

CITY OF COLUMBIA, ILLINOIS

ORDINANCE NO. 2946

**AN ORDINANCE APPROVING THE ELECTRICITY AGGREGATION
PROGRAM PLAN OF OPERATION AND GOVERNANCE OF THE CITY
OF COLUMBIA, ILLINOIS**

**Adopted by the
City Council
of the
City of Columbia, Illinois
this 16th day of April, 2012**

**Published in pamphlet form by
authority of the City Council
of the City of Columbia,
Illinois, this 17th day
of April, 2012**

APR 16 2012

ORDINANCE NO. 2946


City Clerk

AN ORDINANCE APPROVING THE ELECTRICITY AGGREGATION PROGRAM PLAN OF OPERATION AND GOVERNANCE OF THE CITY OF COLUMBIA, ILLINOIS

WHEREAS, the City Council of the City of Columbia, Illinois (“City”) has found and determined and does hereby declare that it is in the City’s best interests and appropriate to establish an opt-out electricity aggregation program and to implement the program according to the terms of the Illinois Power Agency Act (20 ILCS 3855/1-1 *et seq.*); and

WHEREAS, Section 1-92 of the Illinois Power Agency Act (20 ILCS 3855/1-92), requires the City to develop a plan of operation and governance for such electricity aggregation program.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Columbia, Illinois, as follows:

Section 1. The recitals contained above in the preamble of this Ordinance are hereby incorporated herein by reference, the same as if set forth in this Section of this Ordinance verbatim, as findings of the City Council of the City of Columbia, Illinois.

Section 2. The City Council of the City of Columbia, Illinois does hereby approve the City of Columbia, Illinois Municipal Opt-Out Electricity Aggregation Program Plan of Operation and Governance, substantially in the form attached hereto, as required by the provisions of Section 1-92 of the Illinois Power Agency Act (20 ILCS 3855/1-92).

Section 3. The City’s electricity aggregation program shall be operated and governed in accordance with said Electricity Aggregation Program Plan of Operation and Governance (adopted in Section 2. hereof), and the applicable provisions of the Illinois Power Agency Act (20 ILCS 3855/1-1 *et seq.*) and any applicable rules and regulations that are now or in the future adopted pursuant to said Act.

Section 4. This ordinance shall be in full force and effect following its passage and publication in pamphlet form, as provided by law.

Alderman Ebersohl moved the adoption of the above and foregoing Ordinance; the motion was seconded by Alderman Roessler, and the roll call vote was as follows:

YEAS: Aldermen Ebersohl, Agne, Niemietz, Roessler, Huch, Mathews, Piazza and Reis.

NAYS: None.

ABSENT: None.

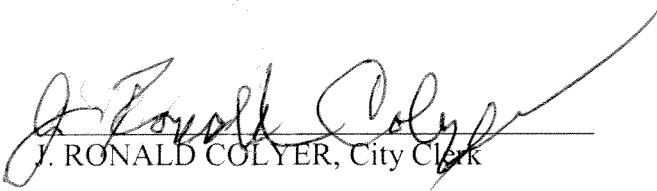
ABSTENTIONS: None.

PASSED by the City Council and APPROVED by the Mayor this 16th day of April, 2012.



KEVIN B. HUTCHINSON, Mayor

ATTEST:



J. RONALD COLYER, City Clerk

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF MONROE)

CERTIFICATE OF PUBLICATION

I, J. Ronald Colyer, certify that I am the duly elected and acting City Clerk of the City of Columbia, Illinois.

