

## MEMO TO EPC SCHOOL BUSINESS OFFICIALS

### Subject: Important Energy Updates and Strategies to Mitigate Cost Increases

Happy New Year! As we head into 2025, I wanted to provide important updates regarding your district's energy accounts and highlight steps to help manage rising costs. Below are four key developments expected to impact your district's energy expenses.

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### Did You Know?

#### 1. **New Contract Rates - Effective January 2025**

As of January 2025 billing, a new contract has gone into effect reflecting current market conditions. For several years, we proudly helped the EPC districts enjoy rates well below market due to long term hedges we secured. However, these hedges have now expired. We worked to secure a flexible hedging solution to lock in the most competitive rates possible, but these new rates reflect today's higher market prices.

#### 2. **PJM (the grid) Capacity Auction Results: 800% Increase in Capacity Costs**

Last summer, PJM's capacity auction resulted in an 800% increase in capacity costs, which will affect all 65 million customers across the PJM footprint—from New Jersey to Chicago. Previously a minor part of electricity rates, capacity costs are now a significant driver of your district's energy expenses.

#### 3. **AES Ohio's System Overhaul and Billing Changes**

This past fall, AES Ohio (formerly DP&L) completed a major system migration, introducing new account numbers, billing methodologies, and invoice designs. These changes created around 100 new Choice ID accounts for EPC districts and consolidated several existing ones. I have all these changes documented. In our district account reviews, we will discuss how these changes impact your district invoices and reporting.

#### 4. **AES Ohio's Upcoming Distribution Rate Case**

As a public utility in Ohio, AES Ohio is required to periodically file distribution rate cases. They recently filed for a new distribution rate case, effective June 2026. While the PUCO must approve the rates, early filings note a 15% increase for residential customers with **potentially higher impacts for schools** due to inflation and grid modernization upgrades. We will monitor these filings and keep you informed of projected cost impacts as they solidify (likely this time next year).

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### Opportunities to Mitigate This Impact

While we can't control market prices, there are steps your district can take to **understand, measure, and manage capacity obligations** to reduce costs. The following solutions have been or are currently being vetted by the EPC to help districts lower their energy spend:

- **Peak Day Notifications:** Alerts to notify you when to reduce usage during peak times, which can directly reduce your capacity obligations.
- **Demand Response Payments:** Your district can earn financial incentives for reducing load during peak grid demand periods.
- **LED Lighting Solutions:** Upgrading to energy-efficient lighting can reduce both demand and overall consumption.



- **Onsite Solar:** Implementing rooftop or ground-mounted solar systems can help reduce reliance on grid power and provide long-term cost savings.
- **Ice Storage Solutions:** Ice storage systems produce and store ice during off-peak hours when electricity rates are lower. The stored ice is then used to cool buildings during peak demand hours, significantly reducing the need for grid power and lowering peak demand charges.
- **Real-Time Monitoring:** Utilizing tools allow you to measure and manage your district's energy load more effectively, identifying opportunities for savings.

Several EPC-approved vendors offer these services. If you'd like to learn more about these different options, please contact myself or Ken Swink - we're happy to help!

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### **Understand YOUR DISTRICT's impact.**

Every district operates differently, and each facility within your district has unique energy usage patterns and cost outcomes. Please contact me to schedule your **one-on-one account review** to discuss how these updates and upcoming changes in cost will specifically impact your school district's budget.

We know planning ahead is essential for your upcoming **five-year forecasts**, and we want to ensure your district has the information and tools to make informed decisions.

**Please reach out to schedule a time to review your district's account details and discuss ways to mitigate future cost increases 😊**

I look forward to working with you to navigate these changes and help your district achieve long-term energy savings.

Warmest Regards,

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