MUNICIPAL ELECTRIC AGGREGATION COMMITTEE
May 12, 2011 - 6:00 p.m.

Chairman Darrel Perkins called the meeting to order at 6:00 p.m. Committee members present: Aldermen Scott Logan, Carl Opper and Mike Clarke. Also present was Administrator Dave Nelson.

The Committee reviewed the confidentiality agreement. Administrator Nelson noted that the City's Attorney Carlos Arevalo has reviewed this and approves. Further each provider seems to wants to make minor changes and the Attorney is also reviewing those on a case by case basis.

Motion made by Alderman Logan, seconded by Alderman Opper to authorize Administrator Nelson to sign necessary confidentiality agreements only after Attorney Arevalo approves each agreement. All ayes.

The Committee reviewed the Ordinance and the Plan of Governance. Motion made by Alderman Logan, seconded by Alderman Clarke to approve of the plan and to have it ready for public hearing with the following amendments.

Page 4 paragraph A.(8)a add commercial customers

a. Provide for universal access to all applicable residential and *small commercial retail customers* along with equitable treatment of applicable residential and *small commercial retail customers*.

Page 6 paragraph C. add bullet point

- *Provide a direct mailing pursuant to appendix A to all residential and small commercial retail customers of Com Ed within the corporate limits of the City.*

Page 7 paragraph G. second sentence change opt-out period

Members of the Aggregation Group will be allowed to switch to a different electric supplier after the expiration of the opt-out period on the terms set forth in the Power Supply Agreement but at least will be allowed to opt-out *at the expiration of the current Power Supply Agreement.*

Page 9 Appendix A Education Procedure first sentence add finance

The Provider shall develop *and finance* the educational program….

All ayes.

Motion made by Alderman Opper, seconded by Alderman Logan to set public hearing dates of May 31, 2011, and June 7, 2011 @ 6:30 p.m. and to authorize the staff to publish. All ayes

Motion made to adjourn by Alderman Clarke seconded by Alderman Opper All ayes. Motion carried.

Submitted by:
Chairman Perkins

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November 2, 2010

Via E-Mail
Administrator Dave Nelson
201 W. Diggins Street
P.O. Box 310
Harvard, Illinois 60033

Re: Illinois Power Agency Act

Dear Dave:

Pursuant to your request, we researched the electrical aggregation statute passed in August 2009. This letter lays out the specific steps the City needs to take in order to implement an aggregate program. Implementing such a program is a drawn out process, but the statute does provide specific steps the City will need to follow. In summary, the statute requires the City to: (1) submit a referendum; (2) have the referendum voted on; (3) adopt an ordinance implementing an aggregate program; (4) develop the aggregate plan; (5) adopt the plan; and (6) solicit bids from electricity providers.

First, the City will need to submit a referendum to determine whether the program will operate as an opt-out program. To submit the referendum, the City will need to pass a resolution or ordinance initiating the public question. Such a resolution or ordinance must be passed by **January 18, 2011** in order for the question to be presented to voters on the April 5, 2011 ballot. The question submitted needs to be in the following form: "Shall the City of Harvard have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such program?" The answers are to be recorded as "Yes" or "No."

If a majority of voters vote in favor of the referendum, then the City may implement an opt-out aggregation program. With an opt-out program, all residents and small retailers are automatically included in the program unless they opt-out. The City has the duty to fully inform the residents and retailers in advance that they have the right to opt-out of the program. If the referendum does not pass, the City can then only implement an opt-in program. With an opt-in program, the City is required to: (1) allow the customers to commit to the terms and conditions of the City's selected bid within 60 days after receiving the bids and (2) if the City enters an agreement based on the selected bid then customers who committed to the terms and conditions of that bid are required to commit to the program.

Upon passage of the referendum, a majority of the City's corporate authority must approve an ordinance implementing the aggregation program.

After approval of such an ordinance, the City, with assistance from the Illinois Power Agency, needs to develop a plan of operation and governance for the aggregation program. Prior

to adopting a plan, the City will need to hold at least two public hearings on the plan. Before the first hearing, the City is required to publish notice of the hearings once a week for two consecutive weeks in a newspaper of general circulation in Harvard. The notice needs to provide a summary of the potential plan and state the date, time and location of the public hearings.

Finally, an aggregation plan can be adopted. The plan must: (1) provide for universal access and equitable treatment to all applicable residential customers; (2) provide each class of customers with information describing electricity demand management and energy efficiency; and (3) meet any additional requirements established by law concerning aggregated service.

Once a plan is adopted, the City will need to solicit bids and award proposed agreements. Upon the City's request, any electric utility that provides residents and retailers electric service in the City of Harvard must submit to the City the names and addresses of customers in Harvard that are in the utility's records at the time of such a request. The final step is entering into agreements based upon the bids and starting the aggregate plan.

