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May 16, 2011

MOTION

WE MOVE that the administration prepare an ordinance to place opt-out electric aggregation on the November 8, 2011 ballot.



Vice Mayor Roxanne Qualls

Councilmember Cecil Thomas

Councilmember Laure Quinlivan

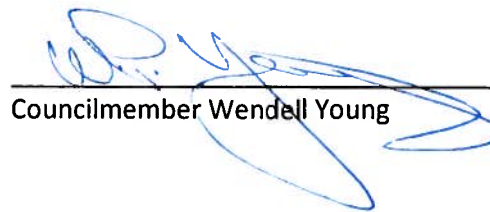
Councilmember Chris Bortz

Councilmember Leslie Ghiz

Councilmember Wayne Lippert

Councilmember Amy Murray

Councilmember Charlie Winburn



Councilmember Wendell Young

STATEMENT

Beginning in January, 2001, Ohio's electric deregulation law gave local governments an innovative new tool to secure savings for residential and small commercial customers through a process known as opt-out electric aggregation.

Municipal aggregation is the process in which energy is sold to consumers who have joined together in a buying group through their local government. By buying large blocks of energy, aggregated groups may reduce a supplier's marketing and administrative costs, giving the aggregated group greater buying power. The reduced costs can then be passed on to the individual consumers in the buying group as savings on their electric bills.



An aggregator acts as an agent for a buying group by reviewing energy supplier options, negotiating offers and making decisions about purchasing reliable energy services on behalf of the buying group. The contract that results from this process is between the individual consumer and the supplier at the price negotiated by the aggregator.

There are two types of aggregation, known as “opt-in” and “opt-out.” Opt-in aggregation requires that each consumer agree to participate in the program before being included in the aggregation pool. The opt-in method does not require voter approval at an election. It has also proven to be more expensive for electricity providers to market their energy supply and create a large enough customer base to realize significant savings for the buying group members.

In an opt-out aggregation program, all eligible residential and small business customers in the city are automatically included in the buying group and will receive savings unless they choose not to participate. This approach provides a larger and more predictable customer base up front, and increases the group’s bargaining power for lower prices. The opt-out method requires voter approval at an election.

Customers are given the option of opting out of the buying group every two years. Once enrolled in a community’s aggregation program, customers still receive only one bill from their local utility that includes the discounted electric generation charges. The local utility still provides power delivery, maintains and reads meters, and restores power during outages.

Hundreds of communities throughout Ohio have approved opt-out electric aggregation programs through ballot measures. In Hamilton County, the Village of Indian Hill, Cheviot, Colerain Township, Evendale, Glendale, Green Township, Lockland, Springfield Township, and Symmes Township have approved electric opt-out aggregation ballot measures.

Ohio’s two largest governmental aggregators report that residential and small business customers in their member communities have collectively saved more than \$100 million through opt-out aggregation programs. Governmental aggregation programs have accounted for about 90 percent of all Ohio residential customers and 70 to 80 percent of all commercial customers switching to alternative generation suppliers.

Competitors are already offering reduced rates to individual customers in the Duke service territory (see attached Enquirer article). By forming a larger buying group through opt-out aggregation, Cincinnati would be positioned to offer even greater savings to residential and business customers in the city.

Electric offered for less

Some suppliers' rates can be 32% below Duke

By Mike Boyer
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At a time when the price of everything from groceries to gasoline is going up, there's at least one place where Greater Cincinnatians might save: their monthly electric bill.

At least five competitive electric suppliers are offering discounted rates as much as 32 percent below Duke Energy's average regulated residential rate in its Southwest Ohio service area.

The discounts apply to the electric generation charge on customers' monthly bills, typically two-thirds of the total. Over the course of 12 months, the discounts could amount to several hundred dollars.

"There are some pretty reasonable offers out there," said Don Marshall, president of Eagle Energy, a Bridgetown consulting firm.

Dave Lieberman, president of KaChange.com, said the steep discounts here are among the best he's seen in the country. His Potomac, Md.-based Internet site tracks the lowest electric and gas rates for customers in about 20 states like Ohio that offer competition.

"In Connecticut, consumers are paying 12 to 15 cents" per kilowatt hour, Lieberman said. Prices locally are ranging from about 6 to 9 cents per kwh.

