City of Aurora approved an ordinance allowing a referendum question to be placed on the primary general election ballot to operate an electricity aggregation program as an "opt-out" program. Under the opt-out program, all ComEd residential and small commercial retail customers in Aurora are automatically included as participants in the Program unless they opt-out of the Program by providing written notice of their intention not to participate. On March 20, 2012, the electors of the City of Aurora approved the aggregation proposal by a vote of 8,545 to 5,369 (61.4% to 38.6%).

In addition to passing the required ordinances, Aurora may also be required to comply with various rules and regulations established by authorized agencies of the State of Illinois. Aurora will promptly file any application and comply with any applicable rules and regulations that may be required by state law for certification as a municipal aggregator and to operate the Program as required under the Act. As required by the Act, the corporate authorities developed and approved this Aggregation Plan of Operation and Governance ("Plan"). Before adopting this Plan, as required by the Act, the corporate authorities duly published a notice in the local newspaper of general circulation, informing the public of two public hearings to raise questions or concerns about this Plan. The public hearings were held by the corporate authorities at City Hall and provided the residents of Aurora a meaningful opportunity to be heard regarding the

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Program and this Plan. The opt-out notice for the Program shall be provided in advance to all eligible electric customers in the municipality upon approval of this Plan. The opt-out notice and disclosures shall comply with the Act and all rules and regulations of the State of Illinois and shall fully inform such electric customers in advance that they have the right to opt-out of the Program. The opt-out notice shall disclose all required information including but not limited to the rates, terms and conditions of the Program, and the specific method to opt-out of the Program.

Aurora has retained Good Energy, LP (“Consultant”) to assist with administering the Program, oversee the opt-out process, and manage the competitive bidding process. In managing the bidding process, the Consultant will prepare the Request for Proposal (“RFP”) to help Aurora officials select the most suitable ARES and commodity product for residents and small businesses desiring to participate in the Program.

3) Opt-Out Process

Aurora will allow residents and small businesses an opportunity to opt-out of the Program in accordance with statute 20 ILCS 3855/1-92. **Any resident or small business that follows the specified procedures to opt-out of the Program will remain on ComEd’s standard service offer listed on the ComEd website. A listing of the ComEd customer rates can be found at www.comed.com/customer-service/rates-pricing.**

Following the completion of the RFP and after Aurora has selected the ARES and has successfully locked in a fixed supply rate Aurora will share the eligible customer list (including addresses) with the selected ARES. The selected ARES will have fifteen (15) days from the receipt of the data to mail the opt-out notices to all eligible residential and small businesses included in the Program.

Opt-Out Notices: A notice will be sent to all residential and small business accounts that are deemed eligible by Aurora. See “Eligible Customer Service Classes” section. A sample of the notice is provided in Appendix A of this Plan. The contents of the notice will be on Aurora’s municipal letterhead so as to avoid confusion with any other offers by licensed ARES in the state.

Distribution of Opt-Out Notices: The selected ARES will be required to pay for the cost of 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

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selected ARES and Aurora will agree upon the format of the opt-out notice prior to mailing it to the eligible service classes. The selected ARES will mail opt-out notices to eligible residential and small business accounts.

Opt-Out Period: After the mailing there will be an Opt-Out Period of at least thirty (30) days from the postmark date on the notice to postmark the return opt-out notice if they do not wish to participate in the Program. The opt-out notice will clearly notify residents and small business customers of the rates to be charged for electricity and other terms of the contract with the selected supplier. See Appendix A.

Customer Support During Opt-Out Period: The selected ARES will have a toll-free phone number and website explaining the steps for opting out of the Program. If necessary the selected ARES will provide bilingual or multilingual customer support to explain the opt-out procedure to non-English speaking residents.

Enrollment: Once the Opt-Out Period has passed, the selected ARES will not enroll those ComEd customers opting out from Aurora's Program. In the event that an eligible resident or small business is inadvertently omitted from the Program, the selected ARES shall use its best efforts to enroll that customer at the Program rate for the remaining term.

Early Cancellation Charges (ECC): Aurora will negotiate with ARES during the RFP process on the penalties associated with customer leaving the Program before the expiration date of the ARES Power Supply Contract. Typically, leaving a municipal electricity aggregation program early results in the assessment of an ECC. This is a one-time charge may be approximately \$25.00.

Opt-out Steps Overview:

1. The selected ARES and Aurora will agree upon the format of the opt-out notice prior to mailing to residential and small business customers.
2. The selected ARES will mail opt-out notices to all eligible customer service classes.
3. Recipients will have at least 30 days from the postmark on the notice to return notice to selected ARES if they want to be removed from the Program.
4. Recipients will be able to opt-out by returning an opt-out card via U.S. Mail to the selected ARES. The ARES will offer a toll-free phone number and website to aid recipients with the notice and the opt-out procedure.
5. Additionally, residents and small businesses who do not opt-out per step 4

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above will receive written notification from ComEd stating that they are about to be switched. Residents and small businesses will have ten (10) days from the date of the notice or its postmark, whichever is later, to rescind the contract by contacting ComEd.

6. The selected supplier will not enroll those accounts opting out of Program.

4) Request for Proposal-Summary

Aurora with the assistance of the Consultant, will issue an RFP, utilizing predetermined criteria based on technical specifications, bidder requirements, bidding processes, and contract documents, to select a single Alternative Retail Electric Supplier (ARES). The Consultant will evaluate the bids received and will recommend a single ARES to serve as the electricity supplier to all eligible residents and small businesses within the municipal limits.

5) Consolidated Billing Procedures

On January 20, 2010, ComEd filed with the Illinois Commerce Commission a revised tariff in order to implement a purchase of receivables ("POR") with consolidated billing ("CB") service ("POR-CB Program") for the benefit of retail customers and retail electric suppliers ("RES"), pursuant to Section 16-118 of the Illinois Public Utilities Act. This allows for a single bill administered solely by ComEd where ComEd will invoice the ComEd regulated delivery charges and the supply rate provided by the selected ARES contained in the Power Supply Agreement. Aurora will utilize the POR-CB Program with its Municipal Electricity Aggregation Program to permit 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 ARES.

