



MEMORANDUM

To: Mayor Laurel Prussing and City Council members

From: Mike Monson, chief of staff

Date: March 28, 2012

Re: Plan of Operation and Governance revisions

Summary: Enclosed is a revised Plan of Operation and Governance that includes several changes suggested by the city council at the March 26 meeting.

Issues: Modifications made to the draft plan include:

On Page 3, the plan includes new language specifying that Renewable Energy Credits should be sourced through non-carbon products, and can include wind, solar and hydroelectric.

Page 4 of the agreement specifies that the selected retail electric supplier must set a rate for electricity that is LOWER than Ameren's default rate, or else the agreement shall terminate and customers will be returned Ameren. Previously, the agreement had allowed the retail electric supplier to set a rate equal to or lower than Ameren's rate.

On Page 7, the agreement specifies that the retail electric supplier will provide additional means of opting out besides via return letter, and states that such means can include a Website, a toll-free number, smart device quick response code, e-mail address or a fax number.

Also on Page 7, the plan states that aggregation group members will again be allowed 21 days to opt out, without penalty, when the city reaches a new agreement with a retail electric supplier beyond the first agreement. The retail electric supplier will have to initiate the opt-out period within 90 days of the execution of the agreement with the city.

On Page 8, under the heading Moving To The City, the plan says that the retail electric supplier must allow eligible customers to join the program during the term of the agreement. The plan notes that residents and businesses who move into the city after the opt-out period won't automatically be included, and that they may contact the supplier to help them enroll.

Additionally, the plan states that the city and supplier will cooperate to identify new residents and to invite eligible customers to join the program.

According to the city's aggregation consultant, Mark Pruitt, and Ameren, the city will be able to access Ameren customer lists via an Ameren portal that should be available starting June 1. The portal will update the customer lists each Saturday, and new customers can be screened out by comparing with previous lists and the supplier's list of customers.

The city can then direct the supplier to send out a notification letter (similar to an opt-out letter) informing new residents of the aggregation program and offering them an opportunity to opt out. If a resident doesn't opt out, then they could then be enrolled in the aggregation program, according to Pruitt.

Any such effort to add new residents to the aggregation program will have to be closely coordinated with the retail electric supplier and more detailed specifics might need to be included in the contract with the supplier.

City of Urbana Electricity Aggregation Program

PLAN OF OPERATION AND GOVERNANCE

April 2, 2012 [\[revised version\]](#)

CONTENTS

Purpose of Electricity Aggregation Program.....	1
Bidding and Contract Procedures	2
Supplier Qualifications.....	2
Energy Mixes	3
Supplier Selection	3
Aggregation Program Agreement.....	4
Customers Included in Program.....	6
Opt-Out Procedures	6
Changes in Service	7
Billing.....	8
Complaints and Dispute Resolution	8
Additional Service Terms and Conditions.....	8

Purpose of Electricity Aggregation Program

The City of Urbana (“City”) has developed this Plan of Operation and Governance (“Plan”) in compliance with Section 92 of the Illinois Power Agency Act, 20 ILCS 3855/1-92 (the “Act”). The Act authorizes the City to create an electricity aggregation program (“Program”) and to negotiate with an Alternative Retail Electric Supplier (“Supplier”) for the purchase of electricity and related services for its small commercial and retail customers (“aggregation group”).

The Program is designed to reduce the amount consumers pay for electricity and to gain other favorable terms of service, such as the ability to purchase cleaner, renewable energy (e.g., solar or wind). The City will not buy and resell power to the aggregation group. Instead, it will competitively bid and negotiate a contract with a Supplier to provide electricity to the group. This Program does not change the way customers are billed or serviced by Ameren. The cost savings are simply reflected in their bills after a Supplier is selected.

The City will administer an opt-out Program. This means that all eligible customers in the aggregation group will participate in the Program unless they affirmatively elect to opt out. Residential and small commercial electricity users will be given an opportunity to decline to participate in the Program and to continue to be serviced by Ameren or by a Supplier of their choosing.

Bidding and Contract Procedures

The City may elect to hold an individual bid or participate in a group bid with other municipalities. The bidding process will be conducted in accordance with all applicable state and local laws and City bidding practices and protocols.

The City may elect to retain the services of a consultant, broker, or other expert in the field of electrical aggregation to assist in preparation of bidding documents and in managing the bidding process.

