

Item #7:

Resolution Initiating Submission Of Electric Aggregation Referendum

VILLAGE OF LONG GROVE

RESOLUTION NO. 2011-R-__

**A RESOLUTION INITIATING THE SUBMISSION OF A PUBLIC QUESTION
TO AUTHORIZE THE VILLAGE TO ADOPT AN "OPT-OUT" PROGRAM
FOR THE SUPPLY OF ELECTRICITY TO
RESIDENTIAL AND SMALL COMMERCIAL RETAIL CUSTOMERS**

WHEREAS, Section 1-92 of the Illinois Power Agency Act, 20 ILCS 3855/1-92 ("**Act**"), permits the corporate authorities of the Village, if authorized by referendum, to adopt an ordinance creating a program to allow the Village to solicit bids and enter into service agreements for the sale and purchase of electricity and related services and equipment to residential and small commercial customers in the Village who do not chose to opt-out ("**Program**"); and

WHEREAS, pursuant to the requirements of Illinois law, the President and Board of Trustees of the Village of Long Grove hereby desire to place on the _____, 2011 ballot a public question to be considered by the voters in the Village regarding the authorization of the Village to pursue the implementation of the Program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF LONG GROVE, LAKE COUNTY, ILLINOIS, as follows:

SECTION ONE. **RECITALS.** The foregoing recitals are incorporated as if fully set forth in this Resolution.

SECTION TWO. **PUBLIC QUESTION ON PROGRAM FOR AGGREGATION OF ELECTRICITY.** A public question shall be submitted to the voters of the Village of Long Grove, County of Lake, State of Illinois, at the _____, 2011 general election (or at the next available election permitted by the general election law), as follows:

Shall the Village of Long Grove 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 program?	YES _____	NO _____
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SECTION THREE. **FILING.** The Village Clerk is hereby authorized and directed to file this authorizing Resolution and other related matters with the appropriate election officials in accordance with applicable law.

SECTION FOUR. **EFFECTIVE DATE.** This Resolution shall become effective following its passage and approval in the manner provided by law.

PASSED this __th day of August, 2011.

AYES:

NAYS:

ABSENT:

APPROVED this __th day of August, 2011.

Village President

ATTEST:

Village Clerk

#9962899_v1

ELECTRIC AGGREGATION STEPS

- RESOLUTION ON REFERENDUM
- PUBLIC INFORMATION
- REFERENDUM ELECTION
- ORDINANCE-AUTHORIZING PROGRAM
- DRAFT PLAN OF OPERATION & GOVERNANCE
- TWO PUBLIC HEARINGS
- BIDDING DOCUMENTS (COMPLIANCE WITH PLAN)
- EVALUATE BIDS
- ACCEPT BIDS IF FAVORABLE
- AGREEMENT WITH SUPPLIER
- OPT-OUT NOTICE
- OTHER STEPS

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2011-0-14

**AN ORDINANCE AMENDING TITLE 13 OF THE VILLAGE CODE
AND AUTHORIZING AN ELECTRICITY AGGREGATION PROGRAM**

Published in Pamphlet Form: May 3, 2011

VILLAGE OF GRAYSLAKE

ORDINANCE NO. 2011-0-14

**AN ORDINANCE AMENDING TITLE 13 OF THE VILLAGE CODE
AND AUTHORIZING AN ELECTRICITY AGGREGATION PROGRAM**

WHEREAS, the Illinois Power Agency Act, 20 ILCS 3855/1-92 (the "Act"), authorizes municipalities to adopt programs for the aggregation of residential and small commercial retail electrical loads located within the municipality ("Electricity Aggregation Program") and to solicit bids and enter into service agreements to facilitate for those loads the sale and purchase of electricity and related services and equipment pursuant to the Act; and

WHEREAS, under the Act, the Village may operate an Electricity Aggregation Program under the Act as an "opt-out" program, whereby residential and small commercial retail customers may choose not to participate in the program, if authorized by referendum pursuant to the requirements of the Act; and

WHEREAS, the Village submitted the public question of whether the Village should operate the Electricity Aggregation Program as an opt-out program in a referendum on April 5, 2011, and the referendum passed by a majority vote of the electors voting on the public question; and

WHEREAS, the Village Board hereby finds that it is in the best interest of the Village to authorize the operation of the Electricity Aggregation Program as an opt-out program and to amend Title 13 of the Village Code to provide for the implementation of the Electricity Aggregation Program according to the terms of the Act;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND THE BOARD OF TRUSTEE OF THE VILLAGE OF GRAYSLAKE, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

Section One. Recitals. The foregoing recitals are incorporated and made a part of this Ordinance as if fully set forth in this Section.

