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Licensed Competitive Electricity Providers Market Risk Disclosure Letter with Attachment 2014

Maine Public Utilities Commission

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STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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HARRY LANPHEAR
ADMINISTRATIVE DIRECTOR

September 17, 2014

To: Licensed Competitive Electricity Providers

Chapter 305, Section 4(D) of the Commission rules contains a market risk disclosure requirement applicable to Competitive Electricity Providers (CEPs) (including electricity suppliers, brokers and aggregators) who offer an electricity product in which the price varies with energy prices or an energy price index (often referred to as a variable pricing). Pursuant to this provision, CEPs offering variable prices are required to provide potential customers with a specific market risk disclosure either as a provision in the contract for service or on a document separate from the contract containing only the market risk disclosure statement. The required language is attached.¹

Through this letter, the Commission reminds all CEPs that this disclosure must be provided to customers prior to any commitment to take service.

If you have any questions regarding this rule, please feel free to contact either Mitchell Tannenbaum (mitchell.tannenbaum@maine.gov) or Lucretia Smith (Lucretia.smith@maine.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read "Harry Lanphear".

Harry Lanphear
Administrative Director

Attachment

MT/sab

¹ CEPs may use alternative language subject to Commission pre-approval.

Disclosure of Risks and Costs Associated With Real-Time or Indexed Electricity Products

Maine regulations require that electricity suppliers, brokers and aggregators provide the following disclosure to customers regarding electricity products in which the prices paid by consumers vary with changes in wholesale electricity prices, other energy prices, or an energy price index.

Volatility Risk: Electricity prices may be subject to substantial volatility based on economic conditions, fuel prices, seasonal electricity demands, generator outages, weather and other factors.

Future Performance: Past results regarding particular electricity products are not necessarily an indication of future results.

Additional Costs: Electricity supplied directly through the ISO-NE administered day-ahead and real-time energy markets can involve substantial direct and indirect costs, including but not limited to capacity and ancillary service costs, credit assurances, and NEPOOL and ISO expense assessments. In addition, participation in these markets may require processes such as load forecasting, scheduling, and settlement in accordance with ISO-NE market rules.¹

¹ Provision is required only if applicable to the electricity product.