6) Credit Requirement and Default Procedures

Credit policies and procedures continue to be the responsibility of ComEd. Aurora will not be responsible for late or non-payments on the part of any of its residents or small businesses. Aurora will have no separate policy with regard to Collection, Security Deposits, Application of Late Charges, Default, and Bankruptcy. ComEd follows the requirements of Title 83 of the Illinois Administrative Code Part 280. If there is a delinquent account ComEd will send collection notices to the customer's mailing address of record for service charges rendered by ComEd, following established collection policies regardless of whether the customer participates in the Program or not. In the case of a POR-CB Program, the billing method the Program will utilize, the ARES receivable becomes ComEd's receivable and ComEd will handle

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those collection efforts under ComEd's policy and requirements.

CUSTOMER INQUIRIES: ComEd operates a call center to assist customers with inquiries and resolve billing issues. ComEd has the toll-free numbers to contact the call centers printed on the electric account holder's bills. For non-residential customers, the toll-free number is 1-877-4-COMED-1 (1-877-426-6331) and for residential customers, the toll-free number is 1-800-EDISON-1 (1-800-334-7661).

7) Program Move-In and Move-Outs

Moving to Aurora from another municipality: Residents and businesses that move into Aurora will NOT be automatically included in the Program. Residents that want to opt-in to the Program may contact the Supplier to obtain enrollment information which will be provided on the city website. It is likely that residents opting in at a later date will receive the same price, terms, and conditions but due to energy markets and economic forces there is no guarantee that a resident can opt-in at the same terms and conditions. Aurora will seek to negotiate a favorable opt-in program with the selected ARES that will be cost beneficial to the Program overall. Residents and small businesses that have left the Program and wish to return are handled the same way as a resident or small business moving into Aurora.

Moving out of Aurora to another municipality: Residents and small businesses that move out of Aurora to another municipality may be subject to an ECC.

Moving within Aurora: Aurora will negotiate with the selected ARES a power supply agreement that shall continue service at the same rate and under the same terms and conditions (i.e., without additional charges) for residents and small businesses that are in the Program but move within the Aurora municipal limits prior to the expiration of the contract term, provided that the electric customer notifies the ARES of their intent to do so.

8) Opt-In Program

An "opt-in customer" is a resident and small business in Aurora that may request to join the Program after the expiration of any opt-out period or enrollment period. The opt-in customer must contact the selected ARES or the Consultant. The acceptance of an opt-in customer to the Program is subject to written policies mutually agreed upon between Aurora and the selected ARES in the Power Supply Agreement.

9) Green Power – Renewable Energy

Aurora will integrate renewable energy into the Program to the maximum extent that is reasonably and economically possible. If renewable energy is purchased, it would come from 100% renewable source (e.g., solar, wind, or hydro power) and will be provided in the form of a fully-bundled electricity product, presumably satisfied by using a Renewable Energy Certificates (RECs). Each REC represents the attributes of 1000 kilowatt-hours (1 mWh) of electricity generated by renewable generating technologies, such as those identified above. The RECs will be sourced through a verifiable reporting method in order to satisfy the precise mix of green power necessary to achieve the goal of responsible environmental stewardship. Both the REC and the selected ARES will be appropriately certified.

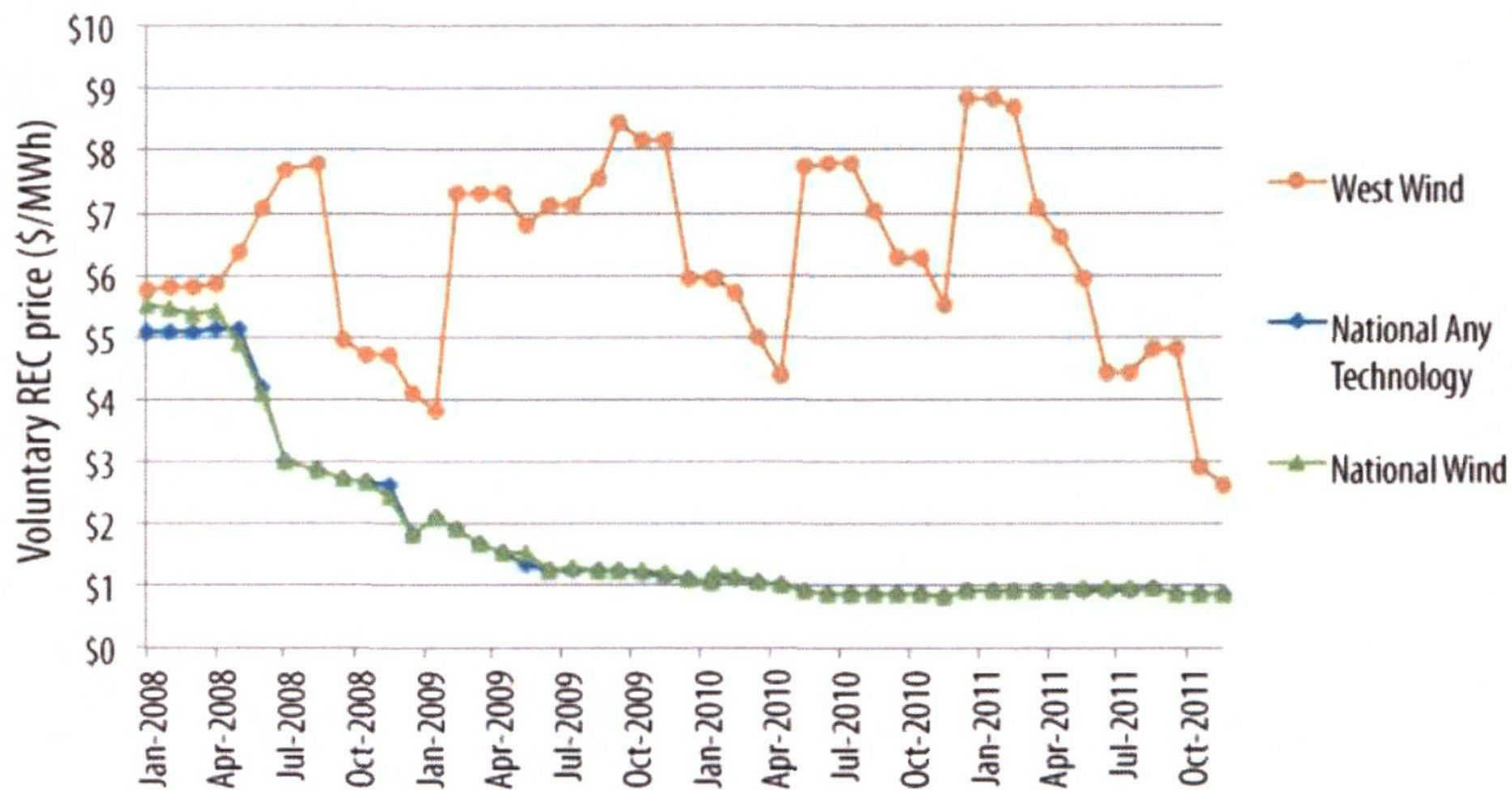
Though there is a preference for Illinois-generated renewable electricity, this electricity may come from other U.S. States. With approximately over 500 million kilowatt-hours at stake, this renewable requirement is forecasted to provide avoidance of almost 700 million lbs. of carbon dioxide (CO₂) emissions from conventional power plants using non-renewable fossil fuels. This is equivalent to 68,336 passenger cars not driven for a year, 263,039 acres of pine or fir forest storing carbon for one year, or 106,292 tons of waste recycled instead of landfilled. The annual cost of renewable power in the voluntary market has tumbled by more than 500% for National Wind RECs since 2008 (see graph below), providing enormous value and buying opportunity. Aurora will weigh the accompanying green power option to decide if the premium is cost prohibitive to the Program.