Clearly, NIMEC's involvement here plays an important role. The statute assumes that a municipality will implement this program on its own. It also allows municipalities and counties to enter into intergovernmental agreements. The question therefore becomes the extent of NIMEC's assistance in formulating the aggregation plan, its assistance to the City with the Illinois Power Agency, joining with other NIMEC members to increase buying power and ultimately NIMEC's handling of the bidding process.

After you get a chance to review this please call and we can discuss this matter further. Do note that we will need to have a resolution or ordinance passed by January 18th in order to get the question on the April ballot, which would require action by City Council at the December meeting. Also, please be aware that only three public questions per political subdivision are allowed on the ballot, so the earlier we can submit our question the better.

Let me know if you have any questions.

Very truly yours,

Carlos S. Arévalo

CSA:cw
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MUTUAL AGREEMENT NOT TO DISCLOSE CONFIDENTIAL INFORMATION

THIS AGREEMENT made as of the ____ day of _____, 2011 (the "Agreement").

B E T W E E N:

(hereinafter referred to as "Company")

- and -

City/Village of _____

(address)

(hereinafter referred to as "City")

WHEREAS, the Company and City wish to exchange certain confidential and proprietary information for the purpose of evaluating whether Company, as an energy supplier, can serve the members of the City's aggregation program (the "Purpose"). City and Company collectively referred to at "Parties".

NOW THEREFORE, in consideration of the mutual promises, covenants and obligations contained in this Agreement, and other good and valuable considerations, the receipt of which are hereby acknowledged and with intent to be legally bound, Parties agree as follows:

1. For the purposes of this Agreement:

(a) "**Confidential Information**", as used in this Agreement shall mean any and all written materials provided by either party or their affiliates ("Disclosing Party") to another party or affiliate ("Receiving Party") in connection with the purpose of this Agreement. All information received from the Disclosing Party shall be considered confidential information, unless it is specifically designated as non-proprietary and non-confidential. Confidential information shall include pertinent electrical power and energy date pertaining to electric customers within the corporate limits of the City including, but not necessarily limited to the

name and addresses of retail customers, generic electric load profiles, electric service account numbers and any and all other information provided by the City to the Company relating to electric customers within the corporate limits of the City.

Confidential information shall also mean, but is not limited to, any (i) Company markets, contemplated markets, marketing channels and channel mix, products and services, contemplated products and services, product and services development, product pricing methodology, competitive positioning in the industry, data flows, credit requirements, agent/broker compensation methods and agent/broker compensation models; and (ii) information of either party including, without limitation, business plans, business strategies, current and prospective customers, know-how, data, patent, copyright, trade secret, process, technique, program, design, formula, marketing, advertising, financial, commercial, sales or programming matter, written materials, compositions, drawings, diagrams, computer programs, studies, work in progress, visual demonstrations, ideas, concepts, and other data, which information is set forth in tangible form and prominently marked "CONFIDENTIAL".

(b) The term “Confidential Information” shall exclude the following:

(i) information which is now or which hereafter becomes publicly known or available through no act or failure on the part of Recipient, whether through breach of this Agreement or otherwise;

(ii) information which is actually known to Recipient prior to the time of receipt of such Confidential Information;

(iii) information which is furnished to Recipient by a third party who has rightfully obtained the Confidential Information without restriction on disclosure;

(iv) information which is independently developed by Recipient without use of or reference to the Confidential Information of Owner that does not otherwise contravene the terms and provisions of this Agreement; or

(v) information which is discussed with prior written approval of the Disclosing Party.

(vi) information which Recipient is by law, order of a Court of competent jurisdiction, or other legal compulsion required to disclose.

"**Owner**" means the party hereto which possesses the intellectual property rights in and to an item of Confidential Information, as the context requires, and includes, without limitation, an owner, possessor, developer and licensee of such Confidential Information.

"**Recipient**" means the party hereto who receives or is otherwise privy to, or comes into possession of, an item of Confidential Information of which it is not the Owner.

"**Affiliate**" means any corporation, company or entity that directly or indirectly controls, is controlled by or is under common control with, a party hereto.

2. All Confidential Information constitutes the sole and exclusive property and the Confidential Information of the Owner, which the Owner is entitled to protect. Recipient shall only use the Confidential Information strictly for the Purpose, as defined above. Recipient shall hold and maintain all Confidential Information in confidence for the Owner and shall have an obligation to protect the Confidential Information from any harm, tampering, unauthorized access, sabotage, access, exploitation, manipulation, modification, interference, misuse, misappropriation, copying or disclosure whatsoever, except as specifically authorized by the Owner in writing. The standard of care for protecting Confidential Information imposed on the Recipient will be at least that degree of care the Recipient uses to prevent disclosure, publication or dissemination of its own Confidential Information, but in no event less than reasonable care.

