



## Princeton Community Renewable Energy (PCRE) Program

April 2020

---

The Municipality of Princeton is excited to announce the Princeton Community Renewable Energy (PCRE) Program. The program provides electricity supply to residents at a lower price offered by PSE&G, with higher renewable energy content, and with no change to the level of service.

The program was initiated in November 2019 when the Municipality issued a request for proposals to procure affordable and clean, renewable electricity supply on behalf of its residents. This public, transparent, and competitive process, referred to as government energy aggregation, is permitted under New Jersey State Law with oversight from the New Jersey Board of Public Utilities, the Division of Rate Counsel and the Department of Community Affairs. It allows municipalities to leverage the bulk purchasing power of all residents to obtain electricity supply at better prices and better terms than available from the local utility or from other third-party, direct-marketing electricity suppliers.

As a result of the request for proposals, the municipality has awarded a contract beginning in June 2020 to Constellation NewEnergy, Inc. (CNE) for energy supply to residents **with 50% renewable energy and the opportunity to opt-in to a 100% renewable energy option!** In addition, the awarded contract price is projected to be less than the PSE&G tariff price-to-compare on a per-kilowatt-hour basis. Thus, all residents will receive an electricity supply with more than double the renewable energy content of the supply provided by PSE&G (50% renewable vs 24%), at a slightly lower cost (\$.13053/kWh vs. \$0.13508/kWh\*), and with no change to the level of service. The program begins in June 2020 and prices are guaranteed for 18-months.

Eligible residents will be receiving a PCRE Program Notification mailer from CNE during the 2<sup>nd</sup> week of April 2020. The package includes an introductory letter from the Mayor, a Program Summary, FAQs, and how to 'opt-out' of the program if you do not wish to participate, or how to 'opt-up' to the 100% renewable energy product. Click here to review samples of the contents of that mailer: [What you will receive in the mail.](#)

Residents who do not 'opt-out' of the program by May 6<sup>th</sup> will be enrolled and begin receiving electricity supply from CNE effective with their June 2020 meter read date. Residents that already have a third-party electricity supplier or solar will not be enrolled and can contact [PCRE-info@gabelassociates.com](mailto:PCRE-info@gabelassociates.com) for more information.

A Public Information Session will be held on April 22, 2020 at 7:00 p.m. about the program. Princeton's energy consultant, Gabel Associates, will be available to answer questions from residents. Following the State's COVID-19 social distancing guidelines, the session will be conducted online. Under normal conditions, this meeting would be

**held at a municipal building and open to the public to attend in person. Residents that have questions they would like to ask during the Public Information Session can email them in advance to: [PCRE-info@gabelassociates.com](mailto:PCRE-info@gabelassociates.com).**

Provided below is a more detailed program description as well as answers to frequently asked questions.

## Overview

---

Princeton has a vision that all community members efficiently use clean, reliable, and affordable energy. To help achieve this vision, the municipality launched a public, competitive bid process in Fall 2019, seeking offers from qualified and State-licensed power suppliers for electricity supply with 50% renewable energy content, which is more than double the amount of renewable energy content currently required under State rules for a 'standard' energy supply product offered by PSE&G or other suppliers. The initial offers received on December 5, 2019 did not provide sufficient benefit and were rejected by the Municipality. However, taking advantage of improved energy market conditions, Princeton accepted refreshed bids on March 10, 2020, resulting in the award of a contract beginning in June 2020 to the low bidder, CNE. Under this contract, CNE will provide electricity supply with 50% renewable energy content to participating residents, for an 18-month contract term that runs from June 2020 to December 2021.