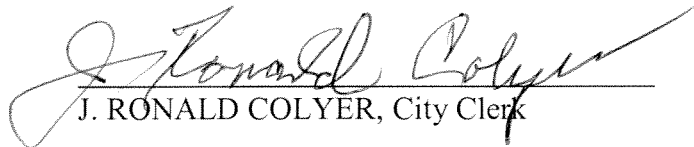
I further certify that on the 16th day of April, 2012, the Corporate Authorities of the City of Columbia, Illinois, passed and approved Ordinance No. 2946 entitled:

“AN ORDINANCE APPROVING THE ELECTRICITY AGGREGATION PROGRAM PLAN OF OPERATION AND GOVERNANCE OF THE CITY OF COLUMBIA, ILLINOIS”

which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 2946, including the ordinance and a cover sheet thereof, was prepared, and a copy of such ordinance was posted in the Columbia City Hall, commencing on April 17, 2012 and continuing for at least ten (10) days thereafter. Copies of such ordinance were also made available for public inspection upon request in the office of the City Clerk.

DATED at Columbia, Illinois this 16th day of April, 2012.



J. RONALD COLYER, City Clerk

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF MONROE)

CERTIFICATE OF TRUE COPY

I, J. Ronald Colyer, hereby certify that I am the duly elected and acting City Clerk of the City of Columbia, Illinois, and as such I am the keeper of the books, records, files and corporate seal of said City.

I do further certify that Ordinance No. 2946, entitled:

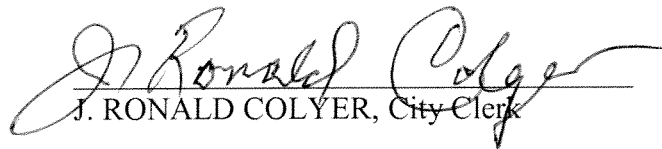
“AN ORDINANCE APPROVING THE ELECTRICITY AGGREGATION PROGRAM PLAN OF OPERATION AND GOVERNANCE OF THE CITY OF COLUMBIA, ILLINOIS”

to which this certificate is attached, is a true, perfect, complete and correct copy of said ordinance as adopted at a regular meeting of the Columbia, Illinois, City Council held on the 16th day of April, 2012.

IN WITNESS WHEREOF, I have made and delivered this certificate for the uses and purposes hereinabove set forth this 16th day of April, 2012.



(SEAL)



J. RONALD COLYER, City Clerk



CITY OF COLUMBIA, ILLINOIS

MUNICIPAL OPT-OUT ELECTRICITY AGGREGATION PROGRAM

PLAN OF OPERATION AND GOVERNANCE (DRAFT)

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1) Purpose of Municipal Opt-Out Electricity Aggregation

In compliance with Illinois statute 20 ILCS 3855/1-92 of the Illinois Power Agency Act (“Act”) regarding aggregation of electrical loads by municipalities, the City of Columbia (“Columbia”) has developed this Plan of Operation and Governance (“Plan”) explaining the process and procedures of Columbia’s Municipal Electricity Aggregation Program (“Program”). According to the Act, Columbia will serve as governmental aggregator authorized to collect all residential and small business electricity load within Columbia’s municipal boundaries and seek bids from Alternative Retail Electric Suppliers (ARES).

This Plan has been prepared by Columbia officials in cooperation with Good Energy, L.P., the “Consultant”, to provide an understanding of structure, governance, operations, management, and policies of the Program to be utilized for residents and small businesses participating in the Program. The purpose in developing this Plan is to describe the uniform approach to the Program undertaken by municipal officials and Pursuant to 20 ILCS 3855/1-92. The load aggregation plan shall:

- Provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers.
- Describe demand management and energy efficiency services to be provided to each class of customers.
- Meet any requirements established by law concerning aggregated service offered pursuant to statute 20 ILCS 3855/1-92.

The Program is designed to reduce the amount Columbia residents and small businesses pay for electricity, and to gain favorable economic and non-economic terms in power supply contracts with ARES. Columbia shall seek fixed electricity prices for each eligible class of customers that may be lower than the comparable price available from the local distribution company, in this case Ameren Illinois Company (“Ameren”). Individual residential and small business retail consumers are unable to obtain significant price discounts since they lack the bargaining power, expertise and the economies of scale enjoyed by larger industrial consumers. The Program will band together numerous electric accounts, providing the benefits of competitive energy markets that work to benefit the smaller consumer.

