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A Bright Idea in Bayonne

Residents are saving on their electric bills thanks to Energy Aggregation

By Mark A. Smith,
Mayor, City of Bayonne



Municipalities rarely get a chance to cut their residents' expenses. But Bayonne recently did just that, slashing consumers' electric bills citywide by about 10 percent. The lower energy rate—achieved through a government energy aggregation program—is expected to save Bayonne residents approximately \$2 million over the two-year contract period.

Government energy aggregation (GEA) is a tool created by the New Jersey Board of Public Utilities and the Rate Counsel (formerly the Ratepayer Advocate) to support energy deregulation. Prior to new GEA rules in July 2012, only 15 percent of New Jersey consumers had taken advantage of deregulation and switched energy suppliers.

Now, with improved GEA guidance from the state, municipalities like Bayonne are helping residents make this cost-saving change. GEA enables municipalities to do the homework for consumers and, most important, obtain better rates than residents could get on their own. That's because GEA enables bulk buying (via aggregation) of electricity and natural gas.

Energy Aggregation

Another advantage of GEA: the municipality—not the power supplier—structures the contract. Done properly, this eliminates the “fine print” that’s often found in third-party energy contracts. For instance, the municipality can ensure that no fees or penalties can be charged to residents who opt out or leave the program, and that rates won’t rise during the contract period.

A quick, painless process For us, the GEA process was relatively quick, painless and, best of all, free. The key

was using a highly-skilled and experienced energy consulting firm, Commercial Utility Consultants (CUC) in Barrington.

CUC handled all phases of the process at no cost to the city or taxpayers, including:

- Two municipal resolutions to develop our GEA program.
- Creation of a co-op for us with two other towns—Willingboro and Glassboro—to further boost each municipality’s

buying power. For Bayonne, the co-op nearly doubled our clout in the marketplace, adding 50,000 consumers to our 64,000 residents.

- A highly efficient online rate auction, through which CUC took bids from state-licensed energy suppliers. In our case, a one-day, open-bid auction helped drive prices down, as suppliers viewed their competitors’ bids. CUC also offers the option of a sealed-bid auction, which is preferable under certain market conditions.

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- CUC provided public outreach, including public meetings; print, online and electronic communications; and media-relations services. Our program was featured in local cable news and newspaper stories, including the role of elected officials in reducing energy costs.

The winning bid from TriEagle Energy was almost 10 percent less than the current rate from the local utility, PSE&G. In fact, this is the best rate that's been obtained to date through GEA in PSE&G territory.

The lower energy rate is expected to save Bayonne residents approximately \$2 million over the two-year contract period.

Additionally, many residents are reassured to learn that PSE&G will continue to handle their account, maintain service and respond to outages after the switch. The only changes are the energy supplier, the lower energy costs, and the supplier information on residents' utility bills.

The opt-out feature All Bayonne residents who had not previously chosen a third-party energy supplier were automatically included in the GEA program, as required by state regulations. However, residents can opt out at any time without any fee or penalty, by simply calling CUC's toll-free number or using the opt-out feature on CUC's website.

When the TriEagle contract nears its end late next year, Bayonne could hold

another energy auction—and likely lock in lower rates for the next 12 to 24 months. In this way, GEA will continue to increase competition in the residential energy market.

We're thrilled with our first foray into GEA, knowing we'll be saving our residents significant, hard-earned cash every

month. By pooling the energy needs of our entire city and our two partner towns, we were able to get much lower rates than an individual resident could obtain on his or her own. Working with an experienced energy consulting firm was critical to the program's success and ease of implementation. 📌

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