



E.A.G.E.R.

ENCOURAGING ALTERNATIVE GREEN ENERGY FOR RIDGEWOOD FAQs

1. Why does New Jersey allow renewable energy aggregation?

Public Service Electric and Gas (“PSE&G”) used to be our sole energy supplier for electricity and gas. Sometime around 1999, state officials acknowledged that our in-state energy production capacity would soon fail to meet demand. Therefore, the New Jersey Legislature deregulated supply to allow purchase from outside our state.¹ New Jersey residents may now get energy from thirteen states and the District of Columbia by joining a regional transmission organization known as PJM. At the same time, a new regulation required an increasing renewable energy component in a utility’s basic generation service (“BGS”).²

Deregulation also created incentives for investors in alternative energy, by providing capital assistance to alternative energy project investors and creating renewable energy certificates (“RECs”) offered in a marketplace supported by third-party suppliers and their customers. Deregulation affords consumers greater choice among suppliers and the possibility of lower costs. Deregulation separated the supply of energy from its delivery. Consumers can choose their supplier while PSE&G retains its monopoly on the “pipes and wires” that deliver energy to your home. The market for supply, on the other hand, was opened up to third-party suppliers who are now free to compete to generate electricity. We consumers, in turn, are free to choose from whom to buy our supply.

To get the best price and terms, the law gives each town the right to “aggregate” all of the residential accounts within its boundaries and solicit bids from third-party suppliers. N.J.S.A. 48:3-92. In fact, Ridgewood currently participates in an aggregated contract called NJSEM to supply electricity for our municipal offices and facilities, offering significant

¹ Gov’t Energy Aggregation Act, N.J.S.A. 48:3-92 to 48:3-92 to 3-95 (2003).

² N.J. Admin. Code § 14:8-2-3.

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discounts and “greener” electricity than PSE&G. E.A.G.E.R. presents a chance for residents to get similar benefits.

2. *What are the benefits of governmental energy aggregation (“GEA”)?*

Right now, the electricity we receive in our homes is a “soup” derived from fossil fuels plus a small component from renewable sources. The renewable component increases incrementally, but not fast enough to combat climate change. By establishing a governmental energy aggregation (“GEA”) plan, Ridgewood could help speed the growth of renewably sourced electricity for our homes. In addition, we would be helping New Jersey accomplish its Energy Master Plan, reducing greenhouse gas emissions and improving air quality for our children and grandchildren.

The primary goal is to influence the market and speed our conversion from dirty to green energy. As a Ridgewood resident you may also be able to save money at the same time.

3. *Why should the Ridgewood Village Council adopt this program?*

GEA programs are a tested and safe approach to offer residents the opportunity to augment green energy’s presence in the grid, while possibly lowering the price. The Village could time its solicitation of bids to get the best fixed rate. Moreover, the Village would accept a bid only if the rate is lower than PSE&G’s at the time of contract and represents more renewable electricity content.

E.A.G.E.R. would also protect residents from unscrupulous third-party suppliers. Individual residents have complained of entering into third-party contracts based on teaser or variable rates only to discover later that they are paying more. E.A.G.E.R. would provide residents with a safer way to support renewable energy because our municipal attorney and the state Board of Public Utilities would review the contract. In addition, the fixed rate would hold for the entire duration of the contract. The Village would provide updated information about the program on its website. And at the end of the contract’s term, if it is not renewed, everyone automatically reverts back to the PSE&G’s basic generation supply without any service interruption.

4. *How will E.A.G.E.R. provide cleaner energy than PSE&G?*

In New Jersey, a percentage of the electrical supply is required to be from renewable sources – this percentage goes up each year. In a government energy aggregation, the municipality can negotiate to purchase renewables at a percentage even higher than is required for the default supply. This increases demand for renewable energy and promotes the development of more renewable energy generation, which lessens our dependence on fossil fuels.

5. *Why is this an opt-out rather than an opt-in program?*

When the state Board of Public Utilities first started the government energy aggregating program, it was opt-in. However, this proved to be unworkable because customers were reluctant to enroll before the rate was determined, and the rate could not be set until adequate numbers of people signed up. In order to create the critical mass necessary to

attract third-party energy suppliers to the negotiating table, the law mandated enrollment in the program for all residents, while offering easy cancellation terms for those not wishing to participate. Those already in a third-party arrangement or direct individual supply are automatically excluded. An opt-out program leads to success, as demonstrated by the large number of municipalities that have renewed their contracts when they expired. Some towns have renewed their contracts multiple times.