*The contract with Constellation will provide electric supply for an 18-month term beginning in June 2020, at a price of \$.13053 per kilowatt-hour (kWh). This price is projected to be modestly lower than the average PSE&G tariff price for electricity supply, with no change to the level of service, and with 50% renewable energy content which is more than 2x times higher than the State-mandated green electricity content of PSE&G's power supply. Additionally, residents are being offered the opportunity to **voluntarily** 'opt-up' to a 100% renewable energy product at a price of \$.13653 per kWh – a slight premium over the projected PSE&G tariff price-to-compare.*

Eligible residential customers of PSE&G residing in Princeton who do not currently have a third-party supply contract are eligible to be included in the program and will receive a mailing in the 2<sup>nd</sup> week of April 2020 describing the program and providing the specifics of Princeton's contract with Constellation. Residents that do not wish to participate in the program for any reason, may simply opt-out, with no strings or penalties, by simply following the instructions on the Program Summary provided, or by contacting CNE using the contact information provided below. If you do nothing, you will automatically be enrolled in the program and receive the electricity savings.

The energy aggregation program is only for the electricity supply portion of your electric service. The delivery portion will continue to be provided by PSE&G at regulated rates and PSE&G will continue to provide all emergency and safety services. PSE&G will also continue to provide customer services such as meter readings, billing, and service restoration. If you are on a PSE&G budget billing plan, you will continue to receive that service.

**For residents seeking additional information, Princeton has arranged a Public Information Session during which Princeton's energy consultant, Gabel Associates, will be making a presentation and answering questions from residents. The Public Information Session will be held on April 22, 2020, starting at 7:00 p.m. Under normal**

circumstances the municipality would conduct a Public Information Session live in a Municipal Building with public attendance. However, due to the State's COVID-19 social distancing restrictions and in order to protect the health and well-being of residents, the session will be conducted online. In the meantime, if you have a question that you would like to have answered during the Public Information Session, please email those questions to: [PCRE-info@gabelassociates.com](mailto:PCRE-info@gabelassociates.com).

Princeton is pleased to provide you with this opportunity to save money on your energy costs, while also encouraging more renewable energy generation and contributing to a more sustainable energy future.

*Here are answers to some frequently asked questions about the program. . .*

### **What is Community Energy Aggregation (CEA)?**

---

**Community Energy Aggregation or Government Energy Aggregation** is a State program that allows a municipality to conduct a “bulk purchase” of energy supply on behalf of its residents, **at prices lower than the average utility price**. New Jersey regulations allow municipalities to procure energy savings on behalf of its residents. The program also provides municipalities with the flexibility to procure electricity supply for residents that has greater renewable energy content than State-mandated renewable content of utility-provided default supply service.

Princeton retained Gabel Associates as an energy consultant, (at no cost to Princeton), to assist with the implementation of the procurement process for a Third-Party Supplier to provide electricity supply to its residents.

### **Who is Gabel Associates?**

---

Gabel Associates is the State-registered Energy Consultant retained by Princeton to administer and implement the PCRE program. The firm has helped pioneer energy procurement in New Jersey and has supported large scale energy aggregations (like this one) for over 15 years. Gabel Associates was also a key participant in the development of the State's rules under that govern energy aggregation programs.

Gabel Associates is a well-respected Energy Consultant that has been in business in New Jersey for over 25 years, with its offices located in nearby Highland Park, New Jersey. Gabel Associates was the first energy consulting firm in the State to implement a CEA program in New Jersey. The firm has now successfully completed CEA programs for numerous municipalities in the State, many of which are in their second, third, or even fourth iterations. These programs have been implemented statewide by more than 50 municipalities, including renewable energy programs in Plainsboro, Livingston, Maplewood, Verona, South Orange, Glen Ridge, Montclair, and Glen Rock.

Residents can contact Gabel Associates via its website at [www.gabelassociates.com/GEA](http://www.gabelassociates.com/GEA) via its dedicated program email address at [PCRE-info@gabelassociates.com](mailto:PCRE-info@gabelassociates.com).

## Who is Constellation NewEnergy, Inc.?

---

Constellation NewEnergy, Inc. is a retail electric power supplier licensed by the NJ Board of Public Utilities. Constellation has been a retail supplier for many years and currently serves approximately 2 million accounts nationwide, including about 460,000 residential energy aggregation accounts, and tens of thousands of residential accounts through energy aggregation programs here in New Jersey.