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U.S. Department of Energy

Voluntary REC prices, January 2008 to December 2011

Sources: [Spectron Group](#) (2012)



Additional benefits of requiring renewable power include the following:

1. Incentive for local business development
2. Foundation for new/enhanced curricula for Illinois students:
 - <http://www1.eere.energy.gov/education/lessonplans/default.aspx>
 - <http://www.eia.gov/kids/>
 - <http://www.epa.gov/students/>
 - <http://www.fsec.ucf.edu/en/education/index.htm>
 - <http://www.nesea.org/k-12/cleanenergyforacleanenvironment/>
 - <http://www.nrel.gov/learning/>
 - <http://www.need.org/>
3. Potential to add to economic development with regard to new renewable generation investment.

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10) Program Education Initiative

The ARES shall develop the educational program with oversight by Aurora officials. Its purpose will be to explain the Program to eligible residents and small businesses, provide updates and offer customer support during the term of the agreement, and provide the opportunity for participants to opt-out of the Program.

Each residential and small business customer of ComEd within the corporate limits of Aurora will receive a notification by mail explaining the Program, the procedure which must be followed to opt-out of the Program, the fixed electricity rate the municipality contracted for participants in the Program, the termination policies, and the deadline to return the Opt-Out letter.

Aurora along with the selected ARES will develop an education initiative that will inform residents of the specifics of the program. The education initiative may contain but is not limited to:

1. Brochures
2. Mailings
3. Community Meetings
4. Advertisements/City Newsletter Articles
5. Program Website
6. Toll-Free Information Line
7. Informational Videos

11) Demand Management and Energy Efficiency Initiative

Reduced energy costs should in no way be considered a license for increased usage. For that reason, no energy plan is complete without balancing reduced supply cost for end-users with some avenue for demand side management and reduction. Provide overall savings using existing utility rate vs. new supplier offer

The municipality will work with the selected ARES to develop "Aurora's Energy Efficiency Program." This initiative will provide a resource where residential consumers can find information about home energy efficiency measures. Education about demand management can be provided to homeowners such as identifying the newest lighting

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technology or the latest efficiency rebate information. The staff of Aurora's existing call center can answer questions on retrofitting home heating and lighting systems. A page on the city website can be offered. The city will work with ComEd to provide specific information about energy efficiency opportunities.

ComEd programs: www.comed.com/home-savings

- Lighting Discounts
- Refrigerator Recycling
- Clothes Washer Rebates
- Central AC Cycling
- System Replacement
- Home Energy Assessment
- Multi-Family Efficiency

Currently Aurora has a Green Initiative section on its website that contains Information about Aurora's Green Program, a page on "How Residents Can be Green", and "Aurora's Green History" page which contains Aurora's Sustainability Plan. Additional demand management information can be found in this section to assist residents with the following:

- Air Quality
- Water Conservation
- General Recycling
- Electronics Recycling
- Rain Barrel Program

12) Power Supply Agreement – General Terms

After the RFP process, Aurora will have the option to execute a Power Supply Agreement ("Agreement") with the selected ARES.

Bids by prospective ARES shall provide a 12-month, 18-month, 24-month and 36-month term. Aurora will select the length of term that offers the most protection against future increases in energy prices. At its discretion, Aurora will set the time duration of any subsequent contract term.

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The agreement shall specify the approved rates and the power mix for the Program, and shall disclose all additional or ancillary fees.

The agreement shall require the ARES to maintain all required licenses and qualifications, and to provide all services required by the RFP.

The Agreement shall require the ARES to provide all services in compliance with this Plan, as may be amended.

The ARES must agree not to solicit or contract directly with eligible residents or small businesses in the Program for service or rates outside the aggregation, and agree not to use the customer data and information for any other marketing purposes.

The ARES must agree to indemnify and hold Aurora harmless from any claims, causes of action, damages, judgments, and financial obligations arising from the Program.

The ARES shall obtain and maintain, for the duration of the Agreement, such proof of insurance and performance security, as the municipality deems necessary.

The Agreement may provide that the ARES will assist Aurora in developing a Program Education Initiative.

