

3-2000

# Electricity Shopping Guide, Vol. 2, March 2000

Maine Public Advocate Office

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## Recommended Citation

Maine Public Advocate Office, "Electricity Shopping Guide, Vol. 2, March 2000" (2000). *Public Advocate Office Documents*. Paper 45.  
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# ELECTRICITY SHOPPING GUIDE

Maine Public Advocate Office

Volume 2 — March 2000

## **PRICE UPDATE:** Updated Information About Your Supply and Delivery of Electric Power

On March 1, 2000, Maine's electric industry changes. The generation of power will be deregulated and open to competition. The delivery of power will remain a regulated service of your current utility. Many people are wondering what they need to do to secure a supply of power, and at what cost.

**You do not need to do anything.** In fact, at the moment, there may be little you could do even if you wanted to. You will receive your power supply through the standard offer, a process administered by the Public Utilities Commission (PUC) pursuant to statute.

As of now, there are few if any choices for retail residential power supply other than the standard offer. This may be because the standard offer price is too low to allow other competitors the ability to undercut. It may also be due to the fact that Maine is only a small part of the New England electricity market and the remainder of New England is seeing little if any competition for residential customers. Until competition develops in other New England states, marketers may be uninterested in pitching their products in Maine.

**AGGREGATION:** When competitive choices do first appear for residential customers, they will likely come through aggregation. This is where customers form groups for the purpose of increasing negotiating leverage in order to obtain a better price, or to buy power from environmentally benign sources of supply. In future editions of the **ELECTRICITY SHOPPING GUIDE**, we will publish lists of licensed aggregators, brokers and other suppliers and indicate what type of services they offer and to what type of customers. With the consent of the supplier, we also hope to indicate prices for these services so that you can make a comparison.

**PRICES:** You will be charged for power in two ways. One charge will be for **delivery** from your current utility, and the other will be for **supply**. You will still only receive one bill and will only have to write one check. We have attempted to summarize your rates in the accompanying rate chart.

*"Electric Restructuring  
Begins March 1, 2000"*

**March 2000**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## RESIDENTIAL AND COMMERCIAL ELECTRICITY PRICE CHART

	<u>Delivery Charge</u>	<u>Supply Charge (Standard Offer)</u>	<u>Total Electric Rate</u>	<u>Overall Average Percent Decrease</u>
<b>A. <u>Central Maine Power</u></b>				
1. Residential Rate A	7.8¢	4.1¢	11.9¢	-9.8%
2. Small Commercial, SGS	8.0¢	4.1¢	12.1¢	-9.8%
3. Medium Commercial, MGS-S	4.4¢	5.9¢	10.2¢	-3.3%
4. Medium Commercial, MGS-P	4.1¢	5.9¢	10.0¢	0%
5. Large Commercial, IGS-S	4.6¢	5.2¢ <sup>1</sup>	9.8¢	-4.1%
6. Large Commercial, IGS-P	3.8¢	5.2¢ <sup>1</sup>	9.0¢	-1.7%
<b>B. <u>Bangor Hydro-Electric</u></b>				
1. Residential Service	9.6¢	4.5¢	14.1¢	-2.8%
2. Residential Water Heat	9.3¢	4.5¢	13.8¢	-2.9%
3. Commercial Service	8.7¢	4.9¢ <sup>2</sup>	13.2¢	-3.0%
4. Commercial Water Heat	7.3¢	4.9¢ <sup>2</sup>	11.8¢	-3.4%
<b>C. <u>Maine Public Service</u></b>				
1. Residential Service	7.4¢	4.3¢	11.7¢	-8.2%
2. Commercial and Farm, C	7.2¢	4.3¢	11.5¢	-3.7%
3. Large Commercial, ES	4.8¢	4.3¢	9.1¢	-4.0%
4. Large Commercial, EP	4.5¢	4.3¢	8.7¢	-4.9%

<sup>1</sup>6.81¢ Summer, 5.52¢ Winter; possible upward adjustments could occur by PUC order.

<sup>2</sup>5.24¢ Summer, 4.25¢ Winter; possible upward adjustments could occur by PUC order.

**NOTICE**— The percentage price decreases listed in this chart relate to the kilowatt hour rate and not necessarily to your monthly bill. Whether you end up paying less for your electricity will depend in part upon these rates, but also on how much electricity you use.

### WARNING FOR SMALL CUSTOMERS

There has been much publicity about big reductions in electric bills beginning March 1, particularly from CMP's public relations people. Actually, not everyone will be receiving the same percentage decreases (summarized above) even if they all belong to the same residential rate class for the same utility.