Residents can contact Constellation as follows:

Constellation NewEnergy, Inc. (BPU License # ESL-0016)

Toll-Free Telephone Number: 1-833-961-0753

Website: [www.constellation.com/nj-princeton](http://www.constellation.com/nj-princeton)

Address: 1310 Point Street, Baltimore, MD 21231

Email Address: [vst@constellation.com](mailto:vst@constellation.com)

## How does the PCRE Program work?

---

Princeton, with the assistance of Gabel Associates, initiated a public, competitive bidding process in November 2019 following the strict competitive contracting laws to select a Third-Party Supplier (TPS) of electricity at a price below the PSE&G tariff price (or BGS tariff price) for electricity supply and with 50% renewable energy content. A contract award was made in March 2020 to the low bidder, Constellation, for a contract starting in June 2020 and at a price (\$.13053/kWh) that is projected to be below the PSE&G tariff price for electricity supply (BGS tariff) that will be in effect at that time.

All eligible residents (all residential customers of PSE&G in Princeton except for those that already have their own TPS contract or that have a solar electric generating system on their property that supplies power to their home or that are on a Do Not Disturb list from prior rounds of the program) are automatically included in the PCRE program and will be sent a notice in the mail in the 2<sup>nd</sup> week of April 2020. This notice, known as the Opt-Out Notice, provides all the details of the program, how to opt-out of the program, the awarded supplier's toll-free telephone number, email address, and a postage-paid opt-out card.

Customers have 30 days to review the Opt-Out Notice and decide whether they wish to opt-out of the program. After that 30-day opt-out period concludes on **May 6, 2020**, those residents who do not opt-out of the program will be enrolled by the winning supplier (Constellation).

**Even after an electric account is enrolled, residents remain free to opt-out of the program at any time during the contract. Participation in the PCRE Program is 100% optional. There are no fees or penalties if you decide to opt-out.**

As noted above customers that have their own, independent TPS contracts are not initially included but are given the option to join the PCRE program.

## Will I receive two bills?

---

**No, you will always receive one bill from your PSE&G.** The only thing that changes in the PCRE program, or any CEA program, is the cost of the electricity provided and, in the case of the PCRE, the renewable energy content of the electricity supply.

Electric bills consist of two main components: power supply and distribution. It is important to emphasize that this program covers **only** the power supply portion of the electric bill. Under New Jersey's retail choice regulations, you may purchase power supply from either the electric utility company under its Basic Generation Service (BGS) tariff rates or from a Third Party Supplier (TPS). The PCRE program seeks to provide savings on the power supply portion of your bill, in addition to providing enhanced renewable energy content.

**The delivery and distribution of electricity under this program remains the same through the regulated utility (i.e., PSE&G) that serves your home. The utility continues to handle your account, addressing any outages, and maintaining service.**

## Do I have to be part of the program?

---

No. Residential customers initially included in the program have the right to "opt-out," during the initial, pre-enrollment 30-day 'opt-out' period, or at any time after enrollment. All residents receive information about the program and have the opportunity to opt-out.

## How do I opt-up to 100% renewable energy content?

---

Princeton has included a term in its contract with Constellation for residents to 'opt-up' from the standard 50% renewable energy product to a voluntary 100% renewable energy product. The 100% renewable energy product has a price premium of an additional \$.006/kWh (the price for the 100% renewable energy product is \$.13653/kWh as compared to the price of \$.13053/kWh for the 50% renewable product). Residents who wish to voluntarily opt-in and receive 100% renewable energy content may do so by calling CNE at 1-833-961-0753 no later than May 6, 2020. **Please note that all participating residents who do not opt-out of the program and do not affirmatively 'opt-up' to the 100% product will, by default, receive the product from Constellation that contains 50% renewable energy content.**

## Can I Opt-In to the PCRE Program?

---

Yes. Residents who have a third-party supply contract are **not** included in the initial eligibility pool **but can join** the PCRE. Residents who move into Princeton after the start of the program are also not included in the initial eligibility pool but can join the PCRE.

For customers with their own TPS contracts: If you currently have a third-party supply contract and are considering terminating that contract and joining the PCRE program, it is important to read your existing contract very carefully. There may be penalties for terminating the contract prematurely. Some third-party suppliers have automatic "rollover" provisions that renew your contract without affirmative consent or action from you. Be sure to read your current agreement, and if, after comparing your current deal to the PCRE program you decide to join Princeton's

program, you need to alert the third-party supplier that you wish to terminate service at the end of your contract term, and then contact Constellation directly to opt-in to the PCRE program.