6. *How can an aggregation program deliver a better discount than PSE&G price?*

There are two aspects that allow this: 1) grouping residents of the town, and 2) the timing of going out to bid. The Board of Public Utilities enforces strict timing requirements that PSE&G must follow. Third-party suppliers, by contrast, have more flexibility. Sometimes the “spot” market for electricity is lower than the BGS price, and third-party suppliers will be able to offer lower priced alternatives to the BGS supply price. So E.A.G.E.R. can pick the best timing and get better pricing.

7. *I don't want to be part of the program. What should I do?*

Participation is never mandatory. Before the program begins, the Village is required by NJ statute to notify residential customers how they can opt out. You can opt out during the 30-day pre-enrollment period or anytime during the contract period, without penalty or termination fees, for any reason. That said, the municipality will likely reject every third-party supplier bid unless it offers an advantageous fixed price, increased renewable content, or both. So it is likely that most residents will choose to stay in the E.A.G.E.R. program.

8. *Do I have to do anything to be part of the E.A.G.E.R. program?*

No. There is nothing that you need to do to enroll in the E.A.G.E.R. program. PSE&G will manage the billing for the new energy supplier and continue to respond to service calls as usual. PSE&G will send you a letter alerting you to the switch of suppliers. The Village of Ridgewood and the selected third-party supplier will further notify you when the new plan goes into effect.

9. *I already contracted with a third-party energy supplier. Can I still participate in E.A.G.E.R.?*

If you are using another third-party supplier at the time of E.A.G.E.R. enrollment, you will automatically be excluded from the program. Once that contract has expired, you may easily opt-in to E.A.G.E.R.

10. *If I participate in the E.A.G.E.R. program, how will it affect my utility bill?*

Your PSE&G bill includes separate charges for delivery service and for power supply service. With the E.A.G.E.R. program, PSE&G will still read your meter and send you a single bill. Your bill will continue to include the PSE&G delivery charges, but the charges for power supply will be replaced by a fixed rate negotiated on behalf of the Village residents by the Energy Consultant.

11. Does the program include both gas and electricity?

E.A.G.E.R. would apply to your electricity supply only; it will not apply to gas supply.

12. If I am on a fixed (budget) payment plan, may I keep it if I switch to E.A.G.E.R.?

The energy consultant will work with PSE&G to make sure residents on budget billing can continue this service.

13. Who do I call if I have a power outage?

PSE&G will remain responsible to maintain its distribution lines, deliver electricity, make repairs and restore service, regardless of the electricity supplier. If the lights go out, you would still call PSE&G. Under the E.A.G.E.R. program, nothing changes regarding service or reliability.

14. Are we the only town doing this in New Jersey?

No. Glen Rock, Woodbridge, West Orange, Hamilton, Plainsboro, Toms River, Lambertville, and Princeton have all established renewable government energy aggregation programs. In Essex County, six towns -- Montclair, South Orange, Verona, Glen Ridge, Livingston and Maplewood -- formed the Sustainable Essex Alliance to strengthen their buying power and create financial incentive for third-party suppliers to lower their price for a product with a large renewable component. They have reportedly saved millions over the past 5-7 years.

15. Is E.A.G.E.R. "Big Government"?

No. Currently, the state of New Jersey dictates PSE&G will supply and deliver your electricity. If the Ridgewood Village Council adopts E.A.G.E.R., PSE&G will continue to deliver your electricity, just as it does now. However, E.A.G.E.R. actually gives us a choice of suppliers. As local residents, we would gain the opportunity to design and choose a Ridgewood-specific energy supply plan. While PSE&G must *deliver* our energy supply, we do not have to accept the electric power supplier that the state selected for us when we first moved to town.

16. Information on the Web:

[Sustainable Jersey R-GEA program description](#)
[NJ Government Energy Aggregation Act of 2003](#)
<https://sustainableessex.wordpress.com/about/>

Will you support us?