



Agenda Item Summary

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Submitted By

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CLP

Agenda Item Title

A Resolution Approving the Renewal of the Power Supply Agreement with MC-Squared (MC2) for the Oak Park Community Choice Aggregation Program for a ____ Year Period Inclusive of the 0.3¢/kWh to Support Sustainability and Renewable Energy Projects within the Village and Authorizing its Execution. Staff is further directed to review feasibility of utility scale solar and come back to the Village Board for review within four to six months of the expiration of the adopted term of the MC2 contract.

Overview

The Village has contracted with Illinois Energy Choice Aggregation Network, Principal, Mark Pruitt, for technical services related to the Village's administration of the Community Choice Electrical Aggregation program and the recommendations to the Board to extend the existing contract for a minimum of 12 or a maximum of 24 months and add the additional requirement that MC2 provide Community Solar Facilitation to help Oak Park residents access Community Solar in accordance with recently issued guidance by the Illinois Power Agency (IPA) under the Future Energy Jobs Act (FEJA). In addition, this will allow for a full evaluation of Utility Scale Solar during the term of the MC2 contract.

Staff Recommendation

In line with the recommended approaches presented to the Board in the June 24, 2019 study session, staff recommends extending the contract with MC2 for 12 or 24 months and adding that they expand the CCA program to aid residents seeking Community Solar Subscriptions.

In addition, staff is seeking approval to have Mark Pruitt pursue a longer term prospective Utility Scale Solar approach with the intention to increase the amount of solar energy secured for residents in Oak Park and come back to the Village Board for review within four to six months of the expiration of the adopted term of the MC2 contract.

Fiscal Impact

The recommended extension of the MC2 contract to include supportive services for residents interested in community solar subscription will allow residents to remain in the Aggregation program and receive electricity at a rate that is tied to and floats with the ComEd rate inclusive of the 0.3¢/kWh to support sustainability and renewable energy projects within the Village.

The staff recommends the above described supportive services for residents in order to make the option of community solar available in the short term from sites which are currently under construction in Illinois. The MC2 services will be at no cost to the Village and residents currently in the Village's aggregation program who would prospectively subscribe to community solar under this recommended solution will not leave the aggregation program and will continue to pay the ComEd default rate and will continue to pay the 0.3¢/kWh the Village aggregation fee.

It is also noted that residents may without penalty, under Illinois Commerce Commission (ICC) regulations which govern community choice aggregation, opt out of the Oak Park CCA program and select a retail electricity supplier of their choice and not pay the 0.3¢/kWh the Village aggregation fee.

Background

The Village is working with Mark Pruitt, Principal of the Illinois Energy Choice Aggregation Network relative to the Community Choice Electrical Aggregation program. The Village's current Electric Power Supply with MC2 is at a floating rate of 6.725¢/kWh inclusive of the local 0.3¢/kWh fee to support renewable energy will end October 31, 2019.

In conjunction with Mr. Pruitt, staff recommends the Village continue the Community Choice Aggregation program and the recommendation to extend the existing contract with MC2 for 12 or 24 months, along with continuation of the collection of the local fee to support renewable energy.

Should the Village Board approve extending the contract at the July 22, 2019 meeting, it is important to note that residents will receive a mailing via US Mail from the named electrical supplier providing information about opting out of the residential electrical supply program. Residents who do not wish to participate in the aggregation program can opt out by contacting the to-be-named supplier. If a resident opts out, their account will be automatically returned to ComEd at its current default rate for a period of at least one year. Residents may alternatively, within the timeframes provided in the notification, choose an alternative supplier from a list of companies approved by the Illinois Commerce Commission to do business in Illinois. Residents can compare rates and terms of service of these companies at www.pluginillinois.org <<http://www.pluginillinois.org>>.

Residents may receive solicitation mailings from other suppliers, including ComEd. However, only the letter from designated aggregation electrical supplier and the Village of Oak Park is official information about the electrical aggregation program.

With a Community Solar Approach, twenty percent of the CCA's annual electricity usage is 32,000 kWh. Typical homeowners in Oak Park use about 7,000 kWh per year, so approximately 4,500 residents would need to subscribe to Community Solar to achieve a 20% usage goal of 100% solar energy. The Community Solar Subscriptions will provide Subscribers with credits on their monthly ComEd utility bills. Current projections are that a Subscription will cost Oak Park residents approximately \$0.04/kWh and provide an on-bill credit of \$0.06/kWh. For the average Oak Park residential customer, a properly structured Subscription could reduce total electricity costs by \$150/year. If 20% of the municipal aggregation program were to Subscribe 100% of their annual energy volumes to Community Solar, then total annual consumer cost savings would amount to \$640,000. The cost to the CCA fund to pursue the Community Solar Approach is estimated at \$200,000 to support the cost of mailings and other outreach materials.

With a Utility Scale Solar Approach, the Village could possibly enter into a long-term power purchase agreement with the developer of a utility solar project located in Illinois for a volume of energy that is equal to 20% of the Village's annual residential electricity consumption.

There are a handful of utility-scale solar projects proposed for northern Illinois with sizes ranging between 12.5 and 350 MW in size, and a greater number of utility-scale projects proposed for central and southern Illinois. Meeting 20% of the current annual municipal aggregation program volumes would require approximately 14 MW of solar capacity. Typically, wholesale purchases from new solar resources require a 15 to 25-year commitment by a creditworthy counterparty. Given these requirements, the Village would need to post its credit and serve as the buyer of the energy produced through a long-term power purchase agreement. The retail energy supplier to the Village's municipal aggregation program would not be willing to make the purchase on behalf of the Village unless they were guaranteed a contract by the Village equal to the term of the purchase agreement with the solar developer.

