



Renewable Government Energy Aggregation

5 Points 15 Points 35 Points 50 Points

Updated March 2015

Towns earn points for this action if they implement a Government Energy Aggregation program for their community that includes renewable energy content (R-GEA). With this approach, the municipality is making a “group purchase” of electricity for the entire community that makes consumer access to renewable energy safe, convenient, and affordable.

This variable point action includes the first step needed to implement a Renewable Government Energy Aggregation (R-GEA) program: passing an ordinance and engaging an energy consultant. This step is worth **5 points**.

After engaging the consultant, towns choose one of three options for purchasing renewable energy. All of the options are identical, but differ in the number of points earned, depending on the scale of the program implemented. Each Sustainable Jersey town can **choose one** to implement for certification.

- **10 points:** Any R-GEA program with 100% renewable energy based on Green-E certified content.
- **30 points:** Any R-GEA program with at least 20% renewable energy, with all the renewable content coming from resources located within PJM.¹
- **45 points:** Any R-GEA program with at least 40% renewable energy, some content required to come from renewable generation assets that are in NJ, and the balance coming from sources within PJM.

A *Sustainable Jersey Guidebook* is available for this action, which provides more background and details how to implement it successfully. Please refer to the Sustainable Jersey R-GEA guidebook for more information.

Why is it important?

Increasing the use of renewable energy is one of the most important strategies for developing a more sustainable approach to energy generation and use. Ultimately, to meet climate change and other strategic goals, most consumers will need to use renewable energy rather than depending on traditional electricity supplies based on fossil fuels. Some residents or businesses have the opportunity to build renewable energy systems (like solar or wind) for their own use, on their own site. For many, however, on-site renewable generation is not an option due to site or other constraints. Those consumers must make use of renewable energy supply delivered through the traditional wholesale market/utility channel.

Procuring renewable energy as an individual consumer, however, can be difficult. Individual renewable energy purchases can be complicated, expensive, and burdened with consumer risks – and as a result few consumers participate. Municipal aggregation programs address these issues, and make renewable energy available to the community through a large scale purchase that benefits from public procurement protections.

With the creation of an R-GEA program, municipalities make renewable energy available to consumers in their community at lower cost through simplified purchasing arrangements. In many cases, BOTH cost savings and renewable content can be realized simultaneously. R-GEA programs offer an important opportunity to transform energy markets over time, in a direction that significantly improves energy sustainability:

- R-GEA provides a mechanism to move large numbers of customers into renewable energy electricity products quickly, easily, and in a way that reduces costs. Once the municipality makes the decision, all eligible members of the community become part of the aggregated renewable energy program, unless the consumer actively opts-out (which they have the right to do, easily and at any time). R-GEAs are therefore an extremely efficient and convenient way to encourage renewable energy adoption among a large number of people.
- Energy costs are reduced by increasing purchasing scale. R-GEAs provide “volume discounts” compared with buying renewable energy as an individual consumer. Marketing and customer acquisition expenses are also reduced.
- The R-GEA provides an additional layer of consumer protection since the purchase is made through a public process, in an open and transparent way, with the additional rigor around terms and conditions that are part of a large-scale purchase. This is a primary motivator

for many municipalities implementing R-GEA programs.

- R-GEAs increase the demand for renewable energy, and as a result, more renewable energy systems will be built over time. The NJ electricity supply mix becomes more renewable, less carbon intensive, less vulnerable to fossil fuel dependence, and more sustainable. And as more communities adopt greater levels of renewable energy, that encourages development of more supportive policies, and formal commitment to more aggressive sustainable energy and GHG reduction goals.

By implementing an R-GEA program, community participants gain access to renewable energy at a lower cost, with better consumer protection, and with more convenience than if they attempted to purchase a similar product on their own. The municipality is therefore providing a service to the community, while also advancing key sustainable energy goals in a powerful way. All the benefits associated with renewable energy, including GHG reduction, reduced dependence on fossil fuels and associated cost volatility, local job creation, and reduced pollution and other environmental and public health impacts are all realized. The potential impact for R-GEA programs in NJ were documented in a recent study completed by Sustainable Jersey as funded by the NJ-BPU: *The Opportunity For Government Energy Aggregation To Improve Adoption Of Renewable Energy In New Jersey* (available in the Resources section of this action).