Section Two. Findings and Determinations. The Village Board finds and determines that it is in the best interests of the Village of Grayslake to implement the Electricity Aggregation Program as an opt-out program pursuant to the terms of the Act and this Ordinance.

Section Three. Amendment to Title 13 of the Village Code to Authorize the Electricity Aggregation Program. Title 13, entitled, "Public Services" of the Village of Grayslake Municipal Code shall be and is hereby amended to adopt a new Chapter 13.28, which new Chapter 13.28 shall be and read as follows:

Chapter 13.28

ELECTRICITY AGGREGATION PROGRAM

13.28.10 Definitions.

For the purposes of this Chapter 13.28, the following terms shall have the following definitions:

“Act” shall mean the Illinois Power Agency Act, 20 ILCS 3855/1-92, as may be amended from time to time.

“Customer” shall mean recipients of residential and small commercial retail electric loads as provided in the Act.

“Electricity Aggregation Program” shall mean a program pursuant to the Act for the aggregation of residential and small commercial retail electric loads located within the corporate limits of the Village that provides customers with the opportunity to opt out of participating in that program as provided in the Act.

13.28.20 Aggregation of Electrical Load

A. The Corporate Authorities of the Village are authorized to operate an Electricity Aggregation Program pursuant to the Act and for that purpose may solicit bids and enter into service agreements to facilitate the sale and purchase of electricity and related services and equipment for those loads aggregated pursuant to the Electricity Aggregation Program as provided in the Act.

B. The Corporate Authorities of the Village may exercise the authority to operate the Electricity Aggregation Program jointly with any other municipality or county and, in combination with two or more municipalities or counties, may initiate a process to jointly authorize the Electricity Aggregation Program by a majority vote of each particular municipality or county as required by the Act.

13.28.30 Opt-Out Program

A. The Electricity Aggregation Program shall operate as an opt-out program whereby Customers who do not wish to participate in the Electricity Aggregation Program may opt out pursuant to the Act.

B. The Village Manager or his designee, on behalf of the Village, shall fully inform customers in advance, as provided in the Act, that Customers have the right to opt-out of the Electricity Aggregation Program. The disclosure provided to the Customers shall comply with the requirements of the Act and shall prominently state all

charges to be made and shall include full disclosure of the cost to obtain service pursuant to Section 16-103 of the Act, how to access service, and the fact that service under Section 16-103 of the Act is available to Customers without penalty if they are currently receiving service under Section 16-103 of the Act.

C. Upon notification from any Customer that the Customer wishes to opt out of the Electricity Aggregation Program, that Customer shall be excluded from the Electricity Aggregation Program.

D. Except for those Customers who opt out of the Electricity Aggregation Program pursuant to this Section 13.28.30 and the Act, the Electricity Aggregation Program shall automatically apply for each person owning, occupying, controlling, or using an electrical load center proposed to be aggregated in the corporate limits of the Village.

13.28.40 Adoption of Plan of Operation and Governance for the Electricity Aggregation Program

A. The Corporate Authorities of the Village, with the assistance from the Illinois Power Agency as required pursuant to the Act, shall develop and approve a plan of operation and governance for the Electricity Aggregation Program.

B. Before adopting the plan of operation required under Section 13.28.40A and the Act, the corporate authorities shall hold at least two public hearings on the proposed plan. Before the first public hearing, the corporate authorities shall publish notice of the hearings once a week for two consecutive weeks in a newspaper of general circulation in the Village. The notice shall summarize the plan of operation and state the date, time, and location of each hearing.

