

# ILLINOIS COMMUNITY CHOICE AGGREGATION NETWORK

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## ENERGY PLANNING AND PROCUREMENT

August 7, 2017

TO: Cara Pavlicek, Village Manager, Village of Oak Park  
FROM: Mark Pruitt, Principal, ICCAN  
SUBJECT: Recommendations concerning the Village's Electric Aggregation Program

Thank you for this opportunity to outline the Village of Oak Park's options with regards to its municipal aggregation program.

**Background.** In 2011, Oak Park voters authorized the Village to establish an opt-out municipal electric aggregation program ('Program') to provide services for residents and eligible businesses. Since then, the Village has entered separate power supply agreement with various alternative retail electricity suppliers.

Relevant pricing data points for the Village's program include:

- ComEd Price to Compare: 6.892¢/kWh (June - September 2018)  
7.292¢/kWh (October - May 2018)
- Supply contract that expires in October 2017: 7.179¢/kWh (includes 0.300¢/kWh for community energy programs)

As noted, the current supply contract for the Village is in line with the ComEd Price to Compare.

**Wholesale Market Conditions.** Regional power markets have remained relatively steady over recent months. The current outlook appears to remain flat to slightly lower based on flat demand growth and continued low natural gas prices. Capacity costs are set through May 2018 and will then increase. These higher capacity costs lead to higher all-in electricity supply pricing reflected in longer term contract offers.

**Current Price Offers.** ICCAN has monitored market pricing to identify a supply option that is appreciably similar to the Village's current contract. Additionally, we have sought to maintain the Village's current contract language to ensure that any supplier to the Village would be required to provide the same safeguards and concessions that have been provided over the past five years.

Pricing offers have been near the current contract price, but slightly higher than the now-current ComEd Price to Compare. The table below conveys the best retail electricity supply offers received (from Constellation) for the Village's Program as well as the ComEd Price to Compare for periods extending through May 2018.

Pricing Term	Best Retail Supplier Offer	Commonwealth Edison Price to Compare
Core Price (Energy Supply Only)		
October 2017 – September 2018	7.30¢/kWh	7.292¢/kWh (through May 2018)
October 2017 – March 2019	7.52¢/kWh	
Core + Local Support		
October 2017 – September 2018	7.60¢/kWh	7.292¢/kWh (through May 2018)
October 2017 – March 2019	7.82¢/kWh	
Core Price + Local Support + National RECs		
October 2017 – September 2018	7.66¢/kWh	7.292¢/kWh (through May 2018)
October 2017 – March 2019	7.90¢/kWh	

**Challenges.** The ComEd Price to Compare is currently lower than the lowest retail supplier rates. To be clear, the ComEd Price to Compare may be adjusted upwards or downwards by as much as 0.5¢/kWh through the monthly Purchased Electricity Adjustment (PEA). As such, it is possible that a full PEA upward adjustment of 0.5¢/kWh would yield a savings to accounts unrolled under the 12 and month offers.

**Scenarios.** The Village can follow three primary scenarios:

- A. Accept a contract extension with Constellation. Constellation has offered to extend the current contract with the Village for twelve (12) or eighteen (18) months at the prices noted above. These contract term options would both provide cost stability for residents.
- B. Return customers to ComEd and restart aggregation at a later date. Accounts currently enrolled in the Village's program could be returned to the ComEd default rate starting after the October 2017 meter read date. The return of the accounts would be automatic and require no action by the Village or its residents. The Village could then restart the aggregation program at a later date if and when market prices were sufficiently below the ComEd default rate.

**Recommendations.** ICCAN recommends the following for the Village's consideration:

1. Execute a 12-month contract extension with Constellation, and monitor new ComEd pricing when announced in Spring 2018 to determine whether a subsequent competitive solicitation or contract extension with Constellation is economically attractive.