The ARES will pay all costs of Program development and administration. Specifically, and without limitation, the ARES shall reimburse Aurora for all professional, legal, Consultant, and administrative costs incurred by Aurora in connection with its adoption of its Program and the negotiation and execution of the Power Supply Agreement.

Termination of Service

End of Term: The Power Supply Agreement with the ARES will terminate at its expiration date.

Early Termination: Aurora will have the right to terminate the Power Supply Agreement prior to the expiration of the term in the event the ARES commits any act of default. Acts of default include, but are not limited, to the following:

- Breach of confidentiality regarding customer information.
- The disqualification of the ARES to perform the services due to the lapse or revocation of any required license or certification.

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- ComEd's termination of its relationship with the ARES.
- Any act or omission that constitutes deception by affirmative statement or practice, or by omission, fraud, misrepresentation, or a bad faith practice.
- Billing in excess of the approved rates and charges.
- Billing or attempting to collect any charge other than the approved kWh rates and contractually approved charges.
- Failure to perform at a minimum level of customer service required by Aurora.

Upon termination for any reason, Aurora will notify ComEd to return the residents and small business accounts to the Default Tariff Service. Upon termination, each accountholder participating in the Program will receive a written notice from Aurora of the termination of the Program.

13) Pricing Methodology

Pricing Methodology: Aurora intends to establish a price for the purchase of electricity for the Program. This will be the Program Rate measured in price per kilowatt-hour. The rate will include traditional as well as renewable power components and will reflect various length of terms, contractual benefits and possible hold premiums.

Commodity Price: Aurora and the Consultant will request and receive from the selected ARES consistent market price quotes. The daily market price quotes will detail the line-item costs of energy supply, capacity, transmission, ancillary services, and additional margin available to Aurora and Consultant that day. The market price quotes will be reviewed by the Consultant to establish that the individual pricing details are consistent with market prices and tariffs, as well as the terms of the Agreement. If the Consultant deems the daily market price quote acceptable, the Consultant will inform Aurora officials of the price and pricing components and recommend acceptance. If accepted, Aurora will affirm acceptance of the commodity price verbally and in writing to the selected ARES.

The ARES invited to bid will quote rates for the following energy mixes and terms:

- a. **Lowest Traditional Power Price** – The lowest priced electricity supply available from an ARES using, at a minimum, renewable energy consistent with the Illinois Renewable

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Portfolio Standard (RPS) or similar Renewable Purchase Obligations (RPO) required by law.

- b. Price Match – The lowest price that supports a “Utility Price Match,” meaning the ARES will match future ComEd tariff rates in the event the ComEd tariff rates decreases in price below the Program price per kilowatt-hour.
- c. 100% Renewable - Electricity where 100% of the energy used by the aggregated accounts will be offset by Renewable Energy Credits. Renewable energy certificates must be subject to a widely accepted tracking and reporting system to verify the renewable generation source.
- d. Free Customer Movement – The price that would apply if residents and small businesses could opt-in or opt-out of the Program for any reason at any time.

14) Eligible Customer Service Classes

After selecting and contracting with an ARES, Aurora will work with the ARES, to remove any customers determined to be ineligible due to one or more of the following:

- Customer is not located within the municipal territory limits
- Customer is locked in to an power supply agreement with an ARES
- Customer receiving ComEd “FREE” service
- Customer has hourly rate Com Ed customer (real time pricing)
- Customer is on Com Ed’s all-electric heating rate or space heating rate.
- Customer on Com Ed bundled hold.
- Businesses with more than 15,000 kilowatt-hours of consumption annually.

The Retail Customer Identification Information will remain the property of the municipality, and the ARES will comply with the confidentiality and non-compete provisions in the Supply Agreement.

After the Retail Customer identification Information is reviewed, the ARES will mail the opt-out notices described below to all eligible account holders within the boundaries of the municipality.

The ARES shall treat all customers equally and shall not deny service to any customer in the Program, or alter rates for different classes of customers unless as authorized by Illinois state law or administrative code.

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15) Supplier (ARES) Selection Criteria

ARES responding to the RFP will be assessed on the basis of Illinois licensing and certification standards, Price, Program marketing, experience and quality of the response. The ARES will also hold Aurora harmless of any financial obligations or liability that may arise as a result of the Program.

ARES Selection Criteria

- Price per kWh and corresponding terms
- Power supply contract flexibility
- Proof of financial solvency and investment grade credit rating
- Quality of response to Request for Proposal
- Program marketing plan and informational outreach
- Municipal aggregation experience
- Municipal opt-out Experience
- Certified as an Alternative Retail Electricity Supplier in the State of Illinois
- Compliant to Purchase of Receivables-Consolidated Billing ("POR-CB Program") facilitating a ComEd single bill for participants in the Program.

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16) Selected Supplier Responsibilities

Aurora will use a competent entity as an ARES to perform and manage aggregation services for the Program. The ARES shall provide adequate, accurate, and understandable pricing, terms and conditions of service, including but not limited to no switching fees and the conditions under which Program participant may opt-out without penalty.

The ARES must provide Aurora and Consultant, upon request, an electronic file containing the Program participant's usage, charges for retail supply service and such other information reasonably requested by the Aurora or Consultant.

The ARES shall create and maintain a secure database of all Program participants. The database will include the name, address, Commonwealth Edison account number, and the ARES's account number of each active Program participant, and other pertinent information such as rate code, rider code (if applicable), most recent 12 months of usage and demand, and meter reading cycle. The database will be updated at least quarterly. Accordingly, the Provider will develop and implement a program to accommodate participants who (i) leave the Program due to relocation, opting out, etc. (ii) decide to join the Program; (iii) relocate anywhere within the corporate limits of the municipality, or (iv) move into the municipality and elect to join the Program. (See Section-7 of this Plan)

Education: The ARES shall develop and implement an educational program that generally explains the Program to all residential and small business customers.

ARES will provides updates and disclosures mandated by Illinois law and applicable rules and regulations, and implement a process to allow any participant the opportunity to opt out of the Program according to the terms of the Power Supply Agreement.