3. Without the prior written consent of the Owner, Recipient shall not disclose any Confidential Information to any person other than to such of its employees, officers, directors, contractors, agents and professional advisors who need to know and in such event only to the extent necessary for the Purpose described in the recital above. Notwithstanding the foregoing, a Recipient may also disclose any Confidential Information to such of the employees, officers, directors, contractors, agents and professional advisors of any of its Affiliates to the extent necessary for the Purpose, described in the recital above, without the prior written consent of the

Owner. ~~Recipient shall destroy all Confidential Information, including all records, summaries, analyses, notes or other documents and all copies thereof, immediately upon request by the Owner and, if requested by Owner, will certify in writing to the Owner that such destruction has occurred. Furthermore, upon request from the Disclosing Party, the recipient shall return any and all written Confidential Information. The destruction of such documents shall in no event relieve Recipient of its obligations of confidentiality set out in this Agreement with respect to such destroyed information.~~

4. In the event that the business relationship contemplated by this Agreement does not occur, neither party will use or permit the use of any of the Confidential Information of which it is the Recipient for its own benefit nor for the benefit of any third party. In the event that either Party, or any of their Affiliates (as the cause may be) is requested or required by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process, or by law or regulation: (i) to disclose any Confidential Information of the other Party; or (ii) to disclose the possibility of any Proposed Transaction or the discussions pertaining thereto, it is agreed that the Party will provide notice at least ten (10) days in advance of such potential disclosure so that an appropriate protective order may be sought and/or waiver of compliance with the provisions of the Agreement may be granted. The Company also acknowledges that it is aware that the City is subject to the Freedom of Information Act of the State of Illinois and the Illinois Local Records Act and that the City is required to abide by these laws. ~~of the Freedom of Information Act and~~ ~~disclosure~~ Disclosure according to the Freedom of Information Act shall not be considered a violation of this Agreement. To protect the Company, the City shall immediately advise the Company of any request for disclosure of any confidential information pursuant to the Act and the Company shall have the right to assert as may be allowed by law that the information is not subject to disclosure. Moreover, disposition of Confidential Information shall be consistent with the Illinois Records Act.

5. Neither this Agreement nor the disclosure of any information to Recipient shall be construed as granting to Recipient any rights in, to or in respect of the Confidential Information.

6. The Parties agree that the execution of this Agreement does not in any way constitute a

binding commitment on the part of either party to enter into or complete negotiations or any transaction with the other party.

7. Owner hereby excludes all representations, warranties and conditions, express or implied, including, without limitation, any representations, warranties or conditions of accuracy, sufficiency or suitability.

8. Each party acknowledges that the other party may be considering transactions with third parties that are similar to, and which may occur in lieu of, the purpose contemplated hereunder and nothing herein shall prohibit each party from entering into such transactions.

9. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes and overrides any prior or other agreements, representations, warranties, understandings and explanations between the parties hereto with respect to the subject matter of this Agreement.

10. This Agreement shall be binding upon the officers, employees, trustees, receiver, heirs, executors, administrators, successors and assigns of the parties.

11. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Illinois, without giving effect to principles of conflicts of law. In the event that a court of competent jurisdiction determines that any portion of this Agreement is unreasonable because of its term or scope or for any other reasons party, the parties agree that such court may reform such provision so that it is reasonable under the circumstances and such provision, as reformed, shall be enforceable.

12. The parties acknowledge that their respective legal counsel has reviewed and participated in settling the terms of this Agreement, and that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

13. In this Agreement words importing the singular include the plural and vice versa and words

importing gender include all genders.

14. Any term of this Agreement may be amended with the written consent of the City and Company. Any amendment or waiver ~~effected~~affected in accordance with this Section shall be binding upon the parties and their respective successors and assigns. Failure to enforce any provision of this Agreement by a party shall not constitute a waiver of any term hereof by such party.

15. The restrictions and obligations of the parties herein with respect to Confidential Information shall remain in full force and effect for a period of two (2) year from the date first above written. Notwithstanding any termination of this Agreement, all confidential information shall remain subject to the Agreement's terms.

16. Notices. All notices, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to be effective (i) if personally delivered, upon delivery, (ii) if delivered by facsimile, upon receipt of confirmation from Receiving Party's facsimile machine, (iii) if delivered by registered or certified United States mail, postage prepaid, return receipt requested, upon receipt or refusal of receipt, or (iv) if delivered by Federal Express or other recognized courier guaranteeing overnight delivery, one (1) business day after being sent to the address provided below:

Company:

_____

_____

_____

17. Neither party may assign this Agreement or any interest herein without the other parties' express prior written consent.

