

ATTENTION PSE&G CUSTOMERS – Energy Aggregation Update!

Two years ago, five Essex County municipalities - Glen Ridge, Maplewood, Montclair, South Orange and Verona - formed the Sustainable Essex Alliance (SEA) to promote high quality green energy and reduce the cost of electricity for our residents. In March 2019, the SEA awarded a 17-month cooperative energy contract to Direct Energy Services to supply cheaper and greener electricity to thousands of residential customers in the five towns. Leveraging the purchasing power of these communities was a success. The SEA's energy consultant, Gabel Associates, estimated that in the first 12 months of the program the aggregate savings for the participating residents in the five towns was nearly \$1.9 million: Glen Ridge = \$192,000; Maplewood = \$380,000; Montclair = \$684,000; South Orange = \$348,000; and Verona = \$253,000. In addition, Direct Energy supplied a power product with double the amount of renewable energy content required of PSE&G and it was composed of Class 1 Renewable Energy Certificates (RECs).

The current contract with Direct Energy ends in December 2020, so during Summer 2020 SEA began the process of soliciting new bids for Round 2 of the cooperative energy program. SEA also added Glen Rock and Livingston to its membership, bringing the total Round 2 towns to seven and increasing the number of households by about 10,000.

On September 15th, SEA received price proposals for the next 12 to 24 months from four energy firms. Disappointingly, the proposals received on September 15th did not meet the SEA pricing criteria relative to the PSE&G rates. SEA's goal of providing cheaper rates and greener energy than PSE&G could not be met with the proposed prices received, therefore, the SEA rejected all four bids received.

Due to the lead time involved, the SEA's rejection of all bids received on September 15th meant that a new contract could not be in place by the time the current contract with Direct Energy expires in December 2020. Accordingly, all residents currently participating in SEA Round 1 program will be temporarily transitioned back to electric supply with PSE&G. Thank you for participating in Round 1 of the SEA energy cooperative.

New Contract Awarded for Round 2 of the SEA

The SEA remains committed to advancing green energy and using its marketing strength to obtain cheaper rates of electricity for the residents in the seven participating municipalities. As such, although it rejected the initial bids received in September, the SEA committed at that time to solicit bids in the near future when and if the market became more favorable.

On November 4, 2020, after observing market improvements and changing the start date for the contract to improve the chances for favorable pricing, the SEA accepted new bids for Round 2 of the program. The new bid prices were indeed significantly improved as compared to the bids received in September. As a result, the SEA is pleased to announce that it awarded a contract for Round 2 of the program to Energy Harbor, the low bidder, for an 18-month contract which will begin in March 2021.

Under the new contract with Energy Harbor, the baseline product will again provide participating residents with power supply that has nearly double the renewable energy content required of PSE&G, at a price of \$.12830/kwh, which is well below the current average Basic Generation Service tariff price of PSE&G. Therefore, residents can expect to receive power supply under Round 2 of the SEA program that is greener than utility-provided power supply, and at a cost that is expected to be lower than the cost of utility-provided power supply over the contract term.

In addition, participating residents will have the ability to voluntarily 'opt-up' to a 100% renewable energy product, for a modest price premium of \$.007/kwh above the base contract price (i.e. \$.13530/kwh vs. the baseline contract price of \$.12830/kwh). While modestly higher than the PSE&G tariff price, this voluntary 100% renewable energy supply product is priced favorably against similar options currently available on the marketplace.

What to expect in November and December

As noted, the SEA Round 1 contract will be expiring in December 2020. For current SEA Round 1 program participants, in November 2020 these customers will receive a notice from PSE&G that Direct Energy is ending supply service, signifying the end of the Round 1 contract. You need to take no action, will be automatically switched back to PSE&G power supply effective with your December 2020 meter read, and will once again receive electric supply from PSE&G. There will be no charge for the switch to PSE&G and the switch will be automatic without any action required by customers. Your return to PSE&G supply service will be temporary, for only a few months until the SEA Round 2 contract begins.

Expect Solicitations from Energy Providers

As you may have previously, you are likely to again receive solicitation phone calls and letters directly from 3rd party suppliers offering green energy and different electric rates. Be aware that these solicitations are not associated with the Sustainable Essex Alliance, are not leveraging the purchasing power of your municipality and may not include high quality renewable energy sources.

Going Forward

Your January 2021 bill should show PSE&G as the supplier of record – with 'Basic Generation Service' charges, reflecting the switch back to PSE&G supply starting with your December meter read.

In early January 2021, all eligible residents will receive a mailing providing the details of the Round 2 contract with Energy Harbor. This will signify the beginning of the 30-day 'opt-out' period. As with the Round 1 program, the mailer will include information on how to opt-out of the SEA program, via phone, internet, or return of postage paid opt-out card,

if you choose for any reason to remain with PSE&G supply and not to participate in the SEA program. If you wish to be in the SEA program, no action needs to be taken.

You will also receive information on how to 'opt-up' to the 100% renewable energy product should you not only wish to remain in the SEA program but also wish to pay the slightly higher price for the 100% product.

At the conclusion of the 'opt-out' period, Energy Harbor will enroll all residents who did not opt-out for power supply service beginning with March 2021 meter reads. If you do not opt-out, you will receive a notice from PSE&G in mid-February stating that Energy Harbor has enrolled your account for service. Service with Energy Harbor will begin effective with your March 2021 meter read, and you will begin seeing Energy Harbor charges on your April PSE&G bill. If you do opt-out, you will remain with PSE&G power supply.