Customer Service: Provider shall hire and maintain an adequate customer service staff and develop and administer a written customer service process that will accommodate participant's inquiries and complaints about billing and answer questions regarding the Program in general. This process will include a description of how telephone inquiries will be handled, either internally or externally, how invoices will be prepared, how participants may remit payment, and how collection of delinquent accounts will be addressed. The ARES and Aurora will enter into a separate customer service plan agreement or the terms shall be included in the Power Supply Agreement.

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Billing: ComEd will provide a monthly billing statement to each Program participant, which shall include the ARES charges, and the ARES will not charge any additional administrative fee.

Compliance Process: The ARES shall develop internal controls and processes to ensure that Aurora remains in good standing as a governmental aggregator and ensure that the Program complies with the Act and all applicable laws, rules and regulations, as they may be amended from time to time. It will be the ARES responsibility to timely deliver reports at the request of the municipality that will include (i) the number of participants in the Program; (ii) a savings estimate or increase from the previous year's baseline; (iii) such other information reasonably requested by the municipality; (iv) comparison of the participants charge for the supply of electricity from one designated period to another identified by the municipality. The ARES shall also develop a process to monitor and shall promptly notify in writing of any changes or amendments to the Act or any laws, rules or regulations applicable to the Program.

Notification to ComEd: The residential and small business customers of Aurora that do not opt-out of the Program will be enrolled automatically in the Program by a Provider. Eligible residents and small businesses included in the Program will not be asked to take affirmative steps to be included in the aggregation group. To the extent that ComEd requires notification of participation, the ARES shall provide such notice to ComEd. The ARES will inform ComEd from time to time through electronic means of any new members that it is enrolling into the aggregation group.

18) Liability

Aurora shall not be liable to residents or participants for any claims, however styled, arising out of the Program or the provision of aggregation services by the municipality or the ARES.

Participants or members in the aggregation group shall assert any such claims solely against the ARES pursuant to the Power Supply Agreement.

18) Miscellaneous

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

- Amendments to the Act.
- Federal Energy Regulatory Commission tariffs that may be enacted or amended.
- Illinois Commerce Commission rules and regulation as may be enacted or amended.
- ComEd tariffs as approved or amended from time to time by the ICC.

Plan of Operation and Governance – City of Aurora

- Federal, state, and local laws.
- Rules, regulations, and orders approved or enacted by federal, state, or local regulatory agencies.

Aurora will maintain copies of this Plan of Operation and Governance on file at Aurora's City Clerk's Office and Finance Department. This Plan will be kept available for public inspection. It will, upon request, be copied for any potential or existing Program participants in accordance with the municipal rules for copying public documents.

Plan of Operation and Governance – City of Aurora

Appendix A – Sample Opt-Out Offering Letter

MUNICIPAL LETTERHEAD & LOGO

_____, 2012

Dear Aurora Resident or Small Business Owner:

On March 20, 2012, in the primary election, a majority of citizens voted yes on a referendum question allowing corporate authorities to form a Municipal Electricity Aggregation Program. The City of Aurora will currently be the largest municipality in Illinois to create such a program. City officials are happy to offer eligible residents and small businesses savings over Commonwealth Edison ("ComEd") rates by banding together all eligible electric service classes.

The city conducted a competitive bid to select a licensed Alternative Retail Electricity Supplier (ARES) to provide savings to residents and small businesses with electric service within the city limits. **After researching competitive electricity pricing options, we have chosen _____ to provide you with savings on your electricity supply through (Month) 20__.** **There is no cost to join and you will not be charged a fee for participating in this program.** You are automatically enrolled and there is no need to do anything to participate.

As a participant of this Municipal Electricity Aggregation Program, you are expected to save ____ percent on your electricity supply costs.

Your account will be transitioned to Aurora's Municipal Electricity Aggregation Program within approximately 30 to 45 days, depending upon your meter read date. You are not obligated to participate in the city's aggregation program and you can remain with ComEd without penalty or fees. If you wish to be removed from the program and remain a full-service customer of ComEd, you must return the attached "opt-out" notice not later than _____, 2012. If you leave the program after the deadline, you could be subject to a cancellation fee from the ARES.

After you become a participant in this municipal electricity aggregation program, ComEd will send you a letter confirming _____ as your ARES.

As required by law, this letter will inform you of your option to rescind your enrollment with adequate notice prior to the scheduled switch.

ComEd will continue to maintain the system that delivers power to your home or business. You will continue to receive a one bill from ComEd. After enrollment is complete your bill will show your new supply rate from _____.

If you have any questions, please call _____ between 8:00 a.m. and 5:00 p.m., Monday through Friday,

Sincerely,

City of Aurora official

Plan of Operation and Governance – City of Aurora

Opt out by returning this form before the deadline date of _____, ____ 2012.

☐ I do NOT want to participate in the Municipal Electricity Aggregation Program.

Account Holder Name: _____

Service Address _____

City _____

Zip Code _____

Phone Number _____

ComEd Account Number _____



City of Aurora

Finance Department • 44 E. Downer Place • Aurora, Illinois 60507-2067 • (630) 256-3500
FAX (630) 256-3509

Brian W. Caputo, C.P.A.
Chief Financial Officer
City Treasurer

MEMORANDUM

TO: Thomas J. Weisner, Mayor

FROM: Brian W. Caputo, Chief Financial Officer/City Treasurer 

DATE: April 5, 2012

SUBJECT: An Ordinance Adopting a Plan of Operation and Governance for Municipal Electricity Aggregation – Finance Committee Agenda Item – April 10, 2012

PURPOSE:

To obtain the City Council's approval of the attached ordinance that would provide for the adoption of a plan of operation and governance for municipal electricity aggregation.

BACKGROUND:

The State of Illinois has been in the process of deregulating the electricity industry in the state for several years. In January of 2010, Public Act 96-0176 became effective. This state law essentially represents the last step in deregulation. The law permits municipalities to shop for electricity for their residents and small commercial businesses in the aggregate. Savings are expected to come from the economies of scale inherent in purchasing a large quantity of electricity in bulk through a competitive process.