According to the Public Utilities Commission of Ohio, more than 139,000 of Duke Energy Ohio's 615,000 residential customers, or 23 percent, switched to a competitive supplier through last September. In Kentucky, which historically has had some of the nation's lowest electric prices, price competition hasn't been authorized.

The Ohio price-cutting is the product of the state's 10-year-old electric deregulation law that separated generation and distribution charges on customers' bills. The law allows competing companies, certified by the state, to supply electricity to customers and charge generation fees, while using the transmission and distribution networks of regulated utilities.

Billing and customer repairs remain the responsibility of utilities like Duke Energy and are covered by the monthly distribution charges, which are regulated by the PUCO.

Electric: Being offered for less

From Page A1

Why deals abound

A combination of the recession, which has left wholesale electric supplies exceeding demand, and increases in Duke Energy's regulated electric rates over the past few years have turned Southwest Ohio into a happy hunting ground for competitive electric suppliers.

One of the newest competitors is AEP Retail Energy, a unit of Columbus-based American Electric Power.

"We've been looking at making a competitive offer for some time," AEP spokeswoman Melissa McHenry said. "It makes sense for us because most Duke customers are familiar with AEP."

This week, AEP Retail offered a rate of 5.89 cents per kWh through the end of the year to those who sign up through its website, www.aepretailenergy.com. Many of the discounts, like AEP's, are for a limited time or limited number of customers.

Most offers are for fixed rates per kWh, but not all. Duke Energy Retail Services, the utility's market-based electric provider, offers a 15 percent discount off whatever Duke Energy's regulated rate is.

"We've found people prefer the idea of a fixed savings off the regulated price rather than a fixed amount," said Paul Smith, vice president of Duke Energy Retail Services.

What to compare

The Ohio Consumers' Counsel advises consumers to carefully read terms and

Duke Energy service area offers

Ohio residential customers of Duke Energy are eligible to switch to one of these alternate suppliers of electricity. Duke's price-to-compare currently is 8.71 cents per kilowatt hour.

SUPPLIER NAME	CURRENT OFFER	CONTRACT TERM	OTHER DETAILS
AEP Retail Energy (800) 950-2725 www.aepretailenergy.com	5.89 cents per kWh, web offer only; 6.99 cents per kWh, all others	Web offer good through December. All others: 24 billing cycles from enrollment	Web offer ends March 25. No early cancellation fee or web offer; \$100 early cancellation fee on all other
Direct Energy (888) 566-9988 www.directenergy.com	7.8 cents per kWh, 6.9 cents per kWh for senior citizens and military	12 billing cycles from enrollment	No early cancellation fee
Domination Retail (888) 216-6603 www.dom.com/products	5.99 cents per kWh	Through December 2011	Limited to first 15,000 who enroll. No early cancellation fee.
Duke Energy Retail Sales 877-331-3053	Guaranteed 15% discount off Duke Energy's price-to-compare.	Through December 2011	Offer ends March 31. \$25 early cancellation fee
First Energy Solutions (888) 430-4408 www.fes.com	5.99 cents per kWh	Through December 2012	Offer ends March 31. \$100 early cancellation fee

Sources: PUCO, Enquirer research

The Enquirer

conditions of any offer. Among things to consider:

- Compare the competitor's cost per kWh to Duke Energy's regulated "price-to-compare," located on page 2 of your utility bill. The price-to-compare currently is 8.71 cents per kWh. The difference between it and the competing offer is the amount you could save times your monthly electric usage.

- Be aware that the price-to-compare is an average and your actual rate with Duke Energy could be more or less depending on your usage. In general, the rate goes down as usage goes up. For example, if your home uses electric heat, your rate with Duke Energy could be about a penny less per kWh during winter months when you're using more power.

- Duke's price-to-compare also can change quarterly based on changes in Duke's cost for generation and other bill riders. In January Duke's price-to-compare dropped by about a penny from the previous three months, to 8.71 cents per kWh. Smith thinks it could drop again when the utility files its rates with the PUCO for the second quarter.

- Even competitors' fixed rates aren't necessarily "fixed." Terms and conditions of most offers allow suppliers to pass through to customers changes in transmission charges they're assessed by regional transmission organizations.