C. The plan of operation and governance for the Electricity Aggregation Program shall:

1. Provide for universal access to all applicable residential Customers and equitable treatment of applicable residential Customers,
2. describe demand management and energy efficiency services to be provided to each class of Customers, and
3. meet any requirements established by law concerning aggregated service offered pursuant to the Act.”

13.28.050 Solicitation of Bids

The process for soliciting bids for electricity and other related services and awarding proposed agreements for the purchase of electricity and other related services for the Electricity Aggregation Program shall be conducted pursuant to the Act.

Section Four. Severability. If any provision of this Ordinance, or the applications of any provision of this Ordinance, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable, unless otherwise provided by this Ordinance.

Section Five. Effective Date. This ordinance shall be in full force and effect from and after its passage and approval and publication as required by law.

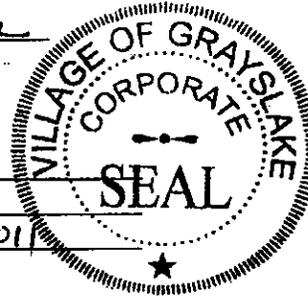
This Ordinance was passed by this 3rd day of May, 2011, by a vote as follows:

Ayes: Bassett, Wertel, Edwards, Vogel, Jarvis, Waldenstrom
Nays: _____
Absent and Not Voting: _____

Approved: *Robert Taylor*
President

Attest: *Donna Van Steenkamp*
Deputy Village Clerk

Passed: May 3, 2011
Approved: May 3, 2011
Published in Pamphlet Form: May 3, 2011





Grayslake Record

April, 2011

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Mayor
Rhett Taylor

Trustees
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Jeff Werfel
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Shawn Vogel
Ron Jarvis
Kevin Waldenstrom

Village Clerk
Cynthia Lee

What's Inside

Page 2

- FAQ: Referendum on Electric Services

Page 3

- Aquatic Center Registration
- 50/50 Tree Program
- 50/50 Sidewalk Program
- Aquatic Center Employment
- Heritage Center Upcoming Events
- Electricity Surcharge Rebate

Page 4

- Elected Officials E-mail
- Request for Service System
- Village Meetings
- Village Directory

VILLAGE OF GRAYSLAKE APRIL 5th REFERENDUM

AN OPPORTUNITY TO SEEK LOWER ELECTRIC BILLS FOR GRAYSLAKE RESIDENTS

Grayslake: In 2010, the Illinois State legislature gave villages a tool to help taxpayers save money. The State has given villages the ability to seek competitive pricing for the provision of electricity to residents and small businesses. In order to seek competitive prices for electrical services in one contract, the Village needs approval from the residents through a referendum. The Village Board has placed the needed referendum regarding residential and business electrical services on the April 5th ballot. The referendum asks our citizens if the Village should have the authority to seek competitive pricing bids for electrical services under a single contract that would include residents and small businesses. It is hoped that by combining electrical service for all individual customers into a single bid, consumers will have lower electric bills and save money.

The referendum reads:

"SHALL THE VILLAGE OF GRAYSLAKE 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 PROGRAM?"

Voter approval of the referendum is the

first step in the process of trying to achieve better consumer pricing for residents and businesses. If voters approve the referendum, the Village would take the following steps: (1) the Village would hold two public meetings, (2) it must develop a plan, (3) it must solicit competitive pricing bids, and (4) if the bids reflect lower prices than current ComEd pricing, the Village Board would approve agreements that would initiate the program for residents and some businesses. If the competitive bid process does not benefit residents and businesses through reduced electric bills, then the Village would not enter into the arrangement.

Please note, if the voters approve the referendum, then residents will still have the choice to "opt-out" of any negotiated program the Village establishes. In other words, an approval vote does not require voters to make any changes in their electrical service provider. If you are happy with your current service and do not want to change, you will not have to.

Should you need additional information on this important referendum please visit the Village's website (www.villageofgrayslake.com), see FAQs on Page 2, or contact the Request for Service system at 847-223-8515.