It is important to note that some towns may implement a GEA purely for economic reasons (lower cost), or to provide improved consumer protection for energy purchases. The inclusion of renewable content is entirely voluntary, and must be specifically requested by the town in the design of their GEA program. This action is for towns that are specifically interested in using the GEA program to make renewable energy available for its residents and businesses, above and beyond any value the GEA framework may provide for cost savings and consumer protection.

It should be noted that including renewable content in a GEA is more challenging than doing a GEA for traditional reasons. While it is a powerful mechanism for encouraging the use of renewable energy, reducing consumer energy costs and improving consumer protection, it is more complicated, and only suitable for communities (and their leaders) that are proactively committed to increased renewable energy use.

It is important to note that the R-GEA action is not necessarily a good fit for every town, and program success depends heavily on community values, leadership engagement, and sensitivity to costs. While renewable GEA programs can be less expensive than traditional supply, and provide a less expensive source of renewable energy than if a consumer were to buy that renewable power independently, it will typically be more expensive than a GEA program designed purely for cost-cutting reasons. There is varying sensitivity on this point, depending on the political leadership in a given town and the values of community residents.

For towns interested in developing a GEA program only, without consideration of renewable content, this Sustainable Jersey action does not apply. Sustainable Jersey points are only earned for GEA programs that specifically include increased renewable energy content.

Who should lead and be involved with this action?

The foundation for this action is to engage an R-GEA consultant. This first step is important because it ensures a rigorous, open, and transparent approach to implementing an R-GEA. In some cases, a town may decide to pursue an R-GEA and engage the associated consultant, but delay the actual implementation based on changing market conditions. This action's first step allows the process to be started, and earn points toward Sustainable Jersey certification, even if full implementation has not yet been completed.

The Sustainable Jersey Green Team will be a critical participant in the implementation of this action, and frequently is the initiator and public champion. A member (or members) of the Green Team should be identified to discuss with a member or members of Town Council and other leadership the benefits of a R-GEA program. This will be the Green Team R-GEA Lead.

There will typically be public debate about implementation of an R-GEA, and supportive involvement from the community will frequently be critical to successful implementation. As covered in more detail in the guidebook, there are several organizations that, as requested by the green team, can help organize community involvement during the required public decision-making process.

In having discussions with a member or members of Town Council, the Green Team should identify the Town Council R-GEA Champions. Strong municipal leadership will typically be required for implementation of this action. As discussed below in the Project Costs and Resources Needed section, the Town Council must pass an authorizing ordinance. In addition, Town Council must direct the appropriate staff to hire an Energy Consultant (please see the Resources section for a template ordinance).

Sustainable Jersey strongly recommends the use of an experienced energy consultant procured through a transparent process. It is likely that the Town Manager, Business Administrator, and/or Procurement Officer will also be directly involved in the engagement of the energy consultant, and direction of their work.

Once the authorizing ordinance is passed and the energy consultant is engaged, the energy consultant will do most of the work related to actual implementation of the R-GEA program. There is little work impact on municipal staff once the ordinance has been passed and the consultant engaged.

Outreach to the community will be an important part of R-GEA implementation, especially during the initial municipal decision to do an R-GEA or not. There is also a complementary Sustainable Schools Action – R-GEA promotion in which school Green Teams may serve as an additional resource for promotional and educational activities. Please see the R-GEA Guidebook for outreach resources.

Timeframe

The time required to pass the R-GEA ordinance and engage the R-GEA consultant can vary widely. For a town that has already completed its research and which has strong public support, the ordinance, Consultant-RFP, and consultant-contracting work can conclude quickly. Three to six months is a typical range for this activity, but it can take longer if there is significant public debate.