Before a municipality may pursue the establishment of an "electricity aggregation program," the residents of a municipality must endorse the initiative through a referendum. On December 13, 2011, the City Council approved its Ordinance No. O11-067, An Ordinance Providing for the Submission to the Electors of the City of Aurora the Question of Whether the City Should Have the Authority Under Public Act 96-0176 to Arrange for the Supply of Electricity for Residential and Small Commercial Retail Customers Who Have Not Opted Out of Such Program. This ordinance authorized the placement of the referendum question on the ballot to be voted on March 20, 2012. On March 20, the electors of the city approved the referendum by a vote of 8,455 to 5,322 (61.4% to 38.6%).

On February 14, 2012, the City Council approved the engagement of Good Energy, L.P., to assist with the consideration and potential implementation of a municipal electricity aggregation program. Generally, Good Energy was contracted to provide the following services:

- 1) Conduct a pre-referendum education campaign.
- 2) Conduct a post-referendum education campaign.
- 3) Prepare a draft plan of operation and governance for the aggregation program as required by state law.
- 4) Manage the process to obtain competitive bids to provide electricity from competent suppliers.
- 5) Evaluate bids received and recommend a supplier for the city.

Public Act 96-0176 requires that municipalities adopt a plan of operation and governance for their electricity aggregation programs prior to soliciting bids for electricity supply. The act generally requires that a plan of operation and governance:

- 1) Provide for universal access to and equitable treatment of applicable residential customers.
- 2) Describe the demand management and energy efficiency services to be provided to each class of customers.
- 3) Meet any other requirements established by law concerning municipal electricity aggregation.

Municipalities are free to add other provisions to their aggregation plans that specify how their governing authorities would like their aggregation programs to operate.

DISCUSSION:

As required under their contract, Good Energy prepared a draft aggregation plan as required under their contract. The city staff and outside counsel had the opportunity to review and revise the draft. The product of that review and revision process is attached to the proposed ordinance. Outside counsel has opined that the proposed plan of operation and governance satisfies the requirements of state law.

Public Act 96-0176 requires that two public hearings be held on a proposed plan of operation and governance for municipal electricity aggregation prior to a municipality's governing authority adopting the plan. The required public hearings on our proposed plan are scheduled for April 18 and 24, 2012 at 6:00 p.m. Notices of these hearings will be published in *The Beacon News* and *The Daily Herald* on April 6 and 13, 2012.

The proposed plan of operation and governance is available for public inspection in the Finance Department. Also, a copy of the plan will be posted on the city's website on April 6, 2012.

RECOMMENDATION:

That the City Council approve the attached ordinance that will provide for the adoption of a plan of operation and governance for municipal electricity aggregation.

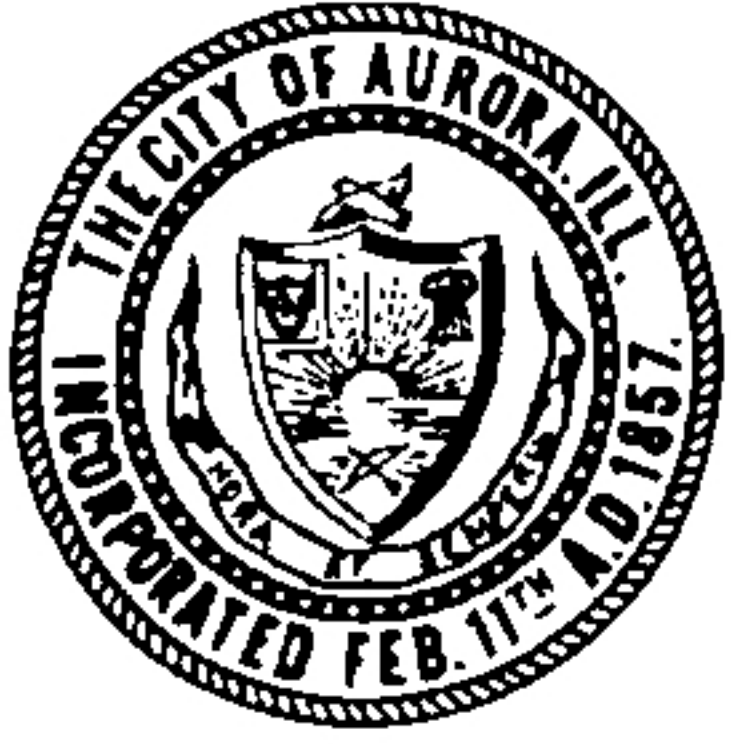
attachment

Forwarded to the Finance Committee for consideration

Mayor's Office Initials & Date

c: Robert J. O'Connor, Alderman
Lynda D. Elmore, Alderman
Abby D. Schuler, Alderman
John S. Peters, Alderman
Carie Anne Ergo, Chief Management Officer
Charles B. Nelson, Assistant Chief of Staff
Alayne M. Weingartz, Corporation Counsel
Cheryl M. Vonhoff, City Clerk
Esther L. Sanders, Director of Purchasing

Filename: \Utilities\Electricity\2012\PlanofOpsTL



City of Aurora

Finance Department • 44 E. Downer Place • Aurora, Illinois 60507-2067 • (630) 256-3500
FAX (630) 256-3509

Brian W. Caputo, C.P.A.
Chief Financial Officer
City Treasurer

MEMORANDUM

TO: Thomas J. Weisner, Mayor
Robert J. O'Connor, Alderman
Richard C. Irvin, Alderman
Abby D. Schuler, Alderman
Juany Garza, Alderman
Stephanie A. Kifowit, Alderman
Richard A. Lawrence, Alderman
John S. Peters, Alderman
Michael B. Saville, Alderman
Scheketa Hart-Burns, Alderman
Richard B. Mervine, Alderman
Al Lewandowski, Alderman
Lynda D. Elmore, Alderman

FROM: Brian W. Caputo, Chief Financial Officer/City Treasurer 

DATE: April 24, 2012

SUBJECT: Recommended Changes to the Plan of Operation and Governance for Municipal Electricity Aggregation

On April 10, 2012, the Finance Committee reviewed the proposed Plan of Operation and Governance for Municipal Electricity Aggregation. The Committee of the Whole reviewed the proposed plan on April 17. On April 18, the first of two public hearings was convened on the plan.

