



The Township of West Orange Community Energy Aggregation Program ("WOCEA")

WOCEA Round 2 Program Update!

The Township of West Orange is excited to announce another West Orange Community Energy Aggregation program (WOCEA Round 2). After successfully saving the typical resident more than \$200 in electricity costs during the first program, West Orange decided to issue another solicitation for the next round of savings through the Community Energy Aggregation Program.

The WOCEA Round 1 ended in December 2015, at which time customers were returned to PSE&G's tariff for the supply portion of the electric bill. The Township is now pleased to inform you that, as a result of a competitive bid conducted in May 2016, a successful new contract has been awarded to the low bidder, Talen Energy. Talen Energy is a licensed retail electric supplier that is active in the state and affiliated with one of the largest energy and power generation companies in the United States.

Talen Energy will supply power to WOCEA Round 2 participants for a 15-month contract beginning in September 2016 at a non-variable price of \$0.11483/kwh. This represents a savings of about 10.5% compared to the average PSE&G tariff price for power supply of \$0.1282/kwh. The contract is expected to save the typical Township resident about \$135 over the 15-month contract term, with no change to the level of service. Aggregate savings for Township residents that participate in the WOCEA Round 2 program are estimated to be nearly \$2 million from September 2016 through December 2017.

Importantly, customers who previously opted-out of the WOCEA Round 1 program are presumed to not wish to participate in the WOCEA Round 2. The Township has worked to ensure that any such customers are not included in the opt-out notice mailing or enrollment by Talen Energy. However, customers who previously opted-out of the program are eligible to change their mind by simply opting-in to the WOCEA Round 2 program.

August 2016 Update: WOCEA Program notification letters were mailed to eligible residents at the beginning of July, and there was a 30-day opt-out period which concluded on July 31, 2016. During the opt-out period, residents seeking additional information were invited to an Information Session held in the Council Chambers at the Town Hall on July 14, 2016 at 7:00 p.m, where the Township's energy consultant, Gabel Associates, answered questions from residents. With the conclusion of the 30 day opt-out period on July 31, 2016, Talen Energy will begin enrolling residents in August for service beginning in September 2016. Each resident participating in the WOCEA Round 2 will receive a notification letter from PSE&G in August indicating the impending switch from PSE&G to Talen Energy for energy supply. This letter is automatically generated by PSE&G for informational purposes and does not change your enrollment status. No action needs to be taken in response to the letter from PSE&G in order to participate in the WOCEA Round 2 program. The Township is pleased to provide you with this opportunity to save money on your electricity bills.

Here are answers to some frequently asked questions about the program. . .

➤ **What is Community Energy Aggregation?**

Community Energy Aggregation is a program that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, **at prices lower than the average utility price**. New Jersey regulations allow municipalities to take this approach to procure savings on your behalf.

The Township of West Orange hired and collaborated with its Energy Consultant, Gabel Associates, to implement a successful procurement process for a Third Party Supplier to provide power supply to its residents. After completing the first successful program, the Township is excited to pursue another round of the WOCEA Program.

➤ **Who is Gabel Associates?**

Gabel Associates is a registered Energy Consultant that has been retained by West Orange to administer and implement the WOCEA program. The firm has helped pioneer energy procurement in New Jersey and has been supporting large scale aggregations (like this one) for over 15 years. We were also a key participant in the development of CEA rules and structure.

Gabel Associates was the first firm in the State to have successfully implemented a CEA program in New Jersey, and the firm has successfully completed numerous CEA programs in the State, many of which are in their second and third iterations. These programs have saved millions of dollars for New Jersey residents!

➤ **Who is Talen Energy Company?**

Talen Energy Marketing, LLC (“Talen Energy”), is a retail power supplier licensed by the New Jersey Board of Public Utilities. Talen was formed from the spin-off of the former PPL EnergyPlus, which was a part of the PPL electric utility family of companies for many years, and has been active in wholesale power markets since 1998. Furthermore, this retail organization has been supplying energy to homes in the Mid-Atlantic region since 2009.

In addition to currently serving tens of thousands of homes nationwide, Talen Energy’s Customer Care Center is managed by a team of professionals that has more than 15 years of experience in the competitive energy market.

Talen Energy can be contacted as follows:

Talen Energy Marketing, LLC (“Talen Energy”) (BPU License # ESL-0012)
 Toll Free Telephone Number: 1-(888) 289-7693
 Website: www.talenenergy.com/residential/westorange
 Address: 106 Maplewood Drive, Hazle Township, PA 18202

Email Address: CustomerCare@talenergy.com

➤ How does the WOCEA Program work?

The Township, with the assistance of Gabel Associates, issued a competitive bid process in Spring 2016 following strict competitive contracting laws in an effort to select a Third Party Supplier ("TPS") of electricity at a fixed rate below the average PSE&G price (or BGS tariff price).