Typically, from the time the energy consultant is hired by the municipality, it will take approximately six months to complete the implementation portion of this action. "Complete" is defined as the award of a third party supply contract, and the beginning of that contract. Part of the lead-time is public outreach and review periods required by the Board of Public Utility (BPU) rules. It is possible the timeframe may run longer if there is volatility in the energy markets, which could occur for any number of reasons. The energy consultant may determine that it would be prudent to postpone going into the market for a supply contract in order to maximize savings.

Project Costs and Resources Needed

Project costs:

Effort will be required to implement the required ordinance, implement an RFP process to engage the consultant, and execute that agreement. Time required for this effort would be similar to other professional-engagement efforts.

Other than the effort associated with the ordinance and staff effort to engage the energy consultant, **there are typically few (if any) costs to the municipality for implementing a R-GEA.** The energy consultant's fees are typically reflected in a kilowatt-hour (kwh) based fee added to the winning supplier's price. The fee is paid by the supplier directly to the energy consultant. The municipality, therefore, does not spend money to make use of the energy consultant's services.

The GEA law does make provisions for the municipality to recover certain costs from the awarded supplier, incurred by the government aggregator. The BPU and Rate Council offer the following examples of costs that are eligible for recovery:

- Printing and mailing of public education material;
- Any additional education material with invoiced costs; outside legal counsel invoices;
- Costs associated with the publication of legal advertisements in the newspaper;
- Costs associated with the Electric Distribution Company (EDC) Agreement imposed by the EDC (example: the utility charges a data processing fee)

Resources needed:

Once an energy consultant is hired, municipal staff time is required to approve a work plan and schedule provided by the energy consultant. In addition, municipal staff should be present at public outreach sessions, typically run by the energy consultant. Municipal staff will need and want to review materials developed by the energy consultant for outreach. Support from municipal staff that maintain the municipal website will be required to upload FAQs and other information about the R-GEA program.

What to do and how to do it

Below we have listed the requirements for earning points for this action. We have provided guidance and recommendations for implementing the action. You do not need to follow this guidance exactly as long as your final product meets the requirements.

Please refer to the Sustainable Jersey R-GEA guidebook for more detail about best practice guidance on implementing an R-GEA in your community.

1. The process begins with an authorizing ordinance, and the issuance of an RFP to engage the R-GEA consultant. Engagement of that consultant is the first step in this R-GEA implementation action. Once the ordinance is passed and the consultant is engaged, that consultant will complete most of the work associated with R-GEA implementation, such as:
 - Conducting outreach to residents and businesses;
 - Assisting in passing the required ordinances to create an aggregation entity (this may happen before an energy consultant is hired);
 - Interfacing with the local utility including collecting all utility usage information;
 - Designing and creating bid documents for prospective energy suppliers;
 - Reviewing all required documents with BPU and Ratepayer;
 - Running an RFP process to solicit bids, evaluating bids;
 - Analyzing and making recommendations, and awarding of bids;
 - Providing customer support for the term of the contract (i.e. answering questions, managing subsequent opt ins and opt outs, and resolving billing issues).

This action awards variable points, depending on the option chosen.

- **5 points:** The municipality passes an authorizing ordinance and engages an energy consultant to implement the R-GEA program, with specific guidance to the consultant to include renewable energy in the GEA product.

Once the energy consultant has been hired, the municipality implements one of the three options below:

- **10 points:** Any default/opt-out R-GEA program with 100% renewable content. The product must be compliant with the NJ Renewable Portfolio Standard,² and the balance of the renewable energy procured may include “National RECs” if Green-e certified.
- **30 points:** Any R-GEA with at least 20% renewable content,³ as an absolute fraction, (inclusive of the NJ Renewable Portfolio Standard requirement) offered as the default/opt-out solution, with all the renewable supply coming from Class 1 resources located within PJM.⁴
- **45 points:** Any R-GEA with at least 40% renewable content,⁵ as an absolute fraction, offered as the default/opt-out solution, with some content required to come from renewable generation assets that are in NJ, and the balance coming from Class 1 PJM sources.

Please refer to the Sustainable Jersey R-GEA guidebook for additional guidance on selecting between these three.