- Find out what happens when your contract ends. Suppliers will notify you as expiration approaches, but

unless you act, the supplier may convert your contract to its current offer, which could cost more. Also be aware that it can take a month or more to switch service from one supplier to another.

- Be wary of extra charges. Some suppliers charge switching fees that could eat into potential savings if you pull out of your contract before it expires.

For example, First Energy Solutions, a unit of Akron-based First Energy Corp., is offering a rate of 5.99 cents per kWh through December 2012. But it charges a \$100 cancellation fee if customers switch suppliers before the contract expires.

Diane Francis, First Energy spokeswoman, said the fee reflects the cost of locking up supplies to serve demand.

"It's important to note the average customer could save up to \$695 over the two-year contract," she said.

Other deals possible

It's also wise to check with your municipality for other discounts already in place.

Some municipalities have electric aggregation plans that may save more money than the offers you're receiving in the mail.

Aggregation, a feature of Ohio law, allows municipalities, where voters approve, to pool their electric demand to negotiate for better prices from suppliers.

Marshall said Eagle Energy recently has negotiated some municipal electric rates that are lower than those currently quoted by competing marketers.

Other municipalities have negotiated so-called endorsement agreements with specific suppliers, allowing residents to receive discounts on their generation rates with that supplier. Duke Energy Retail's municipal endorsement rate is 18 percent off the price-to-compare, Smith said.

To learn more

For more information on choosing an electric supplier, log on to:

- www.puco.ohio.gov, the website of the Public Utilities Commission of Ohio.

- www.pickocc.org, site of the Ohio Consumers' Counsel.

- www.duke-energy.com, for Duke Energy.

- www.kachange.com, a free Internet site that helps consumers track the lowest available prices in their areas.



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STATEMENT

The State of Ohio allows local governments to form buying groups for natural gas and electricity through a process called opt-out aggregation. Cincinnati should give voters the option to authorize the city to form a buying group for natural gas by placing an opt-out natural gas aggregation issue on the November ballot, so that the city has this tool to negotiate savings for the city's residents and small businesses.



Office of the Ohio Consumers' Counsel

Natural Gas

Ohio Aggregation Highlights

Northeast

The largest aggregation pool in the state is found in Northeast Ohio. The Northeast Ohio Public Energy Council (NOPEC) is made up of over 100 member communities in the FirstEnergy, Columbia Gas of Ohio and Dominion East Ohio territories. The group offers electric and/or natural gas opt-out programs to approximately 500,000 residents. Currently, customers participating in the NOPEC natural gas aggregation program in Dominion territory are served by Dominion Retail, an affiliate of the local natural gas company. That agreement lasts through November 2010.

Northwest

In 2002, nine communities in Northwest Ohio first banded together to purchase natural gas. The program currently does not have a supplier for the approximately 57,000 residential and small business customers in the cities of Maumee, Oregon, Sylvania, Toledo and Northwood; the Village of Holland; the unincorporated areas of Lucas County; and Lake Township in Wood County.

Central

Several communities have joined together to purchase natural gas. The group, called the Central Ohio Public Energy Council, includes households in the cities of Upper Arlington, Dublin, Bexley and Gahanna. The communities negotiated terms and conditions of natural gas agreements with Interstate Gas Supply (IGS), including a rate that varies monthly or is fixed for 12 months, depending on the community.

Southwest

In the fall of 2003, communities in the Vectren Energy Delivery of Ohio service territory started the first opt-out natural gas aggregation program in the area. Approximately 6,765 households in Jackson Center, Lakeview, Minster, Tipp City, Versailles, and Yellow Springs were supplied by Interstate Gas Supply (IGS). The program's offer ended in November 2005.

In 2003 and 2004, the Miami Valley Communications Commission had an opt-in natural gas program for the residents of Centerville, Germantown, Kettering, Miamisburg, Moraine, Oakwood, Springboro and West Carrollton. The group continues to monitor the natural gas market and may consider a natural gas opt-in or opt-out program in the future.

Southeast

There is no natural gas aggregation activity to date.

Gas Aggregation

- **Energy Aggregation in Ohio - A Guide For Local Governments**
- **Map of Aggregation Communities by County**

General Aggregation Information

- **Fact Sheets**
- **Ohio Aggregation Ballot Issue Results**

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