

Electric Aggregation – One Year Later

By Mike Barhorst

It was just about one year ago that residents in Botkins, Bradford, Fort Loramie, Lockington, Sidney and Russia voted their approval of electric and natural gas aggregation. Given that milestone, I thought it would be a good time to provide an update regarding the success of the program.

Readers will likely recall that the Ohio General Assembly made it possible for local communities to join their citizens together to buy natural gas and/or electricity as a group. By doing this, individual residents are able to gain “buying power” by soliciting the lowest price for the group’s natural gas and electric needs. It is important to note that aggregation can only be accomplished with voter approval.

Sidney City Council endorsed the program, as did the elected officials in the other villages that became part of the aggregate (buying group). Having spent considerable time studying the issue, Council reached a better understanding of the amount of money consumers could save through their participation.

Once aggregation was approved by the voters, the consultant contracted by the City of Sidney, Affordable Gas + Electric (AGE), began filing the necessary paperwork with the Public Utilities Commission of Ohio. Once everything was in order, AGE solicited bids from various electric suppliers. A contract was awarded to AEP Energy at a fixed rate of 5.441 cents per kilowatt hour. Our contract with AEP Energy is for 36 months.

We are delighted to report that as projected, the savings have been significant for those who are participating in the program. Interestingly, about 55% of the eligible consumers in the “Botkins, Bradford, Fort Loramie, Lockington, Sidney and Russia purchasing group” had already locked in rates prior to the measure being placed on the ballot.

As a result, they were not eligible to participate because they were already under contract (they can join the aggregate when their current contract expires). Other consumers determined it was in their best interest to remain outside the aggregate.

For those who took advantage of the program, it is projected that residents have saved about 22%! In Botkins, that amounts to approximately \$24,854; in Bradford approximately \$21,371; in Russia about \$13,513; in Fort Loramie more than \$32,277; and, in Sidney about \$424,952! The total savings for those participating is estimated to be \$517,068 – more than half a million dollars!

With savings of \$150 to \$200 a year for the average household, it simply means that you get to keep more of your money in your pocket. When you choose to spend it, it is money that can in turn, help our local economy and help to support our local businesses.

Known as Governmental Aggregation, the concept will be on the ballot this fall in Anna as well as in the rural areas of Shelby County. Although they are able to vote on the issue, it will not impact the power supply for consumers who are member-owners of Pioneer Electric.

Pioneer is an electrical cooperative - a not-for-profit enterprise. Pioneer members own their own power supply through the generation cooperative Buckeye Power, Inc. Their wholesale power rates are billed at cost. Although Pioneer members are not eligible to participate in the program, we would hope that when they vote, they will vote to help their neighbors save money!

Because of the timing of the natural gas contract, it is premature to discuss savings that may be achieved through that program. Once the upcoming winter heating season is behind us, I will provide an update on natural gas savings as well.

In closing, I should again note that neither the city nor the villages receive any monetary benefit from aggregation. The benefit comes from knowing that consumers save money on utility costs – costs that have increased dramatically in the past several years.