18. Nothing in this Agreement requires either Party to conclude the Project. Either party may terminate the Project discussions at any time in its sole discretion. Disclosing Party does not make any representation or warranty (express or implied) concerning the completeness or accuracy of the Confidential Information. The Parties further agree that nothing herein is

intended to be nor shall it be construed as creating (i) a partnership, joint venture, or other legal entity, or (ii) any agency or continuing relationship between the Parties other than as expressly and specifically set forth herein. The Parties agree that (i) all rights to Confidential Information disclosed pursuant to this Agreement are reserved to Disclosing Party, (ii) nothing in this Agreement shall diminish or restrict in any way the rights that each party has to market, lease, sell, or otherwise make available its products and services to any customer or third party, and (iii) no license or conveyance of any rights under any discoveries, inventions, or patents is granted or implied by either party to the other.

19. By executing this Agreement below, each individual signing this Agreement warrants that he or she is authorized to sign this Agreement on behalf of the party for which it is executed.
20. This Agreement may be executed and delivered in one or more counterparts, including by facsimile transmission or signed email, each of which will be deemed an original copy of this Agreement, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Mutual Agreement not to Disclose Confidential Information as of the date first above written.

City of _____

By:_____

Mayor

Company:

By:_____

RESIDENTIAL AGGREGATION IMPLEMENTATION SCHEDULE

1. Review Confidentiality Statement and return to NIMEC.
2. Request Load Data from Commonwealth Edison
3. Receive/Review Indicative pricing from Suppliers
4. Decide Go/No Go.

5. Review Plan of Governance and RFQ.
6. Advertise for Public Hearings
7. Hold 2 Public Hearings
8. Approve second ordinance for aggregation plan, approve Plan of Governance and delegate signing authority.
9. NIMEC to aggregate load and send out RFQ
10. Village Board decision to accept or reject bid
11. Residents to be contacted by supplier re: Opt Out option
12. Power to flow in 45-60 days

NIMEC
NORTHERN ILLINOIS MUNICIPAL ELECTRIC COOPERATIVE
BANDING TOGETHER TO DRIVE DOWN PRICING

ORDINANCE NO. 2011 -

An Ordinance Adopting the Electric Power Aggregation Plan of Operation and Governance

WHEREAS, Public Act 96-1076 amended the Illinois Power Agreement Act by Adding Section 1-92 to Chapter 20, Act 3855 of the Illinois Compiled Statutes ("the Act") to allow the Corporate Authorities of a municipality to adopt an ordinance in accordance with the Act to aggregate electrical loads for residential and small commercial retail customers within the corporate limits of the City; and

WHEREAS, the Act authorizes a municipality to select suppliers of retail electric supply, solicit bids, and enter into service agreements to facilitate the sale and purchase of electricity and related services; and

WHEREAS, the Act further authorizes the Illinois Power Agency to assist a municipality in developing a plan of operation and governance; and

WHEREAS, in accordance with the requirements of the Act, the voters of the City of Harvard approved a referendum on November 2, 2010, to operate an Aggregation Program as an "opt-out" program.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the CITY OF HARVARD, McHenry County, Illinois, as follows:

SECTION 1: Electric Power Aggregation Plan of Operation and Governance Adopted. The Electric Power Aggregation Plan of Operation and Governance is hereby adopted as described in Exhibit A attached hereto and incorporated herein as if fully set forth.

SECTION 2: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue in full force and effect.

SECTION 3: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Aye:

Nay:

Absent:

Abstain:

APPROVED:

_____
Mayor Jay T. Nolan

(SEAL)
ATTEST: _____
City Clerk Andy Wells

Passed:
Approved:
Published: In Pamphlet Form

C E R T I F I C A T I O N

I, ANDY WELLS, do hereby certify that I am the duly elected, acting and qualified Clerk of the City of Harvard, McHenry County, Illinois, and that as such Clerk, I am the keeper of the records and minutes and proceedings of the Mayor and Aldermen of said City of Harvard.

I do hereby further certify that at a regular meeting of the Mayor and Aldermen of the City of Harvard, held on the 26th day of April, 2011, the foregoing Ordinance entitled *Adopting the Electric Power Aggregation Plan of Operation and Governance*, was duly passed by the Mayor and Aldermen of the City of Harvard.

The pamphlet form of Ordinance No. 2011- , including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the City Hall, commencing on the _____ day of _____, 2011, and continuing for at least 10 days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the City Clerk.

I do further certify that the original, of which the attached is a true and correct copy, is entrusted to me as the Clerk of said City for safekeeping, and that I am the lawful custodian and keeper of the same.

Given under my hand and corporate seal of the City of Harvard this _____ day of _____, 2011.