VILLAGE OF GRAYSLAKE APRIL 5th REFERENDUM
FREQUENTLY ASKED QUESTIONS ON THE APRIL 5TH
REFERENDUM ON ELECTRIC SERVICES

1. How can the Village purchase electricity on behalf of residents and small businesses at potentially lower costs?

Under a new state law villages are now able to receive bids from suppliers on behalf of the entire community under a single contract. If the rates are lower than ComEd's, all residential and small business accounts in the Village limits would purchase electricity from the new supplier saving residents and businesses on their electric bills.

2. Why is there a referendum?

Under the new state law, voters must approve a referendum granting the Village the authority to seek electric service bids for residents and small businesses under a single contract.

3. What does the referendum ask?

The referendum asks Grayslake voters if the Village should have the authority to seek competitive pricing bids for electric services under a single contract. Specifically it asks:

"SHALL THE VILLAGE OF GRAYSLAKE 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 PROGRAM?"

4. Why is the Village asking voters for this authority?

The Village wants to try and save residents and businesses money by taking advantage of the new state law. The Village receives no financial benefit from the bidding process. But if the process results in lower electricity costs, residents and businesses would benefit.

5. What happens if the voters approve the referendum?

If voters approve, the Village would begin the process of developing bidding documents and seeking bids from electric suppliers. If the resulting prices are lower than current prices from ComEd, the Village Board would accept the best bid. Since electric prices would be lower, residents and business electric bills would go down.

6. What if I don't want to participate?

You don't have to change electric suppliers. Each electric customer would be contacted by the selected new electricity supplier. Any customer may "opt out" of the program and stay with your current electric supplier.

7. What if the prices from the bids are higher than ComEd's prices?

The Village Board would not accept any bids and your account would stay with ComEd.

8. What rate savings can be expected?

It is too early to predict the magnitude of savings as electric suppliers have yet to price residential and small business accounts under a single bulk contract. It is hoped that the bulk pricing will result in savings. This is similar to the lower prices residents receive under the Village's community-wide garbage/recycling contract.

9. If power is purchased from another supplier who would residents call for outages?

By law, ComEd would continue to handle all service issues including any emergency repairs.

10. Would I get a separate bill from the new supplier?

You will still be a customer of ComEd's delivery system while you purchase power from another supplier. The Village has the option of continuing to use ComEd for all monthly billings through a single bill covering ComEd and the new electricity supplier.

11. Can the public have input on the bids?

Yes, the Village would hold public hearings to give residents the opportunity to provide input on the plan.

12. If the referendum passes, is the Village obligated to switch suppliers?

No. The referendum merely gives the Village the right to seek competitive bids. If bids are not lower, no change would be made.

13. Will the Village provide the public with comparison information on the new proposed rates versus the current ComEd rates?

Yes. Prior to accepting any bids the village will provide the public with this information.

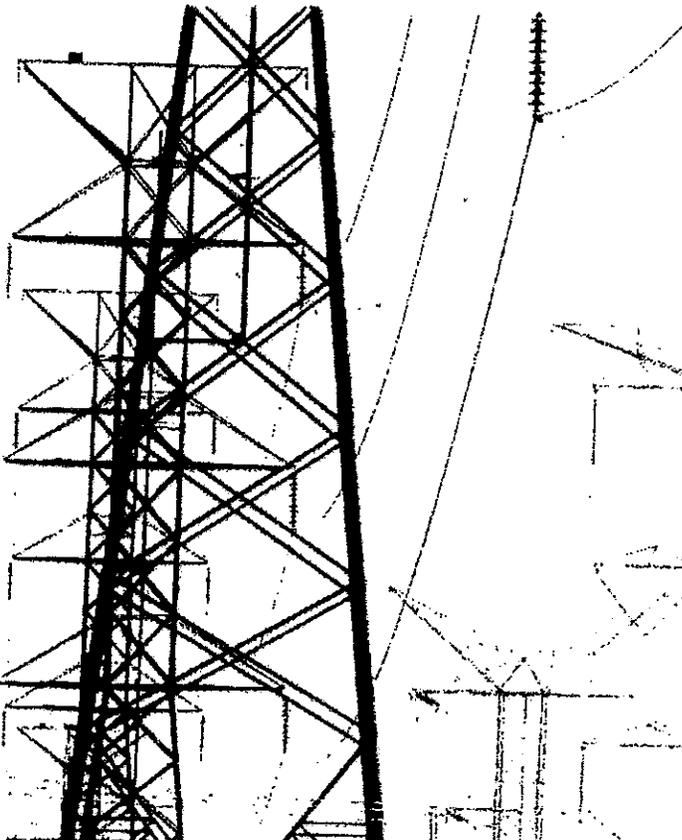
14. When would the first bid take place if the voters vote "yes"?