During the course of the consideration of the proposed plan to date, it has become apparent that it would be beneficial to make certain changes to the originally proposed document. The following changes are now recommended:

1. Page 6, Section 3, paragraph starting with "Opt-Out Period," line 1. Change "twenty-one (21) days" to "thirty (30) days." (This change was requested at the Committee of the Whole meeting on April 17.)

2. Page 6, Section 3, paragraph starting with "Early Cancellation Charge," line 1. Add "(ECC)" after "Early Cancellation Charge." (This change has been recommended by the staff.)
3. Page 6, Section 3, paragraph starting with "Early Cancellation Charge," line 4. Change "Early Cancellation Charge (ECC)" to "ECC." (This change has been recommended by the staff.)
4. Page 6, Section 3, paragraph starting with "Opt-Out Overview," item 3. Change "21 days" to "30 days." (This change was requested at the Committee of the Whole meeting on April 17.)
5. Page 7, Section 3, paragraph starting with "Opt-Out Overview," item 5, last sentence. Replace the last sentence with: "From the date of this notice, residents and small businesses will have ten (10) days to rescind the contract by contacting ComEd." (This change has been recommended by the consultant to clarify the start point for the rescission period.)
6. Page 8, Section 7, paragraph starting with "Moving to Aurora from another municipality," line 4. Delete "www.aurora-il.org/opt-in." (This change has been recommended by the staff. Presenting a specific URL in the policy is not necessary. The city's website is already generally referenced in the paragraph.)
7. Page 8, Section 7, between the two existing paragraphs. Add:

"Moving out of Aurora to another municipality: Residents and businesses that move out of Aurora to another municipality may be subject to an ECC."

(This change has been recommended by the staff. It would be prudent to make it clear that when a resident or business moves out of Aurora, the resident or business may be subject to an ECC, depending upon the outcome of bidding and the City Council's decision on what special terms to include in the program given the costs.)

8. Page 8, Section 7, paragraph starting with "Moving within Aurora." Change this paragraph in its entirety to read:

"Aurora will negotiate with the selected ARES a power supply agreement that shall continue service at the same rate and under the same terms and conditions (i.e., without additional charges) for residents and small businesses that are in the Program but move within the Aurora municipal limits prior to the expiration of the contract term, providing that the electric customer notifies the ARES of their intent to do so."

(This change has been recommended by the consultant. It essentially simplifies the language in the original document. The substantive intent has been retained.)

9. Page 9, Section 9, first paragraph, line 3. Change “such as wind power or hydro” with “(e.g., solar, wind, or hydro power).” (This change was requested by a resident at the public hearing on April 18.)
10. Page 15, Section 13, item c, last sentence. Replace the last sentence with: “Renewable energy certificates must be subject to a widely accepted tracking and reporting system to verify the renewable generation source.” (This change has been recommended by the consultant to provide greater flexibility in potentially purchasing renewable energy.)

The plan now being proposed is the originally proposed plan as submitted to the Finance Committee plus the changes outlined above. Additional changes may be incorporated after the public hearing on April 24, 2012.

c: Carie Anne Ergo, Chief Management Officer
Cheryl M. Vonhoff, City Clerk

Filename: \Utilities\Electricity\2012\PlanofOpsChanges

F12.083

RECOMMENDATION

TO: THE COMMITTEE OF THE WHOLE

FROM: THE FINANCE COMMITTEE

The Finance Committee at their Regular Finance Meeting on Tuesday, April 10, 2012

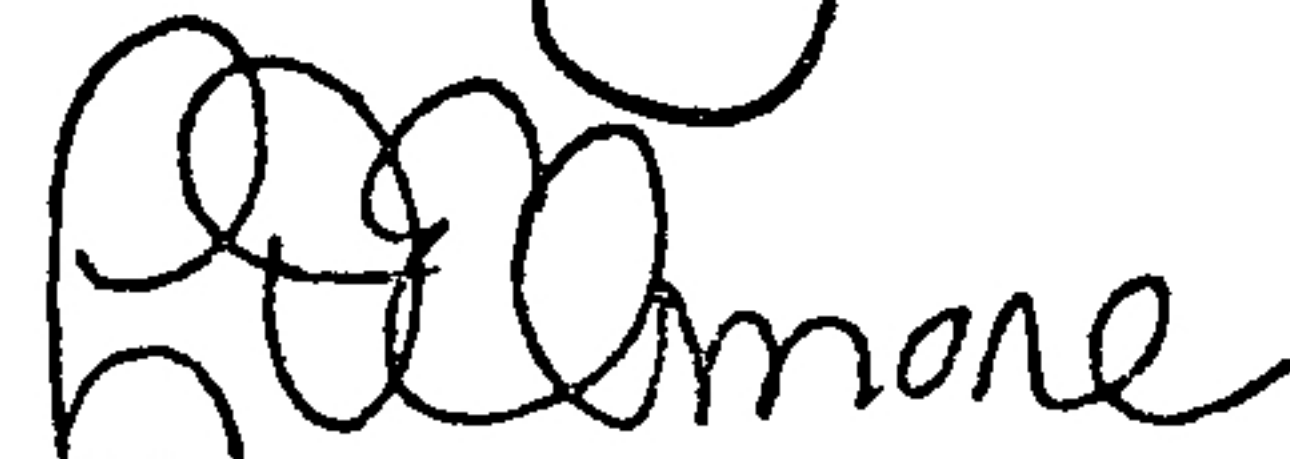
Recommended **APPROVAL** of An Ordinance Adopting a Plan of Operation and Governance
for Municipal Electricity Aggregation – Finance