_____
Andy Wells, Clerk
City of Harvard,
McHenry County, Illinois

(SEAL)

EXHIBIT A

CITY OF HARVARD

ELECTRIC POWER AGGREGATION PLAN OF OPERATION AND GOVERNANCE

May 24, 2011

EXHIBIT A

CITY OF HARVARD

Electric Power Aggregation

Plan of Operation and Governance

I. INTRODUCTION

Public Act 96-1076 amended the Illinois Power Agreement Act by adding Section 1-92 to Chapter 20, Act 3855 of the Illinois Compiled Statutes ("the Act") and allowed the Corporate Authorities of a municipality to adopt an ordinance in accordance with the Act to aggregate electrical loads for residential and small commercial retail customers within the corporate limits of the City on an opt-out or opt-in program. The Act further authorized a municipality to select suppliers of retail electric supply, solicit bids and enter into service agreements to facilitate the sale and purchase of electricity and related services. The legislation authorized the Illinois Power Agency ("IPA") to assist a municipality in developing a plan of operation and governance.

Large industrial and commercial consumers with sophisticated electric operations use their size and expertise to obtain lower electric power rates. Individual residential and small commercial retail consumers are typically unable to obtain significant price reductions since they lack the same bargaining power, expertise and the economies of scale enjoyed by larger consumers. Aggregation, the combining of multiple electric loads, provides the benefits of retail electric competition for consumers with lower electric usage.

Municipal aggregation, the combining of multiple retail electric loads of customers by a municipality, provides the means through which municipal residential and small commercial retail customers may obtain economic benefits of Illinois' competitive retail electric market. The Harvard Aggregation Program combines the electric loads of residential and small commercial retail customers to form a buying group ("Aggregation Group"). The City of Harvard ("City") will act as facilitator for the Aggregation Group. Therefore, the City will be a Municipal or Governmental Aggregator, as described by Illinois law and the rules established by authorized agencies, to obtain a competitively priced Aggregation Program for the Members of the Aggregation Group. The electric distribution company for the City is Commonwealth Edison Company, an affiliate of Exelon Corporation (herein referred to as "ComEd" or "Commonwealth Edison").

II. DEFINITIONS

In order to clarify certain terminology, the following terms as used in this Plan shall have the meanings set forth below:

"Aggregation Group" shall mean all eligible residential and small commercial retail customers of ComEd in the corporate limits of the City that have not opted out of the Program and are permitted under the terms of the Act to participate in the Program.

"Aggregation Program" or "Program" means the program developed and implemented by the

City of Harvard, as a Municipal Aggregator under the Act, to provide ComEd residential and small commercial retail customers in the City with retail electric generation services.

"Municipal Aggregator" means the City operating an Aggregation Program under the legislative authority granted the City to act as an aggregator to provide a competitive retail electric service to eligible residential and small commercial retail customers of ComEd in the City. Pursuant to the Act, an Aggregator is not a public utility or an alternative retail electric supplier.

"Member" means a person or legal entity enrolled in the Harvard Municipal Aggregation Program for competitive retail electric services and a member of the Aggregation Group.

"Retail Electric Supplier" (“RES” or "Provider") means an entity certified by all required authorities of the State of Illinois to provide competitive retail electric supply service(s), and which is duly selected by the City to be the entity responsible to provide the required retail electrical supply service related to an Aggregation Program as defined in the Act, City Ordinances and applicable rules and regulations of any authorized agency of the State of Illinois and has duly executed a Power Supply Agreement with the City.

III. OPERATIONAL PLAN:

A. Aggregation Services

1. Provider: The City will use a competent entity as a Provider to perform and manage aggregation services for Members of the Aggregation Program. The Provider shall provide adequate, accurate, and understandable pricing, terms and conditions of service, including but not limited to no switching fees and the conditions under which a Member may opt-out without penalty. The Provider must provide the City, upon request, an electronic file containing the Members usage, charges for retail supply service and such other information reasonably requested by the City.

2. Database: The Retail Electric Supplier shall create and maintain a secure database of all Members. The database will include the name, address, Commonwealth Edison account number, and Retail Electric Suppliers’ account number of each active Member, and other pertinent information such as rate code, rider code (if applicable), most recent 12 months of usage and demand, and meter reading cycle. The database will be updated at least quarterly. Accordingly, the Provider will develop and implement a program to accommodate Members who (i) leave the Aggregation Group due to relocation, opting out, etc. (ii) decide to join the Aggregation Group; (iii) relocate anywhere within the corporate limits of the City, or (iv) move into the City and elect to join the Aggregation Group. This database shall also be capable of removing a Member from the Aggregation Group who has duly opted out of the Program. The Provider will use this database to perform audits for clerical and mathematical accuracy of Member electric supply bills.

