

Referendum to Potentially Lower Electrical Rates

The Village will be placing a referendum question on the upcoming March 20th ballot that could lead to lower electricity rates for residential customers and small businesses. As a result of electrical deregulation in Illinois, municipalities now have the ability to seek bids from alternate electrical suppliers. This occurs through a process known as aggregation. For approximately a decade industrial and large commercial firms have been able to purchase lower cost electricity from suppliers. For this opportunity to be available to small businesses and residents, passage of a voter referendum is required.

As a result of long-term energy contracts, ComEd rates are presently higher than competing electrical suppliers and will likely remain so until 2013. Twenty Illinois communities obtained bids on the open market in 2011, successfully achieving reductions of 20-30% below the rate Com Ed charges for the cost of electricity.

If Carpentersville voters approved the referendum, the Village would proceed with the necessary steps to adopt a plan and seek competitive bids in mid-2012. Even if an alternate energy supplier was selected, Com Ed would remain responsible for delivering electricity to the community, repair of outages and customer billing.

Electrical Aggregation Referendum

Frequently Asked Questions

Q: Why is the opportunity for municipal electric aggregation available?

A: In 2009 Governor Quinn signed into law Public Act 096-0176, amending Illinois' original electric deregulation legislation. This is the last part of the deregulation process. Until this Act was amended, only larger customers such as industrial, commercial, and governmental entities could participate. Three-fourths of this commercial load is currently purchased from sources other than ComEd. The new law allows municipalities to transfer their residents' and small business owners' electric accounts to alternative electric suppliers.

Q: What is electric deregulation?

A: In 1997, the State of Illinois implemented a plan to deregulate ComEd. Under this plan, ComEd no longer generates electricity for its customers, but continues to provide power generated by others through its distribution system. Deregulation means that power can be purchased through any Illinois Commerce Commission-approved power supplier.

Q: What is electric aggregation?

A: Electric aggregation is a process that allows local governments to bundle (aggregate) residential and small commercial retail electric accounts and seek bids for a cheaper source of power. Currently ComEd customers receive electricity at a price set each year by the Illinois Power Agency, a governmental body that secures electricity on the wholesale market on behalf of ComEd. By bundling residential and small commercial accounts, municipalities can go out into the open market and seek a lower rate for electric power. Large industrial and commercial customers have been using this option to reduce electricity costs since 1999.

Q: How does electrical aggregation benefit small businesses and residents?

A: Electric aggregation combines the power demands of customers in a community. By combining the power demand of its residents, the community can leverage the buying power of thousands of residents and small businesses. This combined buying power typically provides lower and more stable rates.

Q: How is a small business defined?

A: Small business is a commercial establishment with an annual peak electrical demand of 100 KW or less. This has been described as a business about twice the size of a McDonald's restaurant.

Q: How does the program work?

A: Under state law, the Village must place a referendum on the ballot to ask voters to give the authority to aggregate electric accounts and seek bids for power generation. If Carpentersville voters approve the referendum on the March 20th election, the Village will hold at least two public hearings to discuss and create an aggregation plan. Once the plan is in place the Village would seek bids from energy suppliers certified and regulated by the Illinois Commerce Commission.

Q: What would be ComEd's role in an electric aggregation scenario?

A: ComEd distributes electricity, but does not generate it. As the local electricity

distributor, ComEd is responsible for power line and distribution infrastructure that brings electricity into homes and businesses.

Q: Will residents notice a difference in service?

A: No, the only difference is the energy received from the selected supplier and lower, more stable prices. ComEd would continue to deliver energy to homes and businesses. If residents have an outage or need service, they would continue to contact ComEd.

Q: What if my power goes out – will I need to call the company providing the power?

A: No. ComEd is responsible for ensuring that electricity flows through its distribution network to all homes and businesses. Aggregation would not change how ComEd responds to outages.

Q: If I participate, will I get two bills - one from ComEd for delivering the power and another from a company that provides it?

A: No. ComEd will remain responsible for billing customers for all electricity, regardless of the electric supplier. The only change would be the name of the electricity provider on the bill's electricity supply item line.

Q: What if small businesses or residents do not want to participate?

A: Small businesses and residents may “opt-out” of the program if the referendum is passed. Before the aggregation program begins, all residents and small businesses would receive an opt-out notice in the mail and given a date by which they must return the opt-out notice or call a number to request to be opted-out of the program.

Q: What is the referendum question that will appear on the ballot?

A: Shall the Village of Carpentersville have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such a program?

Q: Who do I contact for more information?

A: Contact Steve Jones, Assistant Village Manager at (847) 426-3439 x 221, or via email at sjones@vil.carpentersville.il.us