The City will retain the full and absolute right to accept, accept with conditions, or reject any bid. By majority vote, the City Council may select a Supplier to provide electric power to the Program according to the terms of a written ~~power supply service~~ aggregation program agreement (“Agreement”) entered into by and between the Supplier and the City. If the bidding process does not result in the identification of an acceptable Supplier, the City may choose to have the aggregation group remain on Ameren’s default tariff service or to re-bid the electric service under the same or amended terms of this Plan.

If the City does not award a contract as a result of the bid process, it will notify aggregation group members that their electricity will continue to be provided by Ameren’s default service provider.

The City may terminate the Program upon expiration of the ~~power supply service a~~ Agreement without any extension, renewal, or subsequent ~~power supply service a~~ Agreement being negotiated.

Supplier Qualifications

Suppliers must have the following minimum qualifications:

1. Certificate of serviced authority from the State of Illinois as a certified retail electric supplier and any and all other licenses or certifications required by the Illinois Commerce Commission (ICC).
2. Controls to protect the confidentiality of customer information.
3. In accordance with 20 ILCS 3855/1-92, Suppliers must:
 - A. Provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers;

- B. Describe demand management and energy efficiency services to be provided to each class of customers; and
 - C. Meet any requirements established by law concerning aggregated service offered pursuant to the Act and comply with all applicable laws and regulations of the State of Illinois.
4. Capacity to deliver customer service to hearing-impaired customers and to customer requiring non-English verbal and written assistance.
 5. Proof of their creditworthiness by having an investment grade long-term bond rating from at least two major rating agencies. Alternatively, if a Supplier is unable to demonstrate its creditworthiness, it will be required to provide a Letter of Credit, Parental Guarantee from a company that is deemed creditworthy, or Surety Bond.
 6. Agree in writing to hold the City financially harmless from any and all financial obligations arising from the Program.

Energy Mixes

Suppliers will quote rates for the following energy mixes:

1. Lowest Price Mix. The lowest priced electricity supply available from the Supplier using, at a minimum, renewable energy consistent with the State of Illinois Renewable Portfolio Standard. Between comparable offers, the City will give preference to any bidder that provides all of its power from sources other than coal.
2. Enhanced Renewable Energy Mix. Electricity where any non-renewable sources of electricity provided to the Aggregation are offset by up to 100% by Renewable Energy Credits (RECs) sourced through non-carbon products, including hydroelectric, wind, and solar, ~~photovoltaic or captured methane landfill gas.~~

Supplier Selection

The City will evaluate the bids based on the following criteria:

1. Qualifications of the Supplier;
2. Rates and corresponding power mixes;
3. Compliance with City's requirements;
4. Supplier's experience; and
5. Any other factors deemed to be in the City's best interest.

~~Power Supply Service~~ Aggregation Program Agreement

The City, at its option, will execute an Aggregation Program ~~Power Supply Service~~ Agreement (“~~Agreement~~”) with the selected Supplier, in accordance with the following minimum terms and conditions:

1. Term. The City Council will determine the duration of any Agreement.
2. Rates. The Agreement will specify the rates, ~~and~~ power mix, and any ~~other~~ charges or fees to be imposed.
3. Change in Ameren tariff service rate. If the Ameren tariff service rate for residential and small business customers is set below the rate established in the Agreement, the Supplier ~~at its option may~~ shall establish a rate ~~equal lower than to~~ Ameren’s rate or shall terminate the Agreement and return affected customers to Ameren.
4. Compliance with bid requirements. The Supplier must maintain all required qualifications and provide all services required in the bid.
5. Compliance with Plan. The Supplier must provide all services in compliance with this Plan, as it may be amended.
6. Confidentiality of customer database. The Supplier must preserve the confidentiality of all customers’ account information and adopt and follow protocols to preserve that confidentiality. The Supplier must agree not to disclose, use, sell or provide customer account information to any person, firm, or entity for any purpose outside the operation of the Program. This provision will survive the termination of the Agreement.
7. Non-competition. The Supplier must not solicit or contract directly with eligible Program customers for service or rates outside the Program nor use the customer information for any other marketing purposes.
8. Hold harmless. The Supplier must hold the City financially harmless from any and all financial obligations arising out of its role as facilitator of the Program.
9. Insurance. The Supplier must obtain and maintain, for the duration of the Agreement, such proof of insurance and performance security as the City deems necessary.
10. Additional services. The Agreement may require the Supplier to assist the City in developing a customer education plan and an energy efficiency program or provide such other energy efficiency education services as may be mutually agreed upon by the parties.
11. Reporting. The Supplier must provide the City with the following quarterly reports:
 - A. Power Mix Report. A report showing that (1) the Supplier generated or purchased electricity with the claimed attributes in amounts sufficient to match actual consumption by customers; (2) the electricity was supplied to the interconnected

grid serving the customers; and (3) the same generated electricity was not sold to more than one consumer. The report will show the source of the power and demonstrate that the power was provided in accordance with Renewable Portfolio Standards and federal Clean Air Act regulations and permits.

