

*Village of Scarsdale  
Office of the Mayor  
1001 Post Road  
Scarsdale, New York 10583*

March 29, 2016

Editor  
*The Scarsdale Inquirer*  
14 Harwood Court  
Scarsdale, New York 10583

Re: Community Choice Aggregation Plan for Energy Purchases

Dear Editor:

I read with interest Mr. John A. Politi Jr.'s letter to the Editor that appeared in the March 25, 2016 issue of *The Scarsdale Inquirer*. Mr. Politi's letter was on the subject of the Sustainable Westchester pilot community choice aggregation (CCA) program for purchasing energy and asked a series of questions as to whether the Village had considered signing up for the program and why it had not done so. Because the Village has taken a look at Sustainable Westchester's program it seemed useful to take Mr. Politi's letter as a point of reference to inform the community of the present thinking of the Village Board and Staff on the subject.

In early fall 2015, the Board of Trustees, with significant input from Village Staff, took a look at the Sustainable Westchester proposal. As a result of that exercise, the Board determined it best to monitor progress of the pilot project and defer a Village participation decision to a later date. There were a number of reasons for the Board's conclusion as it learned that there is more to municipal aggregation than initially meets the eye, particularly under the umbrella of a pilot project occurring amidst an evolving statewide regulatory environment.

Without going into great detail here, and speaking to the ratepayer savings dimension of municipal aggregation, it is important to note that the experience of other communities has shown that anticipated ratepayer savings is among the weakest of rationales for a municipality to use its regulatory authority to switch residents and businesses to a new electric energy supplier under the auspices of a CCA program. To illustrate, recent data indicates that ConEd's variable pricing has recently been below the 7.38 cents per kilowatt hour (kWh) that Sustainable Westchester has contracted for with the communities that have joined its CCA. Specifically, ConEd's last four utility bills disclose the following pricing (dates as of mid-months indicated): 5.3630 cents/kWh (December 2015), 6.2241 cents/kWh (January 2016), 6.7911 cents/kWh (February 2016) and 6.6541 cents/kWh (March 2016). Sustainable Westchester's rate is less favorable than the rates for each of those four months, although it is better than the 12-month 2015 average they selected for comparison purposes. However, selecting a 12-month average rate may or may be representative of actual savings so long as ConEd rates remain below Sustainable Westchester's offered rate.

Staff research revealed that economies of scale, presumably the dynamic through which a CCA program hopes to achieve ratepayer savings, may not hold true over time and varying market conditions. The experience of other communities has shown that economies of scale do not necessarily translate into savings. In one example, the City of Chicago decided to dissolve its CCA program due to an inability to demonstrate continuing ratepayer savings. A *Chicago Tribune* article from April 2015 reported that the City of Chicago was one of over 100 communities out of 725 that did not renew their CCA contracts and returned residents to their legacy suppliers.

Furthermore, individual ratepayers (both residential and commercial) already have alternative purchase plans available to them. Energy customers in the Village have the option of switching to an energy supply company (ESCO) of their own choosing without local government making that decision for them. Numerous ESCOs and contact information for them are listed on the ConEd web site. For instance, one ESCO listed presently offers a 36-month fixed rate contract for 7.29 cents/kWh -- pricing which is lower than the current offer through Sustainable Westchester's CCA program -- and for a term longer than Sustainable Westchester's two year contract. Any resident not under contract with another ESCO is free to sign-up on his/her own, although reading the fine print of the offers is advisable since there may be important exceptions to the advertised terms, as well as additional fees chargeable in certain circumstances.

To further complicate the issue, added local government administrative costs are not reflected in CCA power supply rates, yet participating local governments are burdened by significant public outreach and education responsibilities, along with program management and oversight obligations. The costs of funding outreach programs and ongoing oversight become budget line items for the municipality seeking to promote and implement a CCA program.

At the present time, the Village believes that individual residents are in the best position to determine which rate or rate-savings program best fits their needs. ConEd offers programs and services designed to save ratepayers money and advance energy efficiency and conservation goals, while ESCOs also offer competitive pricing. Therefore, while the Village has adopted a wait and see approach concerning CCA participation, Scarsdale residents and businesses are free to pursue rate savings through the alternatives already available to them without local government intervention. The Village will continue to observe the pilot CCA project, wait for the State of New York to finalize the statewide community choice aggregation regulatory environment, and at some future date may consider further whether or not there are compelling reasons to participate in a CCA.

Very truly yours,

Jon Mark, Mayor