Please note that if you have an existing contract with a supplier not affiliated with the PCRE program, neither the municipality nor Gabel are responsible for informing your existing supplier or terminating your agreement with them. However, if you have any difficulty with them, please contact [PCRE-info@gabelassociates.com](mailto:PCRE-info@gabelassociates.com) for assistance in resolving the issue.

### **Will I still be able to receive budget billing (Equal Payment Plan)?**

---

Princeton's contract with Constellation requires they provide budget billing for their electricity supply charges to customers that currently have such arrangements with PSE&G. PSE&G will continue to bill a levelized amount each month for delivery service, and Constellation will also bill a levelized amount each month (through the PSE&G bill) for electricity supply. PSE&G may process a "true-up" on your bill before enrollment and at the end of the program.

Your initial monthly budget payment set-up by Constellation is based upon the contract price and your recent 12 months' electricity usage history. Through the contract, the supplier will monitor your usage as compared to historical, and may periodically adjust your monthly budget amount if a large discrepancy between historical and actual usage develops, to avoid the need for a large true-up at the end of the contract. By the end of the contract, you will only be charged for what you use, at the contract price, no more and no less, through a final true-up.

If you do not currently have budget billing with PSE&G but wish to receive an Equal Payment Plan from the awarded supplier for their electricity supply charges, contact Constellation and request that they establish this service for you.

Budget billing with PSE&G's distribution portion of the bill and the awarded third-party supplier's supply portion of the bill can be complicated. If you experience trouble with your budget billing, you may contact PSE&G, Constellation, or Gabel Associates for assistance.

### **Why is the program set up as an opt-out program, rather than an opt-in program?**

---

The State laws and regulations governing energy aggregation programs have established an 'opt-out' model for community energy aggregation. This model ensures a sufficient number of households will participate to obtain meaningful bids and avoids the costly and time-consuming process of having everyone affirmatively sign up for the program. A large pool of eligible customers attracts suppliers to bid, creates robust competition for your business, and allows suppliers to reflect bulk-purchasing discounts in their prices.

The aggregation rules incorporate consumer protections and recognize the logistical challenges of a residential procurement program, while at the same time providing a structure that will attract bidders.

When the retail choice program was initially enacted in NJ in 1999, the rules required that government aggregators be required to obtain a so-called "wet signature" from each residential customer demonstrating the customer's affirmative consent to join. After several years, it was

recognized that this “opt-in” approach put such a burden on programs that none got off the ground, and the model set forth in NJ law was changed to “opt-out” for residential customers. Unlike business customers, residential customers represent large numbers and (relatively) small usage/margins for each account. In order for the aggregation of residential customers to work, it is necessary to get large volumes with the lowest transaction costs as possible. The opt-out approach, which gives suppliers a firmer basis for the load they are bidding on but still provides individual residential customers with the ability to opt-out if they do not wish to participate for any reason, accomplishes this.

### **What about power outages?**

---

Power outages are not under the control of the third-party supplier, CNE. The delivery system is still under PSE&G’s control, and there is no difference in delivery services whether you purchase the electricity supply from a third-party supplier or PSE&G under its tariff. In the event of an outage, you would still contact PSE&G at 1-800-436-7734 (PSEG).

### **What if I have a solar renewable energy system on my property?**

---

Residential solar systems, especially those that are larger in size, can produce more solar energy in some months than a home's energy consumption. PSE&G allows customers to 'bank' that over-production to be applied as a credit to future months' electricity consumption at full utility retail rate value. In such cases, the monthly utility bill is usually very low. Third-party suppliers are typically unable to provide similar 'banking.'

For these customers, the savings from an energy aggregation program would be very minimal on average, and the benefits of being able to 'bank' excess solar production could be jeopardized. It is for this reason that solar customers are typically removed from community energy aggregation programs like the PCRE.