May 2011 would be the very earliest. Most likely it will be May 2012.

For further information, please contact the Village's Request for Service System at (847) 223-8515 or visit the Village's website at www.villageofgrayslake.com.

Switch away from ComEd for electricity? Suburban residents are left with more questions than answers

POWER STRUGGLE



JOE LEWNARD/jlewnard@dailyherald.com

Eric Bogoff of Wheeling and his wife, Connie, are frustrated with ComEd's billing procedures and are considering switching to an alternate provider of electricity.

BY ANNA MARIE KUKEC

DAILY HERALD BUSINESS WRITER

akukec@dailyherald.com

Eric Bogoff of Wheeling has been mulling a switch from ComEd after receiving materials from other companies touting electricity at a lower cost.

"I have a couple of these advertisements I received in the mail, and I am investigating the possibility of making a change," Bogoff said.

Brian Kaniewski of Gurnee also has seen ads for the companies. But he hesitates.

"I'm not sure if this would benefit us or burn us with electric bills," Kaniewski said.

Thousands of suburban residents have received promotional materials, seen billboards or heard radio commercials touting any number of alternative power suppliers that compete against longtime electrical utility ComEd. These competitors — Spark Energy, Constellation New Energy, Blue-Star Energy, Direct Energy and others — have been entering the market since deregulation started more than a decade ago with the promise of savings on the price of your power.

How do consumers know if switching really is a good deal? As in many deregulated industries, you'll have to do your homework and ask questions, consumer advocates advise.

First, recognize that no matter who supplies your electricity, the infrastructure of wires and stations that deliver your power is owned by ComEd. If you're concerned about power outages, like those from recent severe storms, switching suppliers won't make a difference. And part of your monthly bill will continue to include a delivery rate that goes to ComEd.

That's one reason ComEd isn't upset by the competition. In fact, Chicago-based Exelon Corp., parent to ComEd, proposed a merger with one of those companies, Constellation, which could happen by next year.

"ComEd is still making its money on the infrastructure charges, so the level of those who switch won't have much of an impact on ComEd's bottom line," said Travis Miller, associate director of utilities for Chicago-based Morningstar Securities Research.

The Illinois Commerce Commission's fourth annual report issued Tuesday said about 83,000 customers have switched away from ComEd as of June 24 and since deregulation started in 1998. ComEd said its customer base has remained

Power:

Continued from Page 1

about 3.8 million in northern Illinois for the last two years.

Still, consumers are confused about what a competitor will provide versus ComEd, how reliable the new company will be and whether it's a good deal.

Consumers considering a switch should take a close look at their recent bills to see what they pay per kilowatt hour and what portion of the overall bill pays for the price of energy, said Illinois attorney general spokeswoman Robyn Ziegler.

It's important to compare the price of electricity from ComEd, which is regulated by the Illinois Commerce Commission, with the offers from an alternate supplier.

"The bill that consumers receive from their regulated utility provides information regarding the historic usage and the current price, which can be used for that comparison," Ziegler said. "Sometimes it is not really an apples-to-apples comparison, depending on the terms of the contract."

Also, a contract with a new supplier fixes the price. "It is important for that consumer to understand that a fixed price will not go up, but it also will not go down," Ziegler said.

So if the regulated price goes really high, the consumer who signed up with an alternate supplier could save some money. But if the regulated price goes way down, that consumer will pay the contract price to that supplier regardless.

Remember that the delivery

The power list

The Illinois Commerce Commission approves companies that provide alternative energy, such as electricity and natural gas, to residential and commercial customers in Illinois. But these companies are not regulated closely, like the utilities. More information about these companies and price comparisons can be found at www.pluginillinois.org or from the Citizens Utility Board, Illinois attorney general's office or the Better Business Bureau.