All residents who are not shopping independently - or who did not opt-out of the WOCEA Round 1 - are automatically included in the WOCEA Round 2 program and will receive a letter in the mail in early-July 2016. This notice, known as the Opt-Out Notice, provides all the details of the program as well as the various ways to opt-out of the program, including Talen Energy's toll free telephone number, email address, and a postage-paid opt-out card.

Customers have until July 31, 2016 to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After **July 31, 2016**, residents who do not opt-out of the program are enrolled by the winning supplier.

Even after an electric account is enrolled, residents are free to opt-out of the program at any time during the contract! Participation in the WOCEA Program is 100% optional! There are no any fees or penalties if you decide to opt-out.

Customers that have their own, independent TPS contracts, or customers who previously opted-out of the WOCEA Round 1 during the initial 30-day opt-out period have not been included, but are given the option to join the WOCEA Round 2 program.

➤ Will I receive two bills?

No, you will always receive one bill from PSE&G. The only thing that changes in the WOCEA Program, or any CEA Program, is the cost of the electricity provided.

You may recall from Round 1 of the WOCEA Program, under service with ConEdison Solutions, that electric bills are comprised of two main components: power supply and distribution. It is important to emphasize that this program covers only the power supply portion of the electric bill. Under New Jersey's retail choice regulations, you may purchase power supply from either the electric utility company under its Basic Generation Service ("BGS") tariff rates, or you may purchase your power supply from a Third Party Supplier ("TPS"). The goal of the WOCEA program is to provide savings on the power supply portion of your bill. The new, lower power supply charges assessed by Talen Energy will appear on your PSE&G bill in place of the BGS tariff charges for power supply. PSE&G delivery charges will remain the same.

The delivery portion will continue to be provided by PSE&G at regulated rates and PSE&G will continue to provide all emergency and safety services. PSE&G will also continue to provide customer services

such as meter reading, billing and service restoration. Furthermore, you will continue to have all existing consumer protections and rights.

Importantly, the delivery and distribution of electricity under this program will continue to remain the same, through the regulated utility (i.e. PSE&G) that serves your home. The utility continues to handle your account, providing meter reading and billing, and addressing any power outages and maintaining service.

➤ **Can I Opt-In to the WOCEA Round 2 Program?**

Yes. Residents who have their own third party supply contract, or previously opted out of the WOCEA Round 1 program, but would like to join the WOCEA Round 2 program, are given the opportunity to join.

For customers who previously opted-out of the WOCEA Round I program: It was presumed that customers who opted-out during the 30-day opt-out period for Round 1 do not wish to participate in the WOCEA Round 2. The Township worked very hard to ensure that any such customers were not included in the opt-out notice mailing or enrollment by Talen Energy. However, customers who previously opted-out are eligible to change their mind and to opt-in to the WOCEA Round 2 program. Simply contact Talen Energy, let them know that you are a West Orange Township resident and wish to opt-in.

For customers with their own TPS contracts: If you currently have your own third party supply contract outside of the WOCEA program, but are considering terminating that contract and joining the WOCEA program, it is very important to first read your existing contracts very carefully, as there may be penalties for terminating the contract prematurely. Some third party suppliers have automatic "roll over" provisions which renew your contract without affirmative consent or action from you. Please be sure to read your current agreement and if, after comparing your current deal to the WOCEA program you decide to join the Township's program, take the necessary actions to alert your third party supplier that you wish to terminate service at the end of your contract term in order to join the WOCEA. Please also contact Talen Energy to opt-in to the WOCEA program.

Please note that, if you have an existing contract with a supplier not affiliated with the WOCEA program, neither the Energy Consultant nor the Township are responsible for informing your existing supplier or terminating your agreement with them. However, if you have any difficulty with them, please let us know and we'll try to help you resolve issues. Contact Information Provided Below.

➤ **Will I still be able to receive budget billing (Equal Payment Plan)?**

The Township requires that Talen Energy provide budget billing for their power supply charges to those customers that currently have such arrangements with PSE&G. PSE&G will continue to bill a levelized amount each month for delivery service, and Talen Energy will also bill a levelized amount each month (through the PSE&G bill) for power supply. Because the selected supplier's contract price for power supply is lower than the PSE&G price for power supply, your total monthly budget amount (sum of monthly PSE&G delivery service budget amount and Talen Energy budget amount for power supply)

should be reduced. You may experience a “true-up” on your bill from PSE&G prior to enrollment and then again at the end of the program.

If you do not currently have budget billing with PSE&G but wish to receive an Equal Payment Plan with from Talen Energy for their power supply charges, you may contact Talen Energy and request that they set that this service for you.

