

Customer choice changes landscape of buying power



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Electricity customers in the PPL service territory are about to experience major changes in the way their electric energy is priced.

In 1996, Pennsylvania passed the “Electricity Generation Customer Choice and Competition Act,” which provided consumers and businesses the opportunity to purchase their electricity requirements from an alternate supplier instead of just the local utility. The Act set the stage for a competitive electricity market, but froze customers’ electricity rates at 1997 levels until the end of December 2009. That sunset is quickly approaching, and electricity rates for all customers in the PPL service territory will change starting January 2010.

When PPL makes the transition to market-based electricity rates in January, rates in PPL will increase by as much as 25 percent for some customers. With this transi-

tion, however, comes the opportunity to choose from a whole new suite of licensed electricity providers that can offer products that can help with budget certainty and even encourage customers to see the financial benefits of curtailing their consumption.

Business customers should take advantage of available resources to gain a good understanding of what products various providers have to offer, to ensure they engage with a supplier that can provide the most cost-effective electricity rates or the type of product that suits their business profile.

PECO and MetEd customers will experience the same new competitive landscape when their rate caps expire at the end of 2010. We encourage all customers to begin preparing for electricity supplier choice now.

To help businesses make the most informed and cost-efficient decisions, below are a few important factors to consider when switching from an incumbent utility to a retail electric provider.

- Learn about product options from simple to the innovative. At a minimum, suppliers should be able to show simple fixed and floating rate options representing both ends of the risk spectrum. Additional

products including flex offerings also may appeal to customers based on their individual risk tolerance and budget needs.

- Look for competitive pricing. Get at least three bids and evaluate each for product specification and price risk. The lowest bidder may not offer the best solution. Sometimes a low bid indicates the potential for hidden costs.

- Check for financial stability. Credit checks and references are a must. A good question to ask is how long they’ve been in business.

- Protect yourself from the provider’s risk. A legitimate supplier should be able to describe each component of its offering and the level of risk passed on to, or mitigated for, the customer.

- Understand your contract. A contract should follow a standard form and handle exceptions equitably. There should not be any hidden fees or stipulations.

- Ensure that billing is reliable, timely and accurate. Today’s online billing portals can be complex, but they should aim to make the process easier for you, the cus-

tomers. Customers should request sample bills and understand how the supplier resolves billing disputes.

- Look for efficient and effective customer service. The best suppliers should

deliver an efficient enrollment plan, describe the complaint resolution process, provide accurate contact information and measure customer satisfaction with published metrics.

- Most importantly, don’t wait. As a PPL customer you’ve been paying rates that don’t reflect the cost of energy today. That said, electricity prices are at or near their lowest. Many PPL customers have already signed contracts with suppliers in order to take advantage of these low prices. Begin to educate yourself now so you are ready. After all, the choice is yours.

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