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Randolph Township Council Discusses Energy Aggregation

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RANDOLPH, NJ - Representatives from Concord Energy Services, Commercial Utility Consultants and the NJ Board of Public Utilities presented the benefits of energy aggregation to the township council at Thursday's meeting.

Vicki Molloy, Vice President of Energy Services at Concord began by telling the council about the eight towns in Morris County realizing a savings of nine percent on their supply rate of electricity through the energy aggregate program.

"Currently, the state of New Jersey auctions with different suppliers every February for every single homeowner, business, or industrial customer that needs electricity or natural gas from the utility, and they set the rate for that commodity service" Molloy explained. "With this program, we're able to go at the local level and provide those savings and pass those onto the residents."

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Lisa Hibbs, the Vice President of Operations at Commercial Utility Consultants took over the presentation to walk through the benefits of working with consultants on this project.

"Community aggregation allows you to reset your default rate," she said. "It allows you to bulk-purchase the electricity, again allowing more competition, and by taking you separate from what the state does, you get the economy of scale."

"There are consumer protections involved in this program, as we've mentioned, a lot of residents have had bad experiences with third-party contracts -- variable rate, termination fees, things like that," Hibbs continued.

Residents are able to opt-in and -out of the program as many times as they like. However, Arif Welcher of the Board of Public Utilities assured the township the program does not exist unless these suppliers offer a savings.

"If for any reason during the term of the contract, the state's default rate drops below our program rate, we go back to our suppliers and ask them to meet that price. If they cannot, everyone goes back to the state default. The program ends early," Hibbs explained.

When asked if the resident pays the program rate through the end of the month, she stated that the lower state default rate goes into effect immediately.

Alan Zakin attended the meeting representing the Morris Area Energy Cooperative, stating that Long Hill Township wanted him to pass on some information about their participation in the program.

“It doesn’t directly affect the town itself, but with costs going up all the time it’s very hard to save money or lower taxes, but this is something you can do to save some money for your residents,” Zakin appealed. “It does seem too good to be true, and it’s hard to sell because of that, but you can check with some of the other towns and the BDU is here, and they’ll tell you, yes, it’s real.”

The primary argument against energy aggregation is the opt-out structure. Residents on the state default (excluding residents with solar panels or who already purchase from a third-party), will automatically be enrolled in the new system. They can then choose to opt-out at any time, as well as opt-in later at no additional cost.

“In terms of those who don’t want the government telling them who their supplier is, the government is already telling them who their supplier is,” council member Jim Loveys confirmed.

“You could also say this is even more local,” Zakin added.

“The problem is we’re telling someone this is what you have to do. Why should we get into that business? It’s not in our business,” said council member Mike Guadagno. “We’re not in the energy business, we’re in the government business, and I don’t think we should be telling our residents which energy companies they need.”

Welcher responded, “We don’t control the market, and residents do have that option to go out on their own, but there have been a lot of situations where instead of saving they’ve actually paid more. The state intervened... to have something where it’s guaranteed that residents will have savings and put their minds at ease.”

Council members only discussed the program at Thursday’s meeting, they have not taken any action at this time.

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