- B. RECs Report. A report providing competent and reliable evidence to support the fact that the Supplier purchased properly certified RECs in a sufficient quantity to offset the non-renewable energy provided in the mix.
- C. Aggregation Reports. A report showing the number of customers in the Program and the total cost for energy provided to the Program as compared to the Ameren's default tariff service rates. In addition, the Supplier will report its efforts at customer education.

12. Costs. The Supplier must pay all Program development and administration costs.

13. Customer service. The Supplier must develop and administer customer service procedures to ensure that it is able to (a) accommodate customer inquiries and complaints about energy supply and services; and (b) answer general questions about the Program.

14. Compliance with laws. The Supplier must develop internal controls and processes to ensure that the City remains in good standing as a municipal aggregator and in compliance with all applicable laws, rules, and regulations, as they may be amended from time to time.

15. Subcontractors. The Supplier must employ only those subcontractors that are necessary and approved in advance by the City. Subcontractors will be held to the same strict confidentiality standards applicable to the Supplier and will be required to otherwise comply with the requirements of the Agreement. The use of subcontractors whether approved or unapproved will not relieve the Supplier of the duties, terms, and conditions of the Agreement.

16. Early termination. The City will have the right to terminate the Agreement prior to the expiration of the term in the event the Supplier commits any act of default. Acts of default include but are not limited to the following:

- A. Breach of confidentiality regarding customer information;
- B. Disqualification of the Supplier from performing services by virtue of the lapse or revocation of any required license or certification required to perform the obligations set forth in this Plan;
- C. Ameren's termination of its relationship with the Supplier;
- D. Any act or omission that constitutes deception by affirmative statement or practice, or by omission, fraud, misrepresentation, or a bad faith practice;
- E. Billing in excess of the approved kilowatt hour (kWh) rates and stated charges;
- F. Billing or attempting to collect any charge other than the approved kWh rates and contractually approved charges; or
- G. Failure to perform at a minimum level of customer service required by the City.

Upon termination for any reason, the City will notify affected customers of their option to select an alternate Supplier or to return to Ameren's default tariff service.

17. Limitation of liability. The City will not be liable to customers or to aggregation group members for any claims, however styled, arising out of the Program or out of any City act or omission in facilitating the Program. In addition, the Supplier must hold the City harmless from any claim, cause of action, or proceeding of any kind which may be filed against the City arising out of the services provided by the Supplier or any act or omission of the City in obtaining the services of the Supplier. Customers will assert any such claims solely against the Supplier pursuant to the ~~power supply service~~ aggregation program agreement, under which such customers are express third party beneficiaries.

Customers Included in Program

This Program is intended for the City's small commercial and retail electric customers who choose not to opt out pursuant to the Act. Therefore, all eligible electric consumers within the City will be automatically enrolled in the Program unless they affirmatively decline.

Nevertheless, some customers within the City are ineligible to participate in the Program, including those receiving power from Ameren under particular tariffs, those having current contracts with other Suppliers, and those receiving bill payment assistance such that they will not save money with the City's Program.

Additionally, utility rules approved by the ICC or other regulatory agencies may determine eligibility to enroll in the Program.

Opt-Out Procedures

Any eligible electric customer who opts out of the Program pursuant to the procedures stated below will automatically be placed on the Ameren default tariff service unless the customer chooses another Supplier.

Prior to mailing opt-out notices, the City and the Supplier will review retail customer identification information to verify that ineligible customers are excluded, provided however, that the City will have no responsibility to potential aggregation group members or to the Supplier for the accuracy of the customer account information provided.

After review of the customer account information, the Supplier will mail the opt-out notices described below to all eligible account holders within the City. The Supplier shall treat all customers equally and shall not deny service to any eligible customer.

1. Manner of providing notices and information. The Supplier will be required to pay for printing and mailing of opt-out disclosure notices. The Supplier will mail notices to the owner or occupant residing at the electric account mailing address shown on Ameren's customer list.