3. Member Education: The Provider shall develop and implement, with the assistance of the City, as the City may determine in its sole discretion, an educational program that generally explains the Aggregation Program to all residential and small commercial retail customers in the City and the Aggregation Group, provides updates and disclosures mandated by Illinois

law and applicable rules and regulations, and implements a process to allow any Member the opportunity to opt out of the Aggregation Program according to the terms of the Power Supply Agreement. See Appendix A for further details.

4. Customer Service: Provider shall hire and maintain an adequate customer service staff and develop and administer a written customer service process that will accommodate Member inquiries and complaints about billing and answer questions regarding the Aggregation Program in general. This process will include a description of how telephone inquiries will be handled, either internally or externally, how invoices will be prepared, how Members may remit remittance payment, and how collection of delinquent accounts will be addressed. The Provider and the City will enter into a separate customer service plan agreement or the terms shall be included in the Power Supply Agreement.

5. Billing: Commonwealth Edison or the Provider will provide a monthly billing statement to each Member which shall include the charges of the Provider, and the Provider will not charge any additional administrative fee.

6. Compliance Process: The Provider shall develop internal controls and processes to ensure that the City remains in good standing as a Municipal Aggregator and ensure that the City and the Program complies with the Act and all applicable laws, rules and regulations, as they may be amended from time to time. It will be the Provider's responsibility to timely deliver reports at the request of the City that will include (i) the number of Members participating in the Program; (ii) a savings estimate or increase from the previous year's baseline; (iii) such other information reasonably requested by the City; (iv) comparison of the Members' charge for the supply of electricity from one designated period to another identified by the City. The Provider shall also develop a process to monitor and shall promptly notify the City in writing of any changes or amendments to the Act or any laws, rules or regulations applicable to the Aggregation Program.

7. Notification to Commonwealth Edison: The residential and small commercial retail customers of ComEd in the City that do <u>not</u> opt-out of the Aggregation Program will be enrolled automatically in the Aggregation Program by a Provider. Members of the Aggregation Group will <u>not</u> be asked to take affirmative steps to be included in the Aggregation Group. To the extent that ComEd requires notification of participation; the Provider shall provide such notice to ComEd. The Provider will inform ComEd from time to time through electronic means any new members that it is enrolling into the Aggregation Group.

8. Plan Requirements: Pursuant to the Act, the Provider selected by the City shall:

   a. Provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers;

   b. Describe demand management and energy efficiency services to be provided to each class of customers;

c. Meet any requirements established by law concerning aggregated service offered pursuant to the Act.

9. Solicitation of Bids: Pursuant to the requirements of the Act, the process of soliciting bids for electricity and related services and awarding power supply agreements for the purchase of electricity and other related services by the City, shall be conducted in the following manner:

a. The Corporate Authorities of the City may solicit bids for electricity and other related services.

b. Notwithstanding Section 16-122 of the Public Utilities Act and Section 2HH of the Consumer Fraud and Deceptive Business Practices Act, an electric utility that provides residential and small commercial retail electric service in the City must, upon request of the Corporate Authorities of the City, submit to the requesting party, in an electronic format, those names and addresses of residential and small commercial retail electrical retail customers in the City that are reflected in the electrical utilities records at the time of the request and such other information required by the Act or any applicable rule or regulation of an authorized Illinois agency.

c. The City, upon receiving customer information from an electric utility shall be subject to the limitations on the disclosure of that information described in Section 16-122 of the Public Utilities Act and Section 2HH of the Consumer Fraud and Deceptive Practices Act, and an electric utility providing such information shall not be held liable for any claims arising out of the provision of information pursuant to this Section and the Act.

B. Power Supply Agreement

The Corporate Authorities of the City and the Provider shall duly execute and enter into a Power Supply Agreement to serve the Aggregation Group.

C. Harvard's Retail Electric Supplier

The Power Supply Agreement shall require the Provider to satisfy each of the following requirements:

- Have sufficient sources of power to provide retail firm power to the Aggregation Group.
- Maintain a license as a Federal Power Marketer with the Federal Energy Regulatory Commission.
- Maintain a certification from the State of Illinois as a certified retail electric supplier and any and all other licenses or certifications required by Illinois law.
- Register as a retail electric supplier with ComEd.
- Maintain a Service Agreement for Network Integration Transmission Service under Open Access Transmission Tariff.
- Maintain a Service Agreement as required under all applicable rate tariffs of the State of Illinois.

