



Township of
PLAINSBORO
New Jersey

Community Energy Aggregation Program (“PCEA”) Update

**May 2024
Program 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 fourth contract; unfortunately, due to skyrocketing energy market prices, we were unable to obtain favorable pricing and, as a result all PCEA participants were returned effective May 2022, to PSE&G supply which, at the time, was the lowest cost option.

In April 2024, the Township of Plainsboro again initiated a bidding process for a fourth-round contract, anticipating favorable pricing. Unfortunately, bids received were higher than the basic generation service (BGS) supply offered by PSE&G. As a result, no contract was awarded. Plainsboro and its energy agent, Gabel Associates, Inc., continue to closely monitor the energy market for savings opportunities. The PCEA 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.

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 19-month contract with Energy Harbor, LLC expired in May 2022, prompting the Township to conduct a competitive bid process for a new contract under Round IV of the PCEA program in March 2022. However, due to a significant increase in energy prices, obtaining favorable bid pricing compared to the PSE&G tariff became substantially more challenging than in previous rounds. As a result, bid prices exceeded PSE&G’s tariff prices, rendering them unsuitable for justifying the award of a new contract. Consequently, the Township concluded that, for the near-term, it was in the residents’ best interests to return to PSE&G BGS for power supply at the conclusion of the current contract with Energy Harbor.

The PCEA has continued to monitor market conditions since the prior contract completed, in consultation with its energy consultant, Gabel Associates. While energy market prices have abated somewhat from their peaks in Fall 2022, prices remain higher than they were several years ago. On the energy consultant’s recommendation, the PCEA awaited the announcement in Spring 2024 of the utility’s annual wholesale power auction results and the resultant retail tariff prices which become effective June 1st this year. (Utility tariff prices run on an annual cycle from June 1st through May 31st and incorporate BGS auction results from the prior three years. In the case of rates effective June 1, 2024, the tariffs incorporate 2022, 2023 and 2024 BGS auction results.) After these results were announced, the PCEA was better able to assess whether there would be a near term opportunity to achieve its goals.

Upon review of the new utility tariff rates, the PCEA and Gabel concluded that the new PSE&G rates effective June 1, 2024, would increase somewhat over the prior year’s rates. In conjunction with modest improvements in energy market conditions, the gap between utility and supplier rates has narrowed. As a result, in March of 2024, the PCEA requested new bids as favorable pricing conditions were anticipated. Unfortunately, the prices received, while much better than 2022 bid prices, were still somewhat higher than the utility rates and again, no contract was awarded.

¹ State requirements now mandate a much higher renewable content, which will reach 37.5% as of June 2024.

PCEA and Gabel will continue to monitor energy markets for improvements. 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, 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.