



Montgomery Township

Community Energy Aggregation Program (“MCEA”)

Round 3

Program Update

August 2020

The Township’s current contract with Constellation NewEnergy (“CNE”) under Round 3 of the Montgomery Community Energy Aggregation (“MCEA”) program, which began in June 2019 and has been providing savings to participating residents, will be coming to an end in September 2020. Energy market conditions have significantly changed since the Township signed the current contract with CNE; as a result, residents currently participating in the MCEA program will be transitioned back to PSE&G-provided power supply effective September 2020, while the Township continues to monitor the energy market for another opportunity to procure cheaper power supply for its residents.

Please check back periodically for further updates, and read below for further details.

➤ **Background and Details**

The Township launched the Montgomery Community Energy Aggregation (“MCEA”) program in 2013 in an effort to leverage the bulk purchasing power afforded by the State’s Government Energy Aggregation (“GEA”) to achieve energy cost savings for Township residents. Over the past 7 years the Township has awarded three separate contracts as a result of competitive bid processes, as follows:

Round 1: 24-month contract from December 2013 to December 2015 with ConEdison Solutions

Round 2: 18-month contract from June 2016 to December 2017 with TriEagle Energy

Round 3: 15-month contract from June 2019 to September 2020 with Constellation NewEnergy

Energy market conditions and utility tariff prices for power supply fluctuate; during certain periods the PSE&G tariff price is the better option and at other times the Township is able to take advantage of favorable market conditions to award a contract at a price lower than the PSE&G tariff price. The gap between each of the 3 MCEA program contracts reflects these market fluctuations and the Township's efforts to always seek the most advantageous source of power supply for its residents, whether that be from the utility or a third-party supplier.

The MCEA-Round 3 contract with Constellation New Energy, which is set to expire in September 2020, has provided savings to participating residents as compared to the PSE&G tariff price for power supply ('Basic Generation Service' tariff). However, there have been significant changes in energy markets since the last time the Township went out to bid in March 2019, which are currently making it more difficult to obtain favorable bid as compared to the PSE&G tariff than it was a year-and-a-half ago when the Township landed its current contract with Constellation. The Township assessed market conditions for a new contract under Round 4 of the MCEA program and concluded that the residents' interests can be better achieved, at least in the short-term, by allowing residents to return to PSE&G for power supply at the end of the current contract, and to solicit updated bids prices at a later date in the hope of receiving better offers.

The Township assures residents that the transition from Constellation NewEnergy back to the PSE&G tariff in September will be seamless. This month, PSE&G will send notices to residents informing them that service with Constellation New Energy will be ending effective on your September 2020 meter read date. There is nothing further that residents need to do. Effective on your September meter read, PSE&G will resume as your power supplier (as they had been prior to the beginning of the third round of the MCEA program). Starting with your October bill, you will notice on your PSE&G bill that Constellation NewEnergy power supply charges will be replaced with a line item for PSE&G 'Basic Generation Service' power supply. For those of you who have had a budget billing (equal payment) plan with Constellation New Energy, your September 2020 PSE&G bill will include a final true-up of your budget payments – a credit, if your total budget payments have been greater than the actual amount of electricity consumed during the past 15 months; a charge if your total budget payments have been less than the actual amount of electricity consumed during the past 15 months.

The Township will be monitoring market conditions in consultation with its energy consultant, Gabel Associates, Inc., for improved opportunities for achieving savings, and expects to be going back out to bid later this year. If this bid results in savings and the Township awards a new contract for Round 4 of the Montgomery Community Energy Aggregation program, the new contract would likely start in Spring 2021. 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 enjoy supply savings through the program.

We appreciate your understanding and look forward to working diligently with our consultant in the coming months to achieve additional savings for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at MCEA-info@gabelassociates.com.