Columbia does not own electric generation assets and will not purchase and resell electricity, but represents consumer interests as a governmental aggregator to set the terms for electricity supply and service from competing ARES licensed with the State. Through a competitive bid process operated and managed by the Consultant, Columbia will enter into a contract with an ARES for full-requirements retail electricity supply service. The contract is expected to be for a fixed price for a specified term. Columbia may contract with one or more ARES if necessary to meet the needs of participating residents and small businesses.

2) Background – Illinois Power Agency Act

On August 10, 2009, Public Act 96-0176 amended the Illinois Power Agency Act authorizing municipalities and counties to form electrical aggregations of residents and small businesses. The Act allows for authorization to be given to municipalities only after the passage of a referendum, after which the utilization of an Opt-Out form of aggregation would comply with the statute. Once the referendum is passed, the municipality can develop an aggregation program for the procurement of electricity supply to residential and small business customers.

Since the Act was amended, over 250 communities in both Ameren and Commonwealth Edison utility territories have passed referenda and will be going out to bid for electricity in this government purchasing arrangement. Municipalities are combining the electrical loads of their residents and small businesses in a Request for Proposal to ARES.

On November 21, 2011, in accordance with the requirements of the Act, the corporate authorities of the City of Columbia approved a resolution allowing a referendum question to be placed on the primary general election ballot to operate an Aggregation Program as an "Opt-Out" program. Under the Opt-Out program, all Ameren residential and small commercial retail customers in Columbia are automatically included as participants in the Program unless they Opt-Out of the Program by providing written notice of their intention not to participate in the Municipal Aggregation buying group. On March 20, 2012, the day of the primary election, a majority of Columbia's electors (voting at said primary election) voted YES to the referendum question, allowing corporate authorities to form a Municipal Opt-Out Electricity Aggregation Program.

In addition to passing the required documents by the Corporate Authorities, Columbia may also be required to comply with various rules and regulations established by authorized agencies of the State of Illinois. Columbia will promptly file any application and comply with any applicable rules and regulations that may be required by Illinois law for certification as a Municipal Aggregator and to operate the Aggregation Program under the Act. As required by the Act, the Corporate Authorities developed and approved this Aggregation Plan of Operation and Governance ("Plan").

Before adopting this Plan and as required by the Act, the Corporate Authorities duly published a notice in the local newspaper of general circulation, informing the public of two public hearings to raise questions or concerns about this Plan. The public hearings were held by the Corporate Authorities at City Hall and provided the residents of Columbia a meaningful opportunity to be heard regarding the Program and this Plan. The Opt-Out notice for the Program shall be provided in advance to all eligible electric customers in the municipality upon approval of this Plan according to the Opt-Out disclosure program developed by the Columbia officials. The Opt-Out notice and disclosures

shall comply with the Act and all rules and regulations of the State of Illinois, and shall fully inform such electric customers in advance that they have the right to Opt-Out of the Program. The Opt-Out notice shall disclose all required information including, but not limited to, rates, terms and conditions of the Program, and the specific method of how to Opt-Out of the Program.

Columbia has retained the Consultant to assist with administering the Program, the Opt-Out process, managing the competitive bidding process, and writing the Request for Proposal (“RFP”) to help Columbia officials select the most suitable ARES and commodity product for participating residents and small businesses wanting to participate in the Program.

3) Opt-Out Process

Columbia will allow residents and small businesses an opportunity to Opt-Out of the Program in accordance with statute 20 ILCS 3855/1-92. Any resident or small business that follows the specified procedures to Opt-Out of the Program will remain on Ameren’s standard service offer listed on the Ameren website. A listing of the Ameren customer rates may be found for homes at <http://www.ameren.com/sites/aiu/Rates/Pages/ResidentialRates.aspx> and <http://www.ameren.com/sites/aiu/Rates/Pages/NonResidentialRates.aspx> for businesses.