However, if you believe based upon a review of your past bills that your solar system is NOT producing excess energy that is being 'banked' on your PSE&G bill, you may consider opting-in to the PCRE program. You are encouraged to contact CNE or PSE&G for further information.

### **Will the LIHEAP and Lifeline benefit programs for low-income residents still apply if I participate in the PCRE?**

---

**Yes.** LIHEAP (Low Income Home Energy Assistance Program) is a federally funded program administered by the NJ Department of Community Affairs to assist low-income households with paying their heating bills (electric, gas, oil, etc.). Participating in the PCRE program should have no impact on eligibility.

Lifeline or Universal Service programs are funded through State taxes and societal benefits charges, with eligibility based upon several factors tied to income. They provide bill credits to assist eligible customers with electric and gas utility bills. PCRE provides consolidated billing through the utility, and the bill credits are unaffected.

### **Is there any Impact on My ‘Worry-Free’ Appliance Repair Contract with PSE&G?**

---

The PCRE program only impacts the electricity supply portion of your bill. PSE&G remains the power delivery company, and there is no impact on your relationship with PSE&G. PSE&G still reads your meter, provides the monthly bill, and is responsible for maintaining the reliability of the distribution grid. Additionally, if you have a 'Worry-Free' appliance repair contract with PSE&G, that contract will be unaffected and will remain in effect, and any related charges will still appear on your monthly PSE&G bill.

### **From Where does the PCRE Supplier Source the Renewable Energy Being Supplied?**

---

The PCRE supplier, CNE, will provide participating Princeton residents an additional 26% renewable energy content above and beyond the 24% renewable energy content required by New Jersey's Renewable Portfolio Standard (RPS) to achieve a renewable energy content of 50% over the 18-month term of the contract. The state-required 24% content consists of about 5% in-state solar, 16% Class I renewable (primarily wind power but also landfill gas-to-energy and small hydro), and 2.5% Class II renewable (waste-to-energy) located within the regional power grid, PJM. CNE will procure and retire an additional 26% Class I RECs (primarily wind power) from renewable projects in the PJM territory.

Those seeking to 'opt-up' to 100% renewable energy will have the 50% balance of their usage sourced via an additional 50% of PJM Class I RECs.

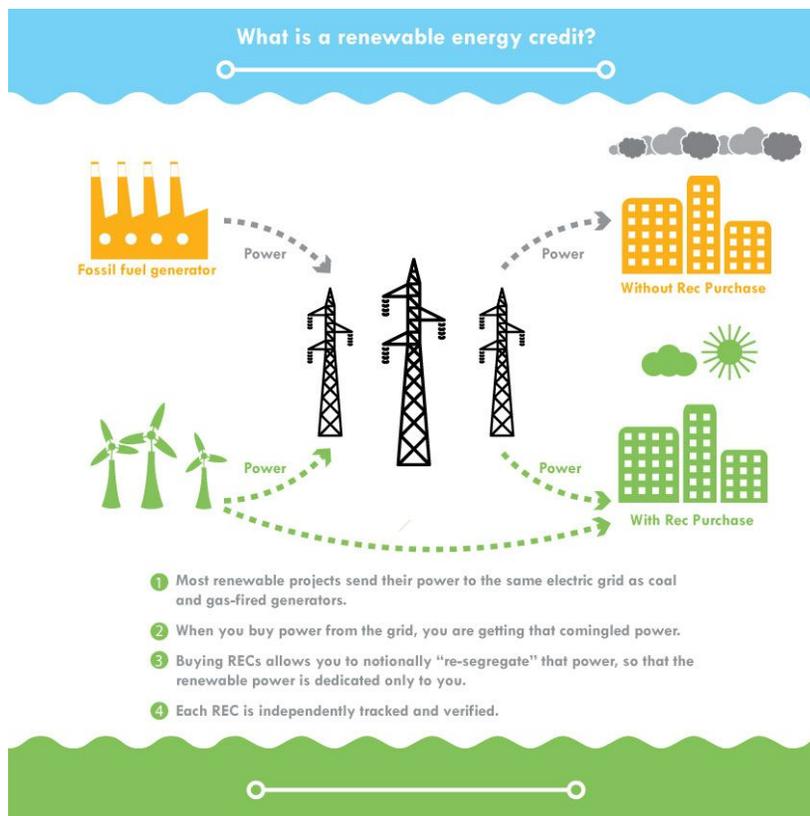
### **What are Renewable Energy Certificates and Why are They Used to Satisfy the Renewable Energy Requirements of the Program?**