- Maintain the necessary corporate structure to sell retail firm power to the ComEd residential and small commercial retail customers in the City and the Aggregation Group.
- Maintain an Electronic Data Interchange computer network that is fully functional at all times and capable of handling the ComEd residential and small commercial retail electric customers in the City and the Aggregation Group.
- Maintain the marketing ability to reach all ComEd residential and small commercial retail customers in the City to educate them on the terms of the Aggregation Program and the Act.
- Maintain a call center capable of handling calls from Members of the Aggregation Group.
- Maintain a local or toll-free telephone number for customer service and complaints related to the City's Aggregation Program.
- Agree in a binding written agreement between the City and the Provider to hold the City financially harmless from any and all financial obligations arising from supplying power to the Aggregation Group.
- Satisfy the credit requirements of the State of Illinois and the City.
- Have the binding authority (to the satisfaction of legal counsel for the City) to execute the Power Supply Agreement with the City and be fully bound by all of its terms and conditions.
- Assist the City in filing all reports required by the Act and any applicable law, rule or regulation, as may be amended form time to time.
- Assist the City in developing a Consumer Education Plan.
- Assist the City in developing a smart-meter program.
- Comply with all applicable laws and regulations of the State of Illinois.

D. Activation of Service

After a notice is mailed to all residential and small commercial retail electric customers in the City providing an opportunity to opt out of the Program within a specific period of time, all customers who do not opt out in writing will be automatically enrolled in the Program. Customer enrollment with the Provider will occur thereafter without further action by the customer on terms set forth in the Power Supply Agreement and according to the retail tariffs of Commonwealth Edison.

E. Changes, Extension or Renewal of Service

The Power Supply Agreement with the Provider will provide when service shall begin and end. If the Power Supply Agreement is extended or renewed, Members will be notified as to any change in rates or service conditions and other information required by law. The Power Supply Agreement shall describe the terms upon which a Member or non-member will be given an opportunity to opt into or out of the Program, and reasonable notice will be provided as required by the Act or any applicable law. Members who opt-out will also be notified of their right to select an alternate retail electric supplier and of their ability to return to ComEd provided supply service.

F. Termination of Service

In the event that any Power Supply Agreement is terminated for any reason prior to the end of the scheduled term, each Member of the Aggregation Group will receive prompt written notification of termination of the Program at least sixty (60) days prior to termination of service under the Agreement. If the Agreement is not extended or renewed, Members will be notified in

a manner determined by the City and any applicable law, prior to the end of any service. Members will also be notified of their right to select an alternate retail electric supplier and of their ability to return to ComEd provided supply service upon termination of the Agreement.

G. Opt-out Procedures

ComEd residential and small commercial retail customers in the City may opt-out of the Aggregation Program at any time during the opt-out period without additional fees charged by the Provider or the City. Members of the Aggregation Group will be allowed to switch to a different electric supplier after the expiration of the opt-out period on the terms set forth in the Power Supply Agreement but at least shall be allowed to opt-out every three years. Requirements for notification of intent to opt-out of the Aggregation Group shall be set forth in the Power Supply Agreement. Consumers who opt-out of the Aggregation Group will not be switched from their current supplier or their applicable to ComEd's Standard Service Offer, until the consumer selects an alternate generation supplier. As required by the Act, it shall be the duty of the City or the Provider if so provided in the Power Supply Agreement, to fully inform residential and small commercial retail customers in the City in advance that they have the right to opt-out of the Aggregation Program. Such disclosure shall prominently state any charges to be made and shall include full disclosure of the cost to obtain service pursuant to Section 16-103 of the Public Utilities Act, how to access it, and the fact that it is available to them without penalty, if they are currently receiving services under that section. As further required by the Act, the IPA shall furnish, without charge, to any resident of the City, a list of all supply options available to them in a format that allows comparison of prices and products.

H. Intergovernmental Agreement

The Corporate Authorities of the City by majority vote may exercise its authority under the Act jointly with any other Municipality or County in the State of Illinois or combination thereof in accordance with the requirements of the Act. In such event, the City shall enter into an intergovernmental agreement with such other Municipalities or Counties.

IV. MISCELLANEOUS GOVERNANCE GUIDELINES

A. The Corporate Authorities of the City shall approve by an Ordinance passed by majority vote of the Corporate Authorities this Plan of Operation and Governance for the Aggregation program and any Amendments thereto.

B. The Corporate Authorities of the City shall contract with a Provider certified by the Public Utilities Commission of Illinois for the provision of Competitive Retail Electric Service to the Aggregation Group.

C. The Corporate Authorities of the City will require any Provider to disclose any subcontractors that it uses in fulfillment of the services described above in the Power Supply Agreement.

D. The Corporate Authorities of the City will require the Provider to maintain either a toll-free telephone number, or a telephone number that is local to the Members.

