



## Using governmental aggregation to achieve clean energy goals

February 11, 2015

Restructuring within the natural gas and electric markets makes it possible for customers to form buying groups that combine purchasing power to achieve cost savings. Cities, counties, villages and townships can establish aggregation programs to benefit all energy users (residents, businesses and themselves). Ohio law encourages aggregation by allowing municipalities to implement an “opt-out” aggregation program in which customers are automatically included in the buying group, unless they choose otherwise. Here’s how it works:

- One political subdivision (or a group of political subdivisions) legislatively authorizes the program.
- A majority of voters in the subdivision’s jurisdiction authorize opt-out aggregation via a ballot issue.
- Counsel for the subdivision shops for a provider and negotiates all price and contract terms to secure the most favorable rates and terms while avoiding legal traps.
- Two public hearings are held allowing customers to voice any concerns over the proposed plan.
- Once the plan is formed, each potential customer is notified that they will be automatically enrolled in the program, unless they specifically elect not to participate.
- Any energy user can opt out without charge every three years for electricity and every two years for natural gas, providing them with the choice to shop for and negotiate their energy needs.

More than 200 communities in Ohio have already authorized governmental aggregation. These communities are currently benefiting from competitive prices, and in some cases, long-term contracts to provide price consistency for the aggregation’s

residences and small businesses.

However, some governmental aggregations programs seek more than just price benefits. Increasingly, aggregation programs are seeking to achieve environmental objectives by incorporating renewable energy and energy efficiency aspects to their program. For example, Cincinnati constituents saved an average of 23 percent on their utility bills through the rates negotiated on their behalf by the city: an average savings of \$163 on natural gas bills and \$137 on electric bills, all while having their electricity supply served by 100 percent renewable energy.

Most recently, the Southeast Ohio Public Energy Council (SOPEC), an aggregation in southeast Ohio, finalized a deal with AEP Energy and Empower Gas & Electric to move forward with their electric aggregation and energy efficiency plans. In addition, the Northeast Ohio Public Energy Council (NOPEC) – the largest public retail energy aggregation program in the nation, serving approximately 500,000 electric customers and 275,000 natural gas customers in 134 communities in 10 counties in northern Ohio – is also taking steps to provide energy efficiency opportunities for its customers.

Because the political subdivision has already been organized for the purposes of energy procurement, using governmental aggregations to achieve a variety of clean energy goals is appealing. It is efficient to leverage this already organized group. For example, the buying power of the aggregation can make renewable energy procurement more affordable. Also, leveraging an existing program could allow for the aggregation of the energy efficiency savings by residences and small businesses. These savings, which on their own may not be all that significant, could collectively have value to a utility seeking to achieve energy efficiency standards or in the wholesale market.

# Authors

---

Copyright © 2023 Bricker & Eckler LLP. All rights reserved.