Budget billing with PSE&G’s distribution portion of the bill and the awarded third party supplier’s supply portion of the bill can be complicated. If you are experiencing trouble with your budget billing, please contact PSE&G, the winning supplier, or Gabel Associates (contact information below) for assistance.

➤ **Why is the program set as an opt-out program, rather than an opt-in program?**

The program is set up this way to ensure that a sufficient number of households will participate to obtain a meaningful bid, and to avoid the costly and time-consuming process of having everyone affirmatively sign up for the program.

The aggregation rules incorporate consumer protections, and recognize the logistical challenges of a residential procurement program, while at the same time providing a structure that will attract bidders.

When the retail choice program was originally enacted in NJ in 1999, the rules required that government aggregators be required to obtain a so-called “wet signature” from each residential customer demonstrating the customer’s affirmative consent to join. After a number of years, it was recognized that this “opt in” approach put such a burden on the programs that none got off the ground, and the model was changed to “opt-out” for residential customers. Unlike business customers, residential customers represent large numbers and (relatively) small usage/margins for each account. In order for an aggregation of residential customers to work, it is necessary to get large volumes with as low transaction costs as possible. This results in the opt-out approach, which gives suppliers a firmer basis for the load they are bidding on, but still provides residential customers with the ability to opt out.

The regulations also require that an aggregation program show savings versus the utility-provided rates. Each residential customer will receive a written notification after the bid, informing them of the price, the comparison to the utility price, and their right to opt out. As such, each resident will be fully apprised of all pertinent information necessary to make an informed decision.

➤ **What about power outages?**

Power outages are **not** under the control of the third party supplier. The delivery system is still under PSE&G’s control, and there is no difference in delivery services whether you purchase the power supply from a third party supplier or from PSE&G under its tariff. In the event of an outage, you would still contact PSE&G.

➤ **What if I have a solar system?**

Customers with solar systems, especially that are larger in size, typically result in solar production in some months exceeding your monthly electric consumption. In such cases, the monthly utility bill is usually very low.

For these customers, the savings attributable to the WOCEA program would be very minimal. It is for this reason that the Township has elected to remove solar customers from the WOCEA Round 2 supply contract.

However, if you believe based upon a review of your past bills that your solar system is NOT producing excess energy that is being 'banked' on your PSE&G bill, you may consider opting-in to the WOCEA program. You are encouraged to contact the selected supplier or PSE&G for further information.

➤ **Will the LIHEAP and Lifeline benefit programs for low income residents still apply if I participate in the WOCEA Round 2?**

LIHEAP (Low Income Home Energy Assistance Program) is federally funded program, administered by the Dept. of Community Affairs, to assist low income households with paying their heating bills (whether electric, gas, oil, etc.). There should be no impact of participation in the WOCEA program on customers' eligibility. Lifeline or Universal Service programs are state-funded through State taxes and societal benefits charges, again with eligibility based upon a number of factors tied to income. Bill credits of up to \$225 are provided to assist eligible customers with electric and gas utility bills. The WOCEA will provide consolidated billing through the utility; as such the bill credits would be unaffected.

➤ **Where can I get more information or answers to additional questions?**

You can contact Gabel Associates, the Township's Energy Consultant at 855-365-0770 or by email at WOCEA-info@gabelassociates.com.

The Township of West Orange

Community Energy Aggregation Program

Round II Program Announcement



Dear West Orange Township Resident:

On behalf of the Township Committee, I am pleased to announce that the Township of West Orange has recently awarded a contract that will renew the popular West Orange Community Energy Aggregation (WOCEA) program. The WOCEA program - originally authorized by the West Orange Council in 2013 - allows the Township can seek competitive bids from third-party power suppliers to provide electric power supply at a price lower than that offered by Public Service Electric and Gas (PSE&G).

As the result of the first WOCEA program, a contract was awarded to ConEdison Solutions in 2013. Thousands of Township residences enjoyed significant power supply savings. That contract, which began in March 2014 and expired in December 2015, saved the typical participating resident more than \$200 over 21 months. Effective December 2015, that contract expired, and all residents were seamlessly transitioned back to PSE&G power supply.

I'm now pleased to report that, in May 2016, the Township conducted a competitive bid and the Township awarded a new contract to the low bidder, Talen Energy. Talen Energy will serve participating residents starting in September 2016, at a price that is estimated to result in savings for the typical resident of about \$135 over the 15-month term.

All residential customers of PSE&G residing in the Township who do not currently have a third-party supply contract – and who did not previously opt out of the WOCEA-Round I program – are eligible to be included in the program. If you do not wish to participate in the program for any reason, you may simply opt out, with no strings or penalties. If you do nothing, you will automatically be enrolled in the program and enjoy the electricity savings. On a separate sheet in this package, there is a set of 'frequently asked questions' or 'FAQs' about the WOCEA program including answers to common billing and service reliability questions. On the reverse side of this letter is a description of the specific details of the contract the Township has signed with Talen Energy, as well as information on how to opt out of the program should you not wish to participate. We also posted WOCEA program information on the Township's website at www.westorange.org/wocea.

