



Community Energy Aggregation Program (“PCEA”) Update

January 2023 UPDATE

The Township launched the Plainsboro Community Energy Aggregation (“PCEA”) program in 2016 for the purposes of aggregating residents’ electric accounts into a single buying pool to purchase electricity supply, for the purpose of reducing residents’ energy costs. Since its inception the PCEA has saved participating residents an estimated \$3 million as compared to the PSE&G tariff price; in addition, beginning in 2019 the PCEA program provided power supply with enhanced renewable energy content, thereby reducing the Township’s carbon footprint. The most recent and third round of the PCEA ended in May 2022. In March 2022 the Township bid for a 4th contract; unfortunately, due to skyrocketing energy market prices, we were unable to obtain favorable pricing and, as a result all PCEA participants were returned to PSE&G supply, the current lowest cost option, effective May 2022. The Township and its energy agent, Gabel Associates, Inc., have been closely monitoring the energy market for savings opportunities since that time. The Township will go back out to Market as soon conditions warrant, and will notify residents if and when a new contract is signed and the program is again active. Please monitor the Township’s website for any updates. See below for further details.

The Township originally launched the Plainsboro Community Energy Aggregation (“PCEA”) Program in 2016, via the passage of Ordinance No. 16-12, in accordance with the State Government Energy Aggregation (“GEA”) Law. The principle purpose of the GEA Law, and of the PCEA program, is to aggregate the residential electric accounts in a municipality into a single buying pool, to create purchasing power that residents would not have if they were in the market on their own, in order to obtain electricity supply at the best possible price and under the best possible terms. In addition, the State law allows municipalities to seek electric power supply for residents with enhanced renewable energy content; that is, with renewable energy content greater than the State-mandated minimum amount of green power in the utility’s default service power supply.

The Township conducted a public bid and awarded a contract for Round 1 of the PCEA program that began in 2017 and ended in 2019. The Township conducted a public bid and awarded a second contract for Round 2 of the PCEA program that began in 2019 and ended in 2020; for this PCEA-Round 2 program the contract added an enhanced renewable energy content element. These contracts resulted in aggregate electric bill savings for participating households estimated at over \$2 million.

In 2020, the Township of Plainsboro launched the third round of the Plainsboro Community Energy Aggregation (“PCEA”) Program. Through a competitive procurement process conducted by the Township in spring 2020, competing proposals were received from multiple State-licensed electric power suppliers, and a contract was awarded in June 2020 to the low bidder, Energy Harbor, LLC (“Energy Harbor”). Energy Harbor provided electric supply service under this contract to participating Plainsboro Township residents starting October 2020 at a discount to the price that had been charged by Public Service Electric and Gas (“PSE&G”) for the power supply portion of your electric bill. The contract with Energy Harbor also required that power supply provided to residents contain enhanced renewable energy content; specifically, the power being supplied to participating Plainsboro residents contained 43.5% renewable energy, which was nearly double the current State-mandated minimum renewable energy content at that point in time¹. As a result, participating Township residents realized additional savings versus obtaining supply from PSE&G’s Basic Generation Service (BGS) prices, while reducing the Township’s carbon footprint.

The contract with Energy Harbor, LLC had a term of 19-months, which expired in May 2022. The Township conducted a competitive bid process in March 2022 for a new contract under Round IV of the PCEA program. However, as you are most likely well aware, there had been significant changes in energy market prices since the Township had previously gone out to bid in June 2020. By March 2022 energy prices increased considerably, which made it much more difficult to obtain favorable bid pricing as compared to the PSE&G tariff than two years prior when the Township signed its contract with Energy Harbor. As a result, bid prices came in higher than PSE&G’s tariff prices and therefore did not produce any savings to justify the award of a new contract. The Township concluded that it was in residents’ best interests, at least for the near-term, to be returned to PSE&G BGS for power supply at the end of the current contract with Energy Harbor. In short, it was determined that, at least temporarily, the PSE&G tariff provided the lowest cost option for power supply for the Township’s residents. There was nothing residents had to do in May 2022 to initiate their return to PSE&G BGS, as the switch back to PSE&G was addressed behind the scenes by Energy Harbor and was therefore a seamless process to residents. The Township committed to resoliciting bids at a later date when market conditions improve.

The Township has been monitoring market conditions since the prior contract completed, in consultation with its energy consultant, Gabel Associates, Inc. Energy market prices continued to escalate through much of 2022, before a rather mild start to the winter has

¹ State requirements now mandate a slightly higher renewable content, of 24.5% through May 31 2023, and then jump to 29.5% in June 2023.

more recently resulted in some improvement in energy market conditions (although prices remain significantly higher than a couple of years ago). On the energy consultant's recommendation, the Township is awaiting the announcement in Spring 2023 of the utility's (PSE&G) next wholesale power auction and the resultant retail tariff prices for the coming year (utility tariff prices run on an annual cycle from June 1st through May 31st). Once those results and new prices are announced, the Township will be better able to assess whether there is a renewed opportunity for electric bill savings.

If conditions look to have improved at that time, and if savings look possible, steps will be taken to begin a new competitive bid process. If a future bid results in competitive pricing and the Township awards a new contract for Round 4 of the Plainsboro Community Energy Aggregation program, the new contract would most likely start in mid-to-late 2023. 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 participate in the GEA program.

We appreciate your understanding and look forward to working diligently with our consultant in the near future to achieve GEA supply options for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at PCEA-info@gabelassociates.com.