

Sustainable Energy Alliance Energy Procurement Cooperative (“SEAEPC”) Update

**August 2022**

**UPDATE**

**As you may be aware, the Township of South Orange Village (“Township”) is a member of the Sustainable Essex Alliance Energy Procurement Cooperative (“SEAEPC”) in which the following seven member municipalities collectively procure energy on behalf of their residents: Maplewood, Glen Ridge, Montclair, Verona, Livingston, South Orange and Glen Rock. The SEAEPC launched its second round program in 2020, under which it signed a contract with Energy Harbor, LLC (“Energy Harbor”). This contract has been providing participating Township residents with power supply with enhanced renewable energy content, while also providing participating residents with some savings on their electric bills, since April 2021. The current contract will be ending in September 2022 and, provided below is an update on the status of the program and next steps.**

In 2020, the SEAEPC launched the second round of the Sustainable Essex Alliance Program (“SEA Round 2”), for the purpose of creating purchasing leverage and providing an opportunity for participating residents to save some money on their electric bills while improving the Township’s carbon footprint. Competing proposals were received from multiple State-licensed electric power suppliers, through a competitive procurement process conducted by the SEAEPC in fall 2020, and a contract was awarded in November 2020 to the low bidder, Energy Harbor, LLC (“Energy Harbor”). Energy Harbor has been providing electric supply service under this contract to participating South Orange Village Township residents since April 2021 at small savings vs. the price being charged by Public Service Electric and Gas (“PSE&G”) for the power supply portion of your electric bill. The contract with Energy Harbor also requires that power supply provided to residents contain enhanced renewable energy content. Specifically, the power being supplied to participating South Orange Village residents contains 40% renewable energy, which is nearly double the current State-mandated minimum renewable energy content. As a result, participating Township residents have realized some savings vs. obtaining supply from PSE&G’s Basic Generation Service prices while reducing the Township’s carbon footprint.

The contract with Energy Harbor, LLC has a term of 17-months, which is set to expire in September 2022.  As you are most likely well aware, there have been significant changes in energy market prices since the last time the Township went out to bid in November, 2020. Energy prices have increased considerably, which has made it much more difficult to obtain favorable bid pricing as compared to the PSE&G tariff, than it was two years ago when the Township signed its current contract with Energy Harbor.

The SEAEPC conducted a competitive bid process in May 2022 for a new contract under Round III of the SEA program. However, the bid prices came in much higher than PSE&G’s tariff prices and therefore did not produce any savings to justify the award of a new contract. The SEAEPC concluded that it was in residents’ best interests in the short-term, to be returned to PSE&G Basic Generation Service for power supply at the end of the current contract with Energy Harbor. The SEAEPC commits to resoliciting bids at a later date when market conditions improve.

The Township assures residents that the transition from Energy Harbor, LLC back to the PSE&G tariff in September 2022 will be seamless and there is nothing that residents need to do to effectuate this change. This month, PSE&G will send notices to residents informing them that service with Energy Harbor, LLC will be ending effective on your September 2022 meter read date. Effective on your September meter read, PSE&G will resume as your power supplier. Starting with your October PSE&G bill, you will notice that Energy Harbor power supply charges will be replaced with a line item for PSE&G ‘Basic Generation Service’ power supply.  For those of you who have had a budget billing (equal payment) plan with Energy Harbor, your October 2022 PSE&G bill will include a final true-up of your budget payments with Energy Harbor. This true-up will be a credit if your total budget payments have been greater than the charges for actual electricity consumed during the past 17 months. Alternatively, this true-up will be a charge if your budget payments have totaled to less than actual charges for electricity consumed during the past 17 months. Either way, budget billing customers who have participated in the SEA program with Energy Harbor will end up paying for exactly what they used over the contract term, no more and no less.

The SEAEPC will be monitoring market conditions for improved opportunities to award a contract, in consultation with its energy consultant, Gabel Associates, Inc., and expects to go back out to bid within the next 12 months. If the SEAEPC awards a new contract for a third round of the SEA program, the new contract would most likely start in early-to-mid 2023. In such event, eligible 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. Thereafter, residents would have the choice of opting-out of the new program if they do not wish to participate. Again, no further action will be necessary for residents who want to participate in the program.

We appreciate your understanding and look forward to working diligently with our consultant in the near future to procure a Round 3 contract for our residents. Should you have any further questions, please feel free reach out to the SEAEPC energy consultant, Gabel Associates at SEA-info@gabelassociates.com.