The Vote 3-0

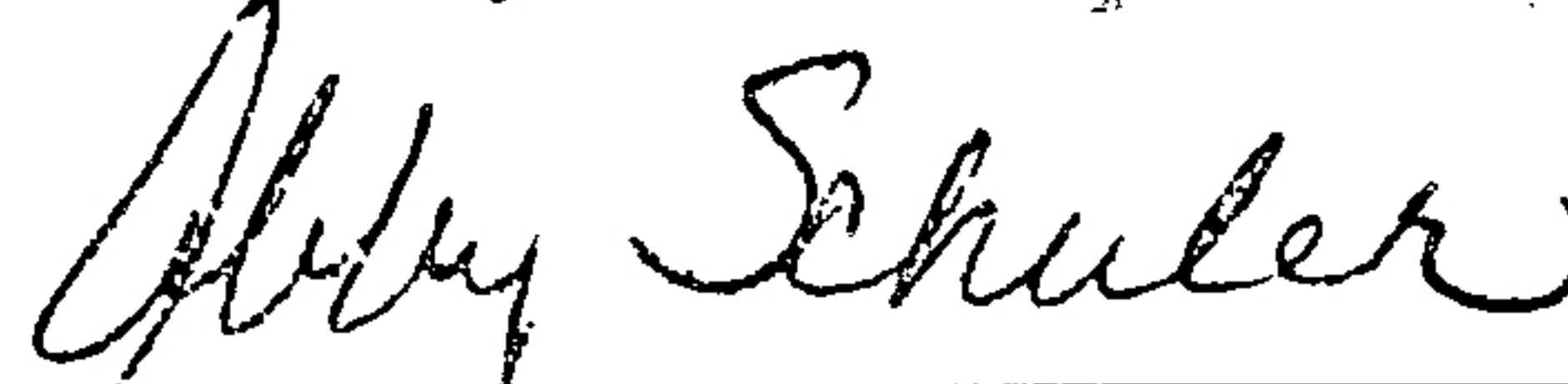
Submitted By



Alderman Robert O'Connor, Chairman



Alderman Lynda Elmore



Alderman Abby Schuler

John "Whitey" Peters, alternate

Dated this 11th day of April, 2012

**CITY OF AURORA
PUBLIC HEARING ON
THE PROPOSED PLAN OF OPERATION AND GOVERNANCE FOR
MUNICIPAL ELECTRICITY AGGREGATION**

April 18, 2012

6:00 p.m.

Council Chamber

Aurora City Hall

Present: Brian W. Caputo, Chief Financial Officer/City Treasurer
 Gary Fogelman, Good Energy
 Members of the public as shown on the attached sign-in sheet

The public hearing on the proposed plan of operation and governance for municipal electricity aggregation was called to order by Brian Caputo at 6:04 p.m.

Mr. Caputo explained that the public hearing was being convened as required by state law. He indicated that notice of the public hearing was published in The Beacon News and The Daily Herald on April 6 and 13, 2012.

Mr. Caputo reviewed the proposed plan and highlighted the most significant provisions. Members of the public asked questions during the presentation. Mr. Caputo and Mr. Fogelman responded to the questions.

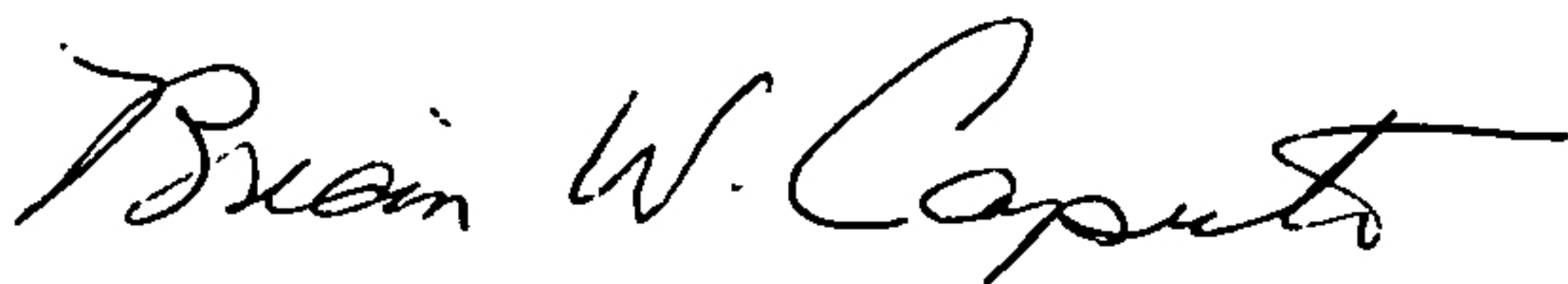
Ms. Fran Caffee of 726 West Downer Place recommended that the city seriously consider purchasing green power for the community, depending upon cost, as doing so would be environmentally responsible. Mr. Caputo indicated that the city intended to solicit bids for various percentages of green power.

Ms. Linda Cole of 450 W. Downer Place recommended that section 9 of the proposed plan be revised to identify solar power as a potential source of electricity for the city. Mr. Caputo stated that he would make that change to the plan.

Several of the hearing attendees generally recommended that the city provide notice to the public when the Aurora City Council would be making the selection of the alternative retail supplier for the community.

There being no additional business to be considered at the public hearing, Mr. Caputo adjourned the hearing at 7:11 p.m.

Respectfully submitted,



Brian W. Caputo
Chief Financial Officer/City Treasurer

Attachment

Electricity Aggregation Public Hearing

4/18/12

NAME

ADDRESS

Mervin C. Byrd	1050 W. Elmwood Dr. 60506
GARY FOGELMAN	NYC
Mary Imogene Coleman	112 Le Grande Blvd., 60506
Chuck Nelson	235 Le Grande 60506
Ivan Coffee	726 W Downer Pl 60506
Linda A Cole	450 W. Downer Pl. unit 3F 60506
Alice Foster	1311 California, 60506
KEVIN BAKER	1994 CHESTERFIELD LN 60503
MAVIS BRATES	60 S Harrison 60506