Following completion of the RFP, and after Columbia has selected the ARES and has successfully locked in a fixed supply rate, Columbia will share the eligible customer list with the selected ARES. The winning ARES will have thirty (30) days from the receipt of the data to mail the opt-out notices to all eligible residential and small businesses included in the Program. This list will include all residential and small commercial accounts that are expected to realize savings through the accepted bid price. Furthermore, the City will not include residential customers receiving service through Power Smart Pricing, Hourly Supply Service, Real Time Pricing, RES Service, and/or net metering programs. During the Opt-Out notification period, the winning ARES will operate an Opt-In for customers who are currently on Power Smart Pricing, Hourly Supply Service, and Real Time Pricing. This will ensure the maximum amount of participation for all customers under the program.

Opt-Out Notices: A notice will be sent to all residential and small business accounts that are deemed eligible by Columbia. See “Eligible Customer Service Classes” section. A sample of the notice is provided in Appendix A of this Plan. The contents of the notice will be on Columbia’s municipal letterhead so as to avoid confusion with any other offers by licensed ARES in the state.

Distribution of Opt-Out Notices: The selected ARES will be required to pay for the cost of printing and mailing of Opt-Out notices. The notices will be mailed to the owner or occupant residing at the electric account mailing address shown on Ameren’s customer list. The selected ARES and

Columbia will agree upon the format of the Opt-Out notice prior to mailing it to the eligible service classes. The selected ARES will mail Opt-Out notices to eligible residential and small business accounts.

Opt-Out Period: After the mailing, there will be an Opt-Out Period of at least 15 days from the postmark date on the notice to postmark the return Opt-Out notice if they do not wish to participate in the Program. The Opt-Out notice will clearly notify the Resident and Small Business of the rates to be charged for electricity and other terms of the contract with the selected supplier.

Customer support during Opt-Out Period: The selected ARES will have a toll-free phone number and website explaining the steps for Opting-Out of the Program. If necessary the selected ARES will provide bilingual or multilingual customer support to explain the Opt-Out procedure to non-English speaking residents. During this period and through the initial procurement term, the Consultant (www.munienergychoice.com) will provide customer support for any and all issues not satisfied by ARES customer support.

Enrollment: Once the Opt-Out Period has passed, the selected ARES will not enroll those Ameren customers Opting-Out from Columbia's Program. In the event that an eligible resident or small business is inadvertently omitted from the Program, the selected ARES shall use its best efforts to enroll that customer at the Program rate for the remaining term.

Early Cancellation Charges: During the RFP process, Columbia will negotiate the penalties associated with customer leaving the Program before the expiration date of the ARES Power Supply Contract. Typically, leaving the program will precipitate an Early Cancellation Charge (ECC). Ordinarily this is a one-time charge approximating \$25.00.

Opt-Out Steps Overview:

1-The selected ARES and Columbia will agree upon the format of the Opt-Out notice prior to mailing residential and small business customers.

2-The selected ARES will mail Opt-Out notices to all eligible customer service classes.

3-Recipients will have at least **fifteen (15)** days from the postmark on the notice to return notice to selected ARES if they want to be removed from the Program.

4-Recipients will be able to Opt-Out by returning an Opt-Out card via U.S. Mail to the selected ARES. The ARES will offer a toll-free phone number and website to aid recipients with the notice and the Opt-Out procedure. Further support will be provided by the Consultant through a link on the City's website.

5-Additionally, residential and small businesses that do not Opt-Out, per step 4 above, will receive written notification from Ameren stating that they are about to be switched.

6-The Opt-Out notice will inform the participant that they have **five (5)** days to Opt-Out by contacting Ameren. The selected ARES will not enroll those accounts Opting-Out of Program.

4) Request for Proposal-Summary

With the assistance of the Consultant, Columbia will issue a Request for Proposals (“RFP”), utilizing predetermined criteria based on technical specifications, bidder requirements, bidding processes, and contract documents, to select a single Alternative Retail Electric Supplier (ARES). The Consultant will evaluate the bids received and will recommend a single ARES to serve as the electricity supplier to all eligible residents and small businesses within the municipal limits.

