

Governmental Energy Aggregation: Local Community Buying Power

In Ohio, local communities are allowed, by law, to join their citizens together to buy natural gas and/or electricity as a group and thereby gain "buying power" to solicit the lowest price for the group's natural gas and/or electricity needs. This is called Governmental Aggregation. The Public Utilities Commission of Ohio (PUCO) presents the following information to help you understand the process if your community decides to aggregate.

What is Aggregation?

Aggregation is when a group of customers join together to form a single, larger customer that buys energy for its members. A large buying group may be able to get a better price for the group members than you can get on your own.

What is Governmental Aggregation?

Ohio's laws allow for communities – such as townships, cities and counties – to form the aggregated buying groups on behalf of their citizens. The governmental aggregator chooses an outside supplier for all of the customer-members in its group. Aggregations can be formed to buy natural gas, electricity or both.

All governmental aggregators buying electricity must be certified by the PUCO. Communities that aggregate to buy natural gas are required to be certified by the PUCO unless they aggregate under an Ohio Constitution provision which allows "home rule" or the right for communities to take action under their own charters. If an aggregator is going to provide natural gas and/or electric buying services, it must be certified separately for each industry. Certification by the PUCO, means they have met strict requirements for doing business in Ohio. Therefore, you can participate with confidence.

The law allows for opt-in aggregation or opt-out aggregation.

Opt-in Aggregation

Opt-in aggregation is a program that permits each customer to sign up individually to participate in the program. If the local government chooses Opt-in aggregation, it can proceed to develop a plan and start signing up customers. The plan must include all rates and terms for customers to consider when deciding to join.

Opt-out Aggregation

Opt-out aggregation is a program that automatically enrolls all local residents, unless they individually opt-out of the program (choose not to be included). If a community chooses this form of aggregation, a number of steps are required:

- A majority of voters must authorize opt-out aggregation in an election. The issue appears on a primary or general election ballot for your consideration.
- If authorized by a majority of the vote, the local government must form a plan of operation and management. They must also hold at least two public hearings to allow customers to voice any concerns over the proposed plan.

- Once the local government has adopted the plan, each customer to be aggregated must be notified that they will be automatically enrolled in the program unless they specifically elect not to participate. This notification must also state the rates, charges, and other terms and conditions of enrollment in the program. The opt-out notice is usually a letter accompanied by a post card to be mailed back if you do not want to participate or sometimes, a phone number to call or web site to visit to opt-out.
- Natural gas aggregation customers may opt-out every two years without paying a switching fee. Electric aggregation customers may opt-out every three years without paying a switching fee.

Deciding to stay with the Aggregation

When deciding to join an "opt-in" government aggregation or deciding whether to stay in an "opt-out" government aggregation, here are some things to think about:

- The goal of the buying group –will the aggregator be looking for the lowest price, sources used to generate the electricity, or additional services when finding a supplier?
- Number of group members – larger groups will usually have better "buying power".
- Length of the contract – how long is the contract and how will it be renewed?
- Terms and conditions – be sure you read and understand them, including membership requirements, how you will be billed, and any fees.

Eligibility

For both natural gas and electric aggregation, customers who are already enrolled in the Percentage of Income Payment Plan (PIPP - a payment plan for past-due bills) are not eligible. These customers will be aggregated as a separate group.

For natural gas aggregation, the only other customers who are not eligible to participate are those that are already under individual contracts with suppliers as part of a natural gas choice program. These customers will not appear on eligible customer lists provided to the governmental aggregator or the governmental aggregator's chosen supplier.

For electric aggregation, most customers are eligible and their names will appear on customer lists provided to the governmental aggregator or its chosen supplier. It is important to note that if recently switched to a supplier and your community aggregates, you should return the opt-out notice if you do not wish to be switched to the aggregations' supplier. That is a decision for you to make. You will want to talk to your chosen supplier if you consider switching to the aggregation's supplier to find out if there are any penalties for the early cancellation of the contract.

Learn more

If you have specific questions about your community's aggregation plans, please contact your local government offices – city, county or township. For general information about aggregation, please call the PUCO consumer call center at (800) 686-PUCO (7826).