V. LIABILITY

THE CITY SHALL NOT BE LIABLE TO PARTICIPANTS IN OR MEMBERS OF THE AGGREGATION GROUP FOR ANY CLAIMS, HOWEVER STYLED, ARISING OUT OF THE AGGREGATION PROGRAM OR THE PROVISION OF AGGREGATION SERVICES BY THE CITY OR THE PROVIDER. PARTICIPANTS OR MEMBERS IN THE AGGREGATION GROUP SHALL ASSERT ANY SUCH CLAIMS SOLELY AGAINST THE PROVIDER PURSUANT TO THE POWER SUPPLY AGREEMENT, UNDER WHICH SUCH PARTICIPANTS ARE EXPRESS THIRD-PARTY BENEFICIARIES.

VI. INFORMATION AND COMPLAINT NUMBERS

Copies of this Plan shall be available from the City of Harvard free of charge. Members and residential and small commercial retail customers of ComEd may call Harvard City Hall at 815-943-6468 for a copy of the Plan or for more information.

EXHIBIT A

Appendix A -- Education Process

The Provider shall develop the educational program in conjunction with the City. Its purpose will be to explain the Aggregation Program to its members, provide updates and disclosures as mandated by State law and the rules and regulations of any applicable Illinois agency, and provide the opportunity for the Members to Opt-out of the Aggregation Program. The following are components of the education program:

1. Each residential and small commercial retail customer of ComEd within the corporate limits of the City will receive notification by U.S. Mail stating: what the municipal Aggregation Program means, the procedure which must be followed to Opt-out of the Aggregation Program, the estimated price of electricity for Member of the Aggregation Program, and the deadline for returning the Opt-out form. See sample letter attached.

2. The Provider shall cooperate with the City to provide opportunities for educating residential and small commercial retail CE customers in the City about the Program and their rights under the applicable law and rules and regulations. In addition, the Provider and City will cooperate to provide education about opportunities for energy efficiency measures to help Members reduce energy consumption.

3. The Provider will provide updates and disclosures to the City and Members as mandated by State law and applicable rules and regulations as amended from time to time.

EXHIBIT A

Dear City of Harvard Resident:

The City of Harvard is providing you the opportunity to join other residents to save money on the electricity you use. Savings are possible through governmental aggregation, where City officials bring together citizens to gain group buying power for the purchase of electricity from a retail electric generation provider certified by the Public Illinois Utilities Commission. The City of Harvard voters approved this program in April, 2011.

After researching competitive electricity pricing options for you, we have chosen _____, to provide you with savings on your electric generation through May 2012. There is no cost for enrollment and you will not be charged a switching fee. You do not need to do anything to participate.

As a member of this aggregation, you are guaranteed to save _____percent off your Price to Compare. Your Price to Compare is essentially the price you pay for electric generation from the utility and consists of generation and transmission related components, which are the costs associated with generating the power and delivering it through the transmission system.

To estimate what your savings per kilowatt-hour (KWH) will be through this program, locate your Price to Compare on your electric bill. Divide your Price to Compare by 100, then multiply by 0.0__ (____%) to determine your savings per KWH. Multiply that number by your total monthly usage. The final number is how much you can expect to save each month you use the same amount of electricity.

You will see your electric savings from _____ after your enrollment has been completed and your switch has been finalized - approximately 30 - 45 days, depending upon your meter read date. Of course, you are not obligated to participate in the City of Harvard's electric governmental aggregation program. If you wish to be excluded from the program and remain a full-service customer of your local electric utility - Commonwealth Edison- you have until _____, 2011 to return the attached "opt-out" form. If you do not opt out at this time, you will receive a notice at least every _____ asking if you wish to remain in the program. If you leave the program at any other time, you could be subject to a cancellation fee from _____ - and you might not be served under the same rates, terms and conditions that apply to other customers served by Commonwealth Edison.

After you become a participant in this governmental aggregation program, Commonwealth Edison will send you a letter confirming your selection of _____as your electric generation provider. As required by law, this letter will inform you of your option to rescind your enrollment with _____ with adequate notice prior to the scheduled switch. To remain in the City's governmental aggregation program, you don't need to take any action when this letter arrives.

Commonwealth Edison will continue to maintain the system that delivers power to your home - no new poles or wires will be built by _____. You will continue to receive a single, easy-to-read bill from your local electric utility with your _____charges included. The only thing you'll notice is savings.

If you have any questions, please call _____toll-free at _____, Monday through Friday, 8 a.m. to 5 p.m. Please do not call the City of Harvard with aggregation program questions.

Sincerely,
CITY OF HARVARD_____

P.S. To receive these savings, you should not respond. Return the opt-out form only if you do not want to participate in the City's electric governmental aggregation program.

Option 1: Do nothing and save. If you want to participate in this program and save, you do not need to return this form. Your enrollment is automatic.

OR

Option 2: Opt out by returning this form. If you do not want to participate in this program, you must return this form before the due date.

Service address (City, state, zip):_____

Phone number: _____

EXHIBIT A

Account holder's signature: _____ Date: _____