**Here's the reason:** when the Maine PUC set new rates for the distribution of electricity (removing supply costs), it

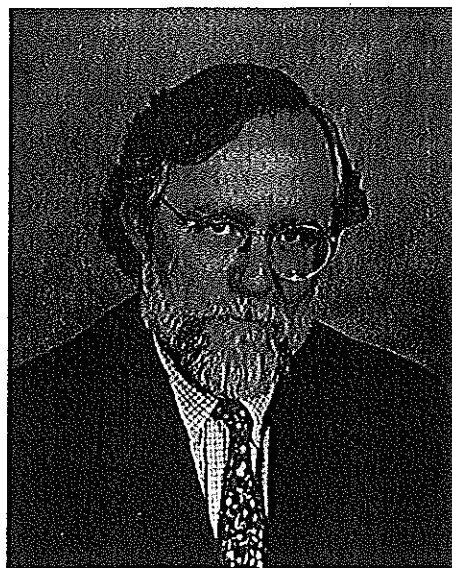
also set a price for residential customers that is the same rate regardless of usage (flattening the rate). In a December 1999 order the PUC eliminated the "inclining block rate" for residential customers.

The upshot is that residential customers using substantial amounts of electricity (for space heat and for water heating) will receive much larger bill reductions than customers using smaller amounts of electricity. In fact, customers taking service at summer camps and seasonal homes may receive no significant reduction in their annual electricity costs, compared with previous years.

**A word to the wise:** look for ways to conserve electricity in order to reduce your electricity bill and don't pay too much attention to utility press releases.

## Shopping For Electricity: Advice from Public Advocate Stephen Ward

In March Maine joins 22 other states in breaking the power companies' monopoly over the supply of electricity and letting consumers select the suppliers they want. In time, this form of consumer choice is likely to lead in a number of positive directions in my opinion. For example, innovations in the area of electric generation such as micro-generation, fuel cells and less polluting technologies are likely to develop. We also are likely to see the rapid development of renewables and "green" power sources as individual customers and businesses choose these suppliers over traditional fossil-fuel powered generators.



**Stephen G. Ward,**  
**Public Advocate**

As probable as these developments may be, they will not be available right away. In fact, at the outset of electric competition in the Spring of 2000 there will be precious few suppliers who have been certified eligible to sell power in Maine and who target their marketing at small residential and commercial customers. In contrast, large commercial and industrial customers are likely to have their pick of a number of providers (ENRON, Maine Electric Consumers' Cooperative, Florida Power and Light Select Energy) while public agencies, school districts and water departments will be solicited by Maine Health and Higher Education Financing and by the Maine Municipal Bond Bank.

This is the good news since, if they do not shop, these larger customers will have to settle for the relatively expensive Standard Offer prices that have been arranged as a back-up for them by Maine's PUC. On a year-end, average basis, these prices are high (from 5.18¢ per kilowatt-hour to 5.86¢ per kilowatt-hour for CMP's

large commercial and medium commercial customers, respectively). But they become dramatically more expensive for June, July, and August when the New England Power Pool hits its summer peak. CMP's summer-period Standard Offer pricing for commercial customers exceeds 6.8¢ per kilowatt-hour. To avoid these high summer-period prices, medium to large customers really need to line up a supplier before June 2000.

Residential customers and commercial customers whose monthly demand is less than 20 kilowatts are much more fortunate. The PUC has now put into place very attractive Standard Offer prices for all homeowners, renters and small businesses at 4.1¢/kwh for CMP customers, 4.3¢ for Maine Public customers in Aroostook County and 4.5¢ for Bangor Hydro customers in Eastern Maine. These electricity supply prices are as attractive as any supply prices available anywhere in New England and are clearly cheaper than

the medium to large commercial customers referred to earlier.

The upshot is that small residential and commercial customers don't have to worry about shopping for power, at least initially. If you want to take advantage of renewable and "green" power supply options, it appears there may be some opportunity – from Interfaith Light and Power, for example, or in time from GreenMountain.com. However, the good news is that small residential customers and small businesses will be able to take advantage of relatively low prices without shopping at all – unlike the large business customers.

One final note: as a result of the restructuring of Maine's electric industry, residential and small business customers are going to start off in March 2000 with a noticeable price reduction in total electricity bills - *depending on usage* - for CMP customers price reductions could range from 2.5% to 15%, for Bangor Hydro residential customers around 2.5% and for Maine Public Service residential customers around 8%. These reductions will serve to bring the cost of Maine's electricity (supply and delivery costs together) closer to the national average. These reductions represent a permanent reduction in the cost of electric service in Maine and result from three hard-fought rate cases at the PUC that began in 1997 and finally have been resolved.

Please do not hesitate to contact me or my staff by phone, mail or E-mail with any questions you may have about electric restructuring or utility service generally. It is our pleasure to serve you.

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We're on the web:  
[janus.state.me.us/meopa](http://janus.state.me.us/meopa)

## CMP's TIME-OF-USE CUSTOMERS

If you are a time-of-use customer of CMP, that is if your rate varies depending upon the time-of-day, you will have the option of moving into the Rate A category (see the rate chart) or keeping a time of use rate structure. You may want to contact CMP for a full description of these options.

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