---

The power grid is a complex operation, with high voltage transmission lines and power plants of all types, shapes, and sizes. The regional power grid for this part of the country is the PJM Interconnection (PJM). PSE&G's distribution system is interconnected at various points with PJM's high-voltage transmission system, and electricity flows from the PJM grid to PSE&G's delivery system and, ultimately, to individual customers via local substations, wires, transformers, service drops and meters. Electricity produced at hundreds of individual power plants throughout the region is injected into the high-voltage power grid, is intermingled, and flows to the PSE&G delivery system and to customers according to the laws of physics. As such, unless individual customers are physically connected via a direct line to a particular power plant, there is not a physical means of assuring that electricity produced by a specific facility, like a renewable energy project, is flowing to a particular customer or group of customers.

New Jersey, as well as a majority of states in the PJM power grid, including DE, MD, PA, OH, MI, IL and NC, and the District of Columbia, have adopted mandatory Renewable Portfolio Standards (RPS) that establish a floor amount of renewable energy (RE) that each supplier, whether utility or third-party supplier, must have in their supply portfolio. Under New Jersey law, Renewable Energy Certificates (RECs) are the actual environmental attribute associated with energy produced by a renewable facility. Since the actual electricity produced by a renewable energy facility is no different than energy produced from more traditional types of power plants like nuclear, coal, or natural gas-fired power plants, etc., a system has been created whereby renewable energy facilities essentially produce two commodities: 1) energy and 2) RECs. These commodities can be sold together or separately. New Jersey and other states' Renewable

Portfolio Standards rely upon purchase and retirement RECs by suppliers as the means for suppliers to achieve compliance with the RPS standards. This is shown in the graphic below.



RECs are part of a market-based system that provides a source of revenue for existing renewable energy projects and is intended to provide a market signal for the development of new renewable energy projects. The RPS requirements established by NJ and other states create a demand for RECs. When individual states increase their RPS requirements for all suppliers, this increases the demand for RECs. When individual customers or an entire municipality such as Princeton require an enhanced renewable product (above and beyond the State-required amount) via the procurement and retirement of RECs by the supplier, this creates additional demand for RECs, helping create a price signal in the marketplace to incentivize the development of new renewable energy projects.

It is important to note that Sustainable Jersey, an organization whose purpose is to promote sustainability and sustainable practices by local government entities in New Jersey, has endorsed the reliance upon the purchase and retirement of RECs as a means of providing enhanced renewable energy content for government energy aggregation programs, recognizing that, while perhaps imperfect, it is currently the most feasible mechanism available to allow municipalities to push the renewable energy market through energy aggregation programs. The inclusion by default of 26% additional PJM Class I RECs in the PCRE program enhanced renewable product satisfies (and in fact exceeds) the requirements of the Sustainable Jersey-endorsed product and supports the development of new renewable power projects in the region.

## What other municipalities in New Jersey have energy aggregation programs?

---

Dozens of municipalities across NJ have explored and implemented Community Energy Aggregation programs since 2012. A majority of towns that have implemented such programs have continued the program after the first contract expired, with several towns in NJ on their 3rd, 4th or in one case (Plumsted Twp) their 5th round of their program.

Recently, more municipalities are incorporating an enhanced renewable energy product into their community energy aggregation programs. Princeton is part of that new wave of programs. Other communities that have implemented renewable energy aggregation programs include Maplewood, Montclair, Verona, South Orange, Glen Ridge, Glen Rock, Livingston, Plainsboro, and New Brunswick. It is important to note that the contracts of other towns, even ones similar in size to Princeton, may receive different terms based on the unique energy usage profile of the community, the utility that serves that community, and energy market conditions at the time of the contract award.