

C.A.M.A.

## Citizens Against Municipal Aggregation

Dear (Mayor) (Freeholder)

We are writing you to let you know our position on Municipal Governments acting as “middle men” in the energy aggregation industry.

Initially, all the information on the internet, as well as the pitch made by “energy consultants” seem to paint a positive outlook on this newest governmental business venture. However, after a more detailed analysis we have discovered the following:

- **AGGREGATION ELIMINATES CHOICE:** Municipal aggregation is a leap backwards to pre-1999, when energy consumers did not have a choice. Government-brokered aggregation defeats the foundational purpose of electricity deregulation, and is a form of “RE-regulation.” Deregulation fuels price competition, and overall innovation -- including innovation in the important renewable energy sector. It is important to note that numerous aggregators are utility-owned. For example, Dominion Energy Solutions was recently awarded the aggregation contract for Toms River, NJ. They are a subsidiary of Dominion Resources, Inc., a public utility holding company, that owns several utilities in VA, NC, OH, and WV. In essence, this represents an effort to *re-monopolize* the market by giving the supply business back to the utilities. [Source: [tomsrivertownship.com](http://tomsrivertownship.com) Website Press Release: <http://tomsrivertownship.com/index.php/Press-Releases/toms-river-community-energy-aggregation-program-will-save-residents-4-million-annually.html>].
- **AGGREGATION ELIMINATES COMPETITION:** As stated above, aggregation is an attempt by a small group of large energy companies to re-monopolize the energy markets. NJ Assembly Utilities Chairman, Upendra Chivekula (D-Somerset/Middlesex) stated recently (June 17, 2013) that the passage of deregulation in NJ in 1999 ***“has not realized one of its most important objectives – to spur retail competition. The state’s power and energy industry continue to be dominated by major utilities with small companies having a very small share... We look forward to moving forward to promote a robust and sustainable, competitive retail market that provides value-added products and services to consumers.”*** [Source: Energy Choice Matters; “NJ Assembly Chair Says Update of Retail Choice Law Needed to Spur Robust Market”; June 18, 2013; <http://www.energychoicematters.com/stories/20130618a.html>]. When energy companies compete for consumer’s business – consumers win. Aggregation eliminates competition, and that hurts the consumer.

- **AGGREGATION IS NOT A GUARANTEE FOR THE BEST RATE:** Residents in an aggregated community are not necessarily receiving the best rate. Rates vary from town to town, and supplier to supplier. Within a short period of time many aggregated communities in Illinois, the first state to broadly adopt aggregation, **now have higher rates than those offered by the local utility, or by other 3<sup>rd</sup> party suppliers.** The residents of Illinois towns like: Crest Hill, Fulton, Fox River Grove, Glenwood, North Aurora, Oak Park, Riddott, Sugar Grove, West Brooklyn, Wood Dale, and numerous others are already paying *higher rates* than those offered by the utility, Commonwealth Edison (ComEd). [Source: Crain’s Chicago Business; “Some Suburban Electricity Deals to be Costlier Than ComEd”; April, 03, 2013 – <http://www.chicagobusiness.com/article/20130403/NEWS11/130409939/some-suburban-electricity-deals-to-be-costlier-than-comed>].
- **AGGREGATION LOCKS MUNICIPALITIES & RESIDENTS INTO LONG TERM CONTRACTS:** Many aggregated municipalities are committing to contracts that remain in effect for years. Those towns, and their residents, are locked into a long-term agreement, which often include increased rates after the first year of the contract, plus built-in penalties for switching out early to their provider of choice. [Source: <http://pluginillinois.org/dotpoints.aspx> ].
- **“OPT-OUT” = NO CHOICE:** Currently, residents in aggregated communities automatically default to an aggregate supplier they did not choose, unless they consciously “opt-out” of the offer. Statistics show 93-97% of customers do not take the time to actively choose to opt out. [Bill G – Add Source]. An “opt-out” rather than an “opt-in” policy can be construed as an attempt by certain people to get aggregation passed, without constituents really noticing. Local governments are entrusted to make calculated decisions for municipally-owned meters, but were not elected to choose citizens’ private energy supplier.
- **AGGREGATION NEGATIVELY IMPACTS RENEWABLE ENERGY PROGRESS:** Illinois was a leading developer of renewable energy prior to aggregation. Since the broad adoption of aggregation in that state, development of renewable solutions has practically stopped. Experts believe that most of the progress that was made over the last decade, has now been lost as a result of aggregation. [Source: Crain’s Chicago Business; “How ComEd Defections are Killing Green Power in Illinois”; July, 16, 2012; <http://www.chicagobusiness.com/article/20120714/ISSUE01/307149976/how-comed-defections-are-killing-green-power-in-illinois>]
- **MUNICIPAL POLITICIANS ARE FINDING THE ENERGY COMMODITIES MARKETS TO BE MUCH RISKIER THAN AGGREGATORS TOLD THEM THEY WOULD BE:** Crain’s Chicago Business stated, **“Municipal politicians who have moved to buy cheap power on behalf of their households...are about to find out there are risks too... Contracts they negotiated more than a year ago with power suppliers to lower residents’ electric bills – will exceed the**

**costs of ComEd (the utility) beginning in June.** ” [Source: Crain’s Chicago Business; “Some Suburban Electricity Deals to be Costlier Than ComEd”; April 3, 2013; <http://www.chicagobusiness.com/article/20130403/NEWS11/130409939/some-suburban-electricity-deals-to-be-costlier-than-comed>]. Commodity trading is a highly technical and speculative industry, and not a risk to be taken by town managers and local politicians.

- **GOVERNMENT INTERVENTION IN DEREGULATION IS CONTRADICTORY TO FREE-MARKET CHOICE.** Local governments should not be allowed to enter the consumer/residential marketplace in a deregulated state. It is contradictory to the concept of “Free Market”. Government intervention is not the solution – government should be a referee, not a player, in the issue of deregulation.

For these reasons, and others, Citizens Against Municipal Aggregation (CAMA) is steadfast against municipal energy aggregation. Please forward this to the other members of your governing body so they can hear the facts the profiteers do not disclose.