For residents seeking additional information, we have also scheduled an **Information Session on July 14, 2016 at 7:00 p.m.**, to be held in the Council Chambers at the Town Hall located at 66 Main Street. The Township's energy consultant, Gabel Associates, will make a presentation and will then open up the session to questions from residents. I encourage you to attend that session should you have any questions.

I am very excited that the Township has been able take advantage of the competitive marketplace and the purchasing power that comes with energy aggregation to renew the WOCEA program and provide another opportunity for energy cost savings for our residents. ***Please take the time to read the enclosed materials and familiarize yourself with this program.***

Sincerely,

Robert D. Parisi, Mayor

Please note: If you do not opt-out, you will receive a notice from PSE&G in approximately 30-45 days, confirming your switch to Talen Energy. Again, NO ACTION is required in order to participate in the WOCEA program.

**West Orange Community Energy Aggregation (WOCEA)
Program Summary**

Talen Energy Information:	Talen Energy Marketing, LLC (“Talen Energy”) (BPU License # ESL-0163) Toll-Free Telephone Number: 888-289-7693 Website: www.talenenergy.com/residential/westorange Address: 106 Maplewood Drive, Hazle Township, PA 18202 Email Address: CustomerCare@talenergy.com
Price Structure:	Non-Variable Price ¹
Generation/Supply Price:	\$0.11483 per kilowatt-hour (kWh)
Statement Regarding Savings:	WOCEA program supply price is about 10.5% below the average PSE&G tariff supply price of \$0.1282 / kWh. Estimated savings for the typical Township resident are about \$9 per month, or about \$135 over the contract term. While highly unlikely, if the average PSE&G supply price falls below the WOCEA contract price, you will be so notified, and you retain your ability to opt out of the program. For budget billing details, see footnote below. ²
Amount of Time Required to Change Back to Default Service or Another TPS:	The request to switch out of the WOCEA program will become effective on the next available meter read date in accordance with State-approved processes implemented by PSE&G.
Incentives:	None
Right to Opt Out / Rescind / Cancel:	As an eligible resident, you will be <u>automatically enrolled</u> in the WOCEA program unless you indicate your desire not to participate by submitting an ‘opt-out’ request during an initial 30-day opt-out period, which ends July 31, 2016. If you choose to ‘opt out’ of the program, please sign and return the enclosed postage-paid card, call Talen Energy toll-free at 888-289-7693, email CustomerCare@talenergy.com (Subject: WOCEA Opt-Out) or visit www.talenenergy.com/residential/westorange by July 31, 2016 . If you do not opt out by July 31, 2016, you will be enrolled in the program; however, you may still leave the WOCEA program at any time thereafter by calling Talen Energy or emailing your request using the contact information above. If you wish to be permanently removed from this and all future WOCEA programs, please contact the Township’s Energy Consultant, Gabel Associates, at 855-365-0770 or WOCEA-info@gabelassociates.com .
Program Start Date:	Service will begin with your September 2016 meter read date
Program Term/Length:	15 months, until your December 2017 meter read date
Cancellation/Early Termination Fees:	None. You can opt out at any time, with no penalty or cancellation fee
Renewal Terms:	If the Township decides to continue the program beyond December 2017, it will issue a new bid for power supply. If a new contract is awarded you will be notified, provided a new Program Summary, and will again be given the opportunity to participate in the program or opt out. If no new contract is awarded by the Township, program participants will be returned to PSE&G supply service effective with the December 2017 meter read date.
PSE&G Contact Information:	Toll-Free Telephone Number: 800-436-PSEG (7734) Telephone Number for Emergencies and Outages: 800-436-7734

¹ Supplier cannot vary prices monthly or adjust prices for changed market conditions. Prices can be adjusted only to reflect a Change in Law affecting power prices that will also impact the PSE&G power supply tariff price, such that the percent of savings is expected to remain. You will be notified in advance of any such change, and will maintain your ability to opt out.

²Equal payment plans (EPP) will be provided to residents who currently have EPP billing with PSE&G. Under budget billing service, Talen Energy will calculate your budgeted amount based on your average electric usage over the prior 12 months. Quarterly, Talen Energy will examine your budget and may adjust to more closely match your usage from the previous year. Talen Energy will conduct a final true-up after 15-months - or upon leaving the program - to reconcile between the amount of electricity actually used and the amount paid under the plan. The new budget amount may vary from the level of your current budget payment. You will continue to receive a levelized amount from PSE&G for delivery service, and you may experience true-ups with PSE&G during the contract.