2. Contents of notices. The City and the Supplier will agree to the format and contents of the opt-out notice prior to distribution or mailing. The notice will inform the electric account owner of the existence of the Program, the identity of the Supplier, the rates to be charged, and other terms of the Agreement. The notice will provide a method for customers to opt out of the Program. The notice will indicate that it is from the City and will include the City name and logo on the envelope.

3. Time to Respond. Aggregation group members will have at least twenty-one (21) calendar days to return the opt-out reply to the Supplier stating their intention to opt out of the Program. The time to respond will be calculated based on the post mark date of the notice to the customer and the post mark date of the customer's response. The Supplier ~~may will provide offer~~ additional means of opting out, such as a toll-free number, website, smart device quick response code, email address, or fax number, each of which must be received within the specified time to respond. Upon receipt of the opt-out reply, the Supplier will remove the account from the Program.

4. Final list. After expiration of the opt-out period, the customer list will become final. All customers who have not opted out will be automatically enrolled as participants in the Program. Customers will not need to take any affirmative steps in order to be included in the Program. In the event that an eligible customer is inadvertently not sent an opt-out notice, or is inadvertently omitted from the Program, the Supplier will work with the City and the customer to ensure that the decision to remain in, or opt out, of the Program is properly recorded and implemented by the Supplier.

5. Fees. The Supplier will pay any switching fees that Ameren may assess for customers who choose to join the Program during an opt-out period. The Supplier will not impose a fee for customers who select Ameren or another electricity supplier during the opt-out period.

6. Additional opt-out periods. In addition to the initial opt-out period described above, aggregation group members ~~customers~~ will be allowed to opt out without penalty ~~once every three (3) years within ninety (90) days of the execution of each subsequent Agreement. or as required by statute.~~ Requirements for notification of intent to opt out of the aggregation group will be set forth in the Agreement.

Changes in Service

1. Joining the Program after the opt-out period. Customers may join the Program after the opt-out period at the service rates and under the same terms and conditions as provided in the Agreement. No entrance or enrollment fees will be applied to customers who join the Program after commencement of the ~~power supply service a~~ Agreement. However, customers are liable for the previous Supplier's switching fee, if any.

2. Leaving the Program after the opt-out period. Customers may leave the Program at any time. No exit or termination fees will be applied to customers who leave the Program after the opt-out period has concluded.

3. Moving within the City. Customers who move from one location to another within the corporate limits of the City may continue service at the rates and under the same terms and

conditions as provided in the Agreement. The Supplier will not impose a fee for customers who move within the City. ~~if the customer gives notice at least thirty (30) calendar days before service at the new address is requested. Otherwise, the Supplier may charge a fee as provided in the Agreement.~~

4. Moving to the City. The Supplier must allow eligible ~~facilitate the addition of~~ new customers in-to join the Program during the term of the Agreement. Residents and businesses moving into the City after the opt-out period will **not** automatically be included in the Program. Customers wishing to join the Program may contact the Supplier to obtain enrollment information. In addition, the City and Supplier will cooperate to identify new residents and to invite eligible customers to join the Program. New customers will be entitled to the same terms and conditions as provided in the Agreement. The Supplier will not impose a fee for customers who move to the City. However, customers are liable for the previous Supplier's switching fee, if any.

5. Joining Program after opting out. Customers who leave the Program and wish to rejoin at a later date will be treated in the same manner as new customers moving to the City.

Billing

The City will use the coordinated billing services of Ameren and the selected Supplier. ~~Most~~ eCustomers ~~are expected to~~ will receive a single bill from Ameren that itemizes all electric charges.

Collection and credit procedures remain the responsibility of Ameren, the selected Supplier, and the individual customer. Customers are required to remit and comply with the payment terms of Ameren or the Supplier. The City will not be responsible for late or no payment on the part of any customers. Neither the City nor the Supplier will have separate credit or deposit policies for customers.

Complaints and Dispute Resolution

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

Additional Service Terms and Conditions

The City will maintain the customer information it receives in a confidential manner as required by law and will use that information only for purposes of the Program. Customer account information will be considered confidential and will not be disclosed under the Freedom of Information Act. Upon receiving customer information from Ameren, the City will be subject to the limitations on disclosure of that information as described in Section 2HH of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2HH.

The City, as the facilitator of this Program, is not responsible for providing electricity to the aggregation members or for billing or collecting for electricity provided under any ~~Supplier power supply~~aggregation service agreement and has no responsibility beyond the duties described herein.

The City will place this Plan of Operation and Governance on its website and will maintain a copy at the City Clerk's Office.