

City of Sharonville Governmental Aggregation

Background:

Adopted by the Ohio General Assembly in 1999 and 2001, governmental aggregation for natural gas and electricity gives communities like Sharonville the ability to shop for service on behalf of its residential and small business customers. By aggregating the usage of eligible residential and small commercial customers, the City is often able to obtain better pricing for participants than if customers shop individually. Additionally, participants have peace of mind that the supplier and program have been vetted.

In November 2012, the residents of Sharonville voted in favor of authorizing the City to aggregate customers within its jurisdiction in order to secure favorable pricing and contract terms regarding natural gas and electric supply services through an Opt-out program. An Opt-out aggregation is a program that automatically enrolls all local residents and small businesses, unless they individually opt-out of the program (choose not to be included). Opt-out programs garner more participation and so provide greater purchasing power to a community seeking the lowest price and best value from suppliers.

The City's programs began in the summer of 2013. Importantly, the City has an aggregation program for both electric and natural gas service, but because electric and natural gas service are very different, the two programs to date have been served by different suppliers and have different terms and conditions. The fact that electric and gas are separate programs means also that residents can participate in one, both or none and receive separate opt-out mailings specific to electric or natural gas service. Typically programs last 2-3 years, therefore residents may receive an Opt-out letter every 2-3 years for gas and again for electric.

How does the program work?

Following a competitive bid, a supplier for gas or electric service is chosen based on the best overall price, contract terms and service.

Duke utility provides a list of all eligible customers in Sharonville to the supplier. Eligible customers are those who:

1. Live within the geographic limits of Sharonville having zip codes of 45241 or 45246
2. Currently obtain supply from Duke utility or already belong to the existing electric or gas aggregation program
3. Use less than 5000 ccf of gas or 700,000 kwh of electric per year
4. Are in good standing with the utility (current on payments)
5. Are not part of PIPP (Percentage of Income Payment Program)

The supplier mails a Notification Letter to every eligible customer explaining the program, price and contract terms. To enter the program, no action is necessary, enrollment will automatically take place once the Opt-out deadline has passed. If a customer does not want to enter the program, he must Opt-out by returning an enclosed form or calling the supplier by the Opt-out deadline noted in the letter. By regulation, the deadline to Opt-out must be at least 21 days from the date of mailing.

In Sharonville, Notification letters are always sent via US mail and bear the City's official logo on the envelope. No one from the City's program suppliers initiates phone calls to residents or businesses nor solicits door-to-door for participation. However, some non-program suppliers continue to engage in these marketing activities. PUCO is aware of some "bad actors" in the industry and is reviewing guidelines to prohibit unethical or illegal activity.

Once the Opt-out deadline has expired, the supplier will direct Duke utility to enroll all interested participants in its program. If a customer is currently with Duke Energy for supply, the utility mails a "switch letter" to him confirming that his account will move to the program supplier and offers a 7-day rescission period to unwind this transaction if he desires. If the resident does not call Duke to rescind, his account will be enrolled in the program within 30-60 days.

Participants remain in the program until the contract term expires or they may early terminate by contacting the supplier. There is no penalty or cancellation charge assessed by the supplier to leave the Sharonville program early. If the participant returns to the utility, there is no administrative fee assessed by utility. If a participant chooses to move directly to another supplier, Duke may charge a one-time \$4 transaction administrative fee.

How are the City's programs doing?

The City began its electric and natural gas programs in July 2013. Through April 2019, the natural gas program has saved Sharonville residents and small businesses more than \$373,000. The electric program has saved participants more than \$1,902,000.

Current programs:

Gas:

Supplier: IGS is the Supplier
Term: July 2019 - June 2022; Opt-out letters to be sent in June 2019
Price: Fixed price of \$3.69/mcf (\$0.369/ccf), includes all costs except sales tax. With 7% sales tax = \$3.948/mcf or \$0.3948/ccf.

To calculating savings:

Compare Duke's monthly Gas Cost Recovery (GCR) which already contains tax against the IGS gas price plus sales tax. Most suppliers will compare only their gas price against the utility's GCR to show savings, but you must add the sales tax to the supplier's price to make an apples-to-apples comparison. GCR

Electric:

Supplier: Dynegy (Vistra Energy) is the Supplier
Term: January 2018 – December 2020
Price: 5.19¢ kwh fixed for the entire term

To calculate savings:

Check your Duke invoice for your Price to Compare (PTC). PTC fluctuates monthly per customer; it is the price to beat to show savings. The current PTC for most residential and small commercial accounts (dependent upon usage for residential and usage & demand for commercials) is around 6 cents/kwh.

For More Information:

We post interval information on the City's website and facebook; we update information in the HTG. For more information, you can reach IGS at IGSEnergy.com or 1-877-353-0162, and Dynegy at DynegyCustomerService@dynegy.com or 1- 888-682-2170. For more general information, you can also visit the web sites of the Ohio Consumers' Counsel (www.occ.ohio.org) or the Public Utilities Commission of Ohio (www.PUCO.ohio.gov).