

## DEREGULATION OF COMMONWEALTH EDISON

*The State of Illinois' plan for deregulation will take effect on January 2, 2007. ComEd will no longer generate electricity for its customers; it will simply deliver the power through its distribution network. ComEd has transferred its nuclear reactors and other generation facilities to its parent, Exelon. In essence, ComEd will become a "wires" company.*

*Beginning in 2007, market forces will dictate the price of electricity. Exelon will no longer be the sole provider of electricity for northern Illinois. New electric suppliers will be permitted to compete against Exelon. Competitive forces will then dictate the price of electricity.*

*ComEd will buy power on behalf of its northern Illinois customer base and pass the power through with no markup. In September, 2006, ComEd will hold a "Reverse Auction" whereby authorized electric suppliers (including Exelon) can bid on the price of power that each supplier decides to sell to ComEd.*

*ComEd will then select the lowest priced bids to fulfill its 2007 needs. The weighted average cost of these bids will determine the pricing of electricity for northern Illinois users in 2007.*

*Because ComEd has held its prices fixed for the last nine years despite rising costs, the price for electricity in 2007 is expected to rise 20% to 40%, depending upon a customer's current rate structure.*

*If a customer takes no action, this transition to deregulated power will be transparent, except for the higher prices. There is only one option available to commercial customers to mitigate this increase in price: negotiate directly with the power suppliers.*

*The Northern Illinois Municipal Electric Cooperative (NIMEC) is organizing interested municipalities in the Chicagoland area to form a buying cooperative. With the aggregated volumes, we are confident that we will be able to*

*negotiate a lower price. Fortunately, the primary uses of municipalities' power (water and street lighting) are more attractive to the suppliers due to their consumption dynamics. As such, they will likely bid lower prices than the general Auction rates.*

*NIMEC has established relationships with 4 of the largest electric suppliers to the northern Illinois market. NIMEC will take the combined volume of its membership and coordinate the bidding of the combined volumes.*

*ComEd's Auction rates will be released in mid September. NIMEC will conduct the bid in early October, once the Auction rates are known. At that time, the members will have the opportunity to select the lowest bid or the ComEd Auction rate, whichever is lower.*

*NIMEC's only fee will be a \$100 lifetime membership fee. 100% of the savings (between the Auction rate and the lowest bid) will be realized by each NIMEC member.*



# DEREGULATION OF COMMONWEALTH EDISON

## DEREGULATION

- \* "ONE FOR ALL" PRICING, SET BY AUCTION
- \* POWER PROVIDED BY GROUP OF SUPPLIERS
- \* DELIVERED BY COMMONWEALTH EDISON

## PROPOSAL

- \* JOIN NIMEC

## PURPOSE

- \* BID AGGREGATED MEMBERSHIP VOLUME FOR LOWER PRICING

## DECISION

- \* CHOOSE LOWER: AUCTION RATE OR BID PRICE

## SAVINGS

- \* MUNICIPALITY TO ENJOY 100% OF SAVINGS
- \* NO NIMEC OR CONSULTANT FEES

## COMMITMENT

- \* \$100 LIFETIME MEMBERSHIP FEE
- \* 17 MONTH COMMITMENT TO NEW SUPPLIER

