
Ridgewood Community Energy Aggregation Update

July 2023 UPDATE

The Village of Ridgewood (“Village”) has created a Community Energy Aggregation program, known as the Encouraging Alternative Green Energy for Ridgewood (“EAGER”) Program, with the goal of using bulk purchasing power to procure electric power supply on behalf of residents, with a higher renewable content and at the same or lower price than power supply provided by PSE&G. Since the creation of the program earlier this year, EAGER and its energy agent, Gabel Associates, Inc. (“Gabel”), have been closely monitoring the energy market for savings opportunities. EAGER will go out to market as soon conditions warrant and will notify residents if and when a contract is signed, and the program becomes active. Please monitor the Village website for any updates. See below for further details.

EAGER has been monitoring market conditions, in consultation with its energy consultant, Gabel Associates, Inc., for opportunities to achieve the program’s goal of obtaining electric power supply for residents with higher renewable content and at the same or lower price than power supply provided by PSE&G. While energy market prices have abated somewhat from their peaks in Fall 2022, prices remain significantly higher than they were a couple of years ago.

In February 2023, the utility, PSE&G completed their annual wholesale power auction to procure energy supplies for their Basic Generation Service (BGS) customers. On the energy consultant’s recommendation, EAGER awaited the announcement in Spring 2023 of the utility’s wholesale power auction results and the resultant retail tariff prices which became effective June 1st for this coming year. (Utility tariff prices run on an annual cycle from June 1st through May 31st and incorporate utility auction results from the prior three years. In the case of rates effective June 1, 2023, the tariffs incorporate 2021, 2022 and 2023 BGS auction results). After these new tariff rates were announced, EAGER has been better able to assess whether there is a near term opportunity for this program to achieve its goals.

Upon review of the new utility tariff rates, EAGER and Gabel have concluded that the new PSE&G rates effective June 1, 2023, have increased somewhat over prior the year’s rates; and in conjunction with modest improvements in energy market conditions, the gap between utility and supplier rates has somewhat narrowed. However, despite the narrowing of this gap, utility rates are still slightly more favorable to Ridgewood residents at this time than

third party supplier rates. Therefore, near-term, the lowest-cost power supply option for Ridgewood residents remains on utility Basic Generation Service tariff. As a result, the Village has held the implementation of EAGER in abeyance.

Provided energy market conditions remain consistent or perhaps even improve further, EAGER and Gabel expect that a GEA program may be successful after the 2024 utility BGS auctions are complete, and the NJ utilities file their new tariffs that become effective June 1, 2024. By next year, the last of PSE&G's 'cheaper' wholesale supply contracts that pre-date the change in energy market conditions will have expired, resulting in expectations for further utility tariff price increases next June. It is anticipated that, at that time, there could be a realistic opportunity for EAGER to deliver on its goal of obtaining greener power supply for residents at a price that meets or beats the utility tariff price. As GEA programs typically take six months to implement, EAGER and Gabel Associates Inc. anticipate starting to plan for a competitive bid process at the end of the 2023 calendar year, provided market conditions remain similar and/or show signs of further improvement.

EAGER and Gabel will continue to monitor energy markets for improvements. If a future bid results in competitive pricing and EAGER awards a contract for Round I, eligible Township residents (all residents except those that have their own solar generating system or their own third party supply contract, or those residents who have requested to be placed on the program's 'Do Not Disturb' list), will be sent a mailing informing them of the details of the new contract, after which residents would have the choice of opting-out of the new program if they do not wish to participate. No further action will be necessary for residents who want to participate in the GEA program.

We look forward to working diligently with our consultant in the near future to achieve GEA supply options for our residents. Should you have any further questions, please feel free reach out to Gabel Associates at GEA-program@gabelassociates.com.