For the first step (hiring the consultant), the needed R-GEA ordinance must have been passed prior to submission for Sustainable Jersey certification and a contract must have also been awarded to the selected consultant. If the town is applying for only the first 10-point step, the actual R-GEA does not need to be implemented to earn points for this action. Once the town has fully implemented the actual R-GEA program, additional points (10-45) may be earned, depending on the option selected.

For the implementation phases of the action (10-45 points), the R-GEA program must have been approved by the town for implementation, and the termination date (for energy delivery) of the contract must be after the date of Sustainable Jersey action submission, to be eligible for certification. Points associated with this action do not automatically renew when towns submit for re-certification. This action can be submitted for re-certification as long as either a consultant is engaged for program renewal, and/or the R-GEA program is still in force.

What to submit to earn points for this action

The following documentation must be provided to verify that the action was completed to the specified standards. The documentation can be submitted by logging in to the municipality’s online certification application and clicking on this action name to access the Action Submission page. At the top of the Action Submission page in the **Requested Points** section, please indicate the number of points the documentation will support.

In the text box provided on the submission page for this action provide a short narrative (300 words or less) of what has been accomplished and the impact it has or will have on the municipality’s community.

Upload: A copy of the R-GEA ordinance that has been passed, clearly specifying the intent to include renewable energy in the program.

Upload: A Letter of Certification signed by both the Mayor or Town Council member and the selected energy consultant, certifying that an appropriate (open, transparent) RFP process has been completed, and that a consultant has been engaged. The consultant should be identified, and the term of agreement specified.

Upload: A Letter of Certification signed by both the Mayor or Town Council member and the Energy Consultant, certifying the following:

- The renewable energy fraction in the Supply contract (absolute percentage);
- The type and origin of RECs used in the product, and the method of certification for the renewable energy content;
- The term of the contract, including the start date;
- The price of the electricity (\$/kwhr);
- The number of community participants in the program, and the annual megawatt-hours involved, as estimated by the Energy Consultant.

A **Certification Letter Form** is provided as part of the Resources section of this action to simplify the action documentation requirements. The energy agent/consultant can provide all of the information required by Sustainable Jersey.

IMPORTANT NOTES: There is a limit of six uploaded documents per action and individual files must not exceed 20 MB. Excerpts of relevant information from large documents are recommended.

All action documentation is available for public viewing after an action is approved. Action submissions should not include any information or documents that are not intended to be viewed by the public.

Spotlight

Sustainable Jersey is currently working on identifying municipalities that have successfully completed this action. If you would like showcase your municipality’s accomplishments, please contact us at info@sustainablejersey.com.

Resources

Copy of NJ legislation authorizing GEA:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/GEA_Law.pdf

Certification Letter Form for SJ points:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/Template_Certification_Letter_for_RGEA_action.docx

Go Clean Go Local Community Choice Aggregation Gives Power to the People<http://gocleangolocal.org/>

Model Ordinance to create an RGEA:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/Template_Ordinance_With_RE_June_2014.docx

NJ Board of Public Utilities - List of registered Energy Consultants:

http://www.state.nj.us/bpu/pdf/energy/shopping_forms/energyagents.pdf

NJ Board Of Public Utilities - GEA Implementation Rules:

http://www.state.nj.us/bpu/pdf/energy/NJ_Gov_Energy_Aggregation_Summary.pdf

Sustainable Jersey Guidebook on the RGEA Action:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/SJ_Guidebook_RGEA_.pdf

Template RFP for hiring Energy Consultant:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/Template_RFP_for_GEA_Consultant_.docx

White Paper on R-GEA by Sustainable Jersey:

http://sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy/GEA_Study_Report_Final_041014.pdf

World Wildlife Study on GEA (called CCA):<http://www.worldwildlife.org/publications/leading-from-the-middle-how-illinois-communities-unleashed-renewable-energy>

¹ PJM is a regional transmission organization (RTO), coordinating the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. New Jersey is part of the electricity market managed by PJM.

² All renewable content percentages are inclusive of the required RPS percentage for the given year.

³ Op. cit.

⁴ Ibid

⁵ Ibid