5) Consolidated Billing Procedures

On January 20, 2010, Ameren filed with the Illinois Commerce Commission a revised tariff in order to implement a purchase of receivables (“POR”) with consolidated billing (“CB”) service (“POR-CB Program”) for the benefit of retail customers and ARES, pursuant to Section 16-118 of the Illinois Public Utilities Act. This allows for a single bill, administered solely by Ameren, where Ameren will invoice the Ameren regulated delivery charges and supply rate provided by the selected ARES contained in the Power Supply Agreement. Columbia will utilize the POR-CB Program with its Municipal Aggregation to permit billing services of Ameren and the selected Supplier. Customers are expected to receive a single bill from Ameren that itemizes among other things, the cost of generation provided by the ARES.

6) Credit Requirement and Default Procedures

Credit policies and procedures continue to be the responsibility of Ameren. Columbia will not be responsible for late or non-payments on the parts of any of its residents or small businesses. Columbia will have no separate policy with regard to Collection, Security Deposits, Application of Late Charges, Default, and Bankruptcy. Ameren follows the requirements of Title 83 of the Illinois Administrative Code Part 280. If there is a delinquent account, Ameren will send collection notices to the customer’s mailing address of record for service charges rendered by Ameren, following established collection policies regardless of whether the customer participates in the Program or not. In the case of a POR-CB Program, the billing method the Program will utilize, the ARES’ receivable becomes Ameren’s receivable and Ameren will be responsible for those collection efforts under Ameren’s policy and requirements.

CUSTOMER INQUIRIES: Ameren operates a call center to assist customers with inquiries and resolve billing issues. Ameren has toll-free numbers to contact the call centers printed on electric account holders’ bills. For residential customers, the toll-free number is 1-800-755-5000. For business customers, the toll-free number is 1-800-232-2477.

7) Program Move-in and Move-outs

Moving to Columbia from another municipality: Residents and businesses that move into Columbia will NOT be automatically included in the Program. Residents that want to Opt-In to the Program may contact the ARES or the City of Columbia to obtain enrollment information (which may also be posted on the city's website: www.columbiaillinois.com). It is likely that residents Opting-In at a later date will receive the same price, terms, and conditions. However, due to energy markets and economic forces, there is no guarantee that a resident can Opt-In under the same terms and conditions. Columbia will seek to negotiate a favorable Opt-In program with the selected ARES that will be cost beneficial to the Program overall. Residents and small businesses that have left the Program and wish to return are handled the same way as a resident or small business moving into Columbia, aforementioned in this section.

8) Opt-In Program

An "Opt-In customer" is a resident and/or small business in Columbia that may request to join the Program after the expiration of any Opt-Out period or enrollment period. To Opt-In, the Opt-In customer must contact the selected ARES or the Consultant to join. The acceptance of an Opt-In customer to the Program is subject to written policies mutually agreed upon between Columbia and the selected ARES in the Power Supply Agreement.

9) Green Power – Renewable Energy

Electricity will come from 100% renewable solar and/or wind power and will be provided in the form of a fully-bundled electricity product, presumably satisfied by using Renewable Energy Certificates (RECs). Each REC represents the attributes of 1000 kWh (1 MWh) of electricity generated by said renewable generating technologies. Both the REC and the winning supplier will be Green-e certified and/or the RECs will be sourced through MISO-registered renewable sources in order to satisfy the precise mix of green power necessary to achieve the goal of environmental steward in the community.

Though there is a preference for Illinois-generated renewable electricity, this electricity may come from other U.S. States. With approximately three billion kWh at stake, this renewable requirement is forecasted to provide avoidance of more than 4.2 billion lbs of carbon dioxide (CO₂) emissions from conventional power plants using non-renewable fossil fuels. The annual cost of renewable power in the voluntary market has tumbled by more than 80% for National Wind RECs since 2008 (see graph below), providing enormous value and buying opportunity.