Typically, the energy purchased under a power purchase agreement (PPA) is purchased and then immediately sold into

the wholesale market by the PPA buyer (i.e. the Village of Oak Park). Based on current market conditions, it is likely that a PPA would require the Village to purchase solar energy at \$40/MWh and then sell it for \$32/MWh. This would result in an annual net cost to the Village of approximately \$320,000. This level of added cost would consume approximately 80% of the annual revenues generated by the CCA fund.

The Table below conveys the key differences between the Community Solar and Utility Scale Solar Approaches:

| Key Issue | Community Solar Approach | Utility Scale Solar Approach |
|--------------------------------|--------------------------------------------|------------------------------------------------------------------------|
| Where is the energy delivered? | ComEd service region | ComEd or Ameren Illinois service regions |
| Who is the buyer? | Oak Park residents & businesses | Village of Oak Park |
| Contract Term | 3 to 5 years | 15 to 25 years |
| Cost to CCA Fund | \$200,000 in one-time expense | Up to \$320,000/year \$4.8 million (15 years) \$8.0 million (25 years) |
| Cost savings for residents | \$640,000 (1 year) \$3.2 million (5 years) | \$0 |

These approaches will continue to support the Smart City USA renewable energy projects within the Village.

Alternatives

The Village Board could take no action which would effectively revert all residential customers to ComEd's default rate and pursuant to State Law the Village Board would be able to revisit the Community Choice Electrical Aggregation program later this year.

Previous Board Action

In January 2011, the Board approved placing a municipal aggregation referendum on the April 5, 2011 ballot; the measure passed with a 66% approval rating. The Board approved the Community Choice Aggregation program on September 26, 2011, and on October 18, 2011, awarded a two-year contract to Integrys Energy Services to supply an energy portfolio comprised of 100% wind renewable energy credit (REC) offset at a rate of 5.79 cents per kilowatt hour. The new energy supply rate appeared on Oak Park residential and small commercial retail electric accounts in January 2012. In June 2013, the Board approved an extension of the contract with Integrys to June 2014 in order to align with ComEd's spring rate announcements. In November 2013, the Board approved an extension of its contract with Energy Choices, as well as participation in an Intergovernmental Agreement with the Metropolitan Mayors Caucus for an anticipated 2014 reverse auction.

In April 2014, the Village participated in a reverse auction bidding process to obtain bids for the successor contract period. That contract was awarded to Constellation at a rate of 7.47 cents per kilowatt hour for a standard energy portfolio. Additionally, residents were allowed to opt-in to a program where 100% RECs were purchased as well at a rate of 7.57 cents per kilowatt hour and approximately 13% of residents participated in this opt-in program.

In June of 2015, the Village extended the Constellation contract at a price of 7.05¢/kWh (standard power) and 7.15¢/kWh (standard power plus Renewable Energy Credits).

On August 13, 2015 the Village Board authorized a short term contract extension with Constellation in order to reduce residential electric rates months at a price of 6.75¢/kWh (standard power) and 6.85¢/kWh (standard power plus Renewable Energy Credits) beginning with the October meter reads through December 2015.

On October 19, 2015, following a competitive bidding process the Village Board awarded an Electric Power Supply Contract with Constellation for the Oak Park Community Choice Aggregation Program 6.735¢/kWh (standard power) for 2016 which was inclusive of a 0.3¢/kWh local fee to support the Smart City USA renewable energy projects within the Village.

On October 17, 2016, again following a competitive bidding process the Village Board awarded an Electric Power Supply Contract with Constellation for the Oak Park Community Choice Aggregation Program 6.799¢/kWh (standard power) for six (6) months effective January 1, 2017 which was inclusive of a 0.3¢/kWh local fee to support the Smart City USA renewable energy projects within the Village.

On April 17, 2017, the Village Board approved a negotiated four-month extension of the Electric Power Supply Contract with Constellation for the Oak Park Community Choice Aggregation Program 7.179¢/kWh (standard power) for four (4) months effective July 1, 2017 which was inclusive of a 0.3¢/kWh local fee to support the Smart City USA renewable energy projects within the Village.

On August 7, 2017, the Village Board approved a negotiated contract extension of the Electric Power Supply Contract with Constellation for the Oak Park Community Choice Aggregation Program 7.600¢/kWh (standard power) from October 2017 - September 30, 2018 which was inclusive of a 0.3¢/kWh local fee to support renewable energy projects within the Village.

On July 23, 2018 The Village Board approved an Electric Power Supply Contract with MC-Squared for a 12-month period that matches the ComEd floating rate which is currently 6.725¢/kWh.

On a monthly basis, the local fee generates approximately \$25,000 - \$30,000. Strategic direction from the Village Board is needed this fiscal year for the use of these funds. To date, \$170,000 of these funds were appropriated into the 2019 Budget for residential LED streetlight replacements.

Citizen Advisory Commission Action

N/A.

Anticipated Future Actions/Commitments

Staff will be asking the Village Board to review and discuss allocation of the local fee as a part of the Village budget process during 2019. Currently, staff is evaluating several options prior to making a recommendation. Option include, but are not limited to:

- Increased renewable energy supply to the Village of Oak Park.
- Increased efforts on conservation and energy efficiency in the Village of Oak Park.
- Earmark the funds to support a solar installation on potential Village public facilities in Oak Park.