- BlueStar Energy Solutions. www.bluestarenergy.com/
- Champion Energy LLC. www.championenergyservices.com/IL/
- Commerce Energy Inc. www.commerceenergy.com
- Constellation NewEnergy Inc. www.home.newenergy.com
- Direct Energy Services LLC. www.directenergy.com/EN/Pages/default.aspx
- Dominion Retail Inc. www.dom.com/products
- Energy Plus. www.energypluscompany.com
- FirstEnergy Solutions Corp. www.fes.com
- IGS Energy. <http://igsenergy.com>
- Integrys Energy Services Inc. www.integrysenergy.com
- Liberty Power Holdings LLC. www.libertypowercorp.com
- Nordic Energy Services LLC. www.nordicenergy-us.com
- Spark Energy L.P. www.sparkenergy.com

Source: Illinois Commerce Commission

rate can continue to go up, based on increases authorized by the ICC. So you won't escape any increases on that portion of the bill, experts said.

Pay attention to other provisions before you sign any contract, Ziegler said.

There are far fewer protections in place for customers of alternative electric suppliers than there are for customers of regulated utilities. For example, there are no limits on the termination charge an alternative electric supplier can impose on a customer who wishes to end a contract, Ziegler said.

Many alternative suppliers include cancellation fees, some

for around \$180.

The ICC is in the process of approving rules to regulate the behavior of alternate power suppliers. There are laws in place to keep an alternative supplier from switching a customer's electric power service without authorization.

ComEd has long supported competition in the marketplace and supports the right of customers to choose who supplies their power, ComEd spokesman Antonio Hernandez said.

"ComEd works with the entity to electrically connect the alternative energy generation to the grid and accept the output of that generator into the grid," Hernandez said.

ComEd remains responsible for the electricity distribution as well as the system's maintenance, reliability and outage restoration, Hernandez said.

Houston-based Direct Energy, with operations in Oak Brook, is a state-authorized supplier offering 6.89 cents per kilowatt hour, or a 13 percent discount, compared to ComEd's rate through the

summer months.

The company entered the Chicago suburban market in February and has heavily marketed to area consumers, said Cory Byzewski, vice president and general manager of Direct Energy's residential business, based in Pittsburgh.

It's hoping to tantalize consumers with a no-penalty promotion. Those who sign a contract based on its promotional price could be locked in for

a year without penalty if they decide to leave early. If they sign again, there may be an early termination fee, he said.

"We can't say we'll never do that," Byzewski said. "At the end of their first year, they have other options and a new fixed price, and they may have a cancellation fee."

"The more competitors, the better the market will be," said Byzewski.

Still, the Citizens Utility

Board urged consumers to educate themselves before signing any contracts. The Chicago-based watchdog has had a handful of complaints, but dozens and dozens of inquiries on what these alternative suppliers mean for consumers, CUB spokesman Jim Chilsen said.

"Consumers are really hungry to get solid information about these alternative suppliers."

Questions to ask before switching

When considering an alternative supplier for electricity, you should ask plenty of questions. The Illinois Commerce Commission and the Illinois attorney general's office both offered ways to deal with suppliers.

Here's what you can ask:

- What is the exact price of the energy (electricity is measured in kilowatt hours) being contracted for?
- How does that compare with what the utility is charging?
- What fees or other charges, besides the charge for energy, will appear on my bill as a result of switching from the utility to an alternative supplier?
- Will the price per kilowatt hour remain the same or fluctuate during the contract period?
- Can I end the contract at any time, and if so, what would be the termination fee?

If the contract is for a "fixed

price" product, the alternative supplier should explain that if energy prices go up, the price stays the same, but that customer rates (usually) do not come down if the market price for energy declines, said Robyn Ziegler, spokeswoman for the Illinois attorney general.

"The customer should also ask to see a historical comparison of energy rates for the commodity from the alternative supplier as compared to the utility," she said. "A good idea is to ask the marketer to show you a sample bill and walk through each line on the bill to explain how their prices might differ from the utility."

And always, be wary of any guarantees that you will save money. No one can predict how energy prices might change in the future, so promises of savings should be treated with caution, Ziegler said.

— Anna Marie Kukec