

# CAPITAL WATCH



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## OPINION

# Unlocking your value as an electric consumer BY BARBARA HAFER

As the New Year approaches, Pennsylvania inches closer to the establishment of state-wide electricity choice for consumers. As of Jan. 1, 2011, another three million Pennsylvania consumers will join those in the rest of the state who have the option to choose the company that supplies them with electric power.

The benefits are many. Consumers, for instance, can choose their electricity supplier:

- On the basis of the lowest cost.
- On who bundles other desirable services like plumbing and heating/cooling maintenance or other utility services with their electricity contracts.
- On whether any of the electricity is generated from green power sources.

And yet, experience thus far in Pennsylvania demonstrates that most electricity consumers make no conscious choice and, under the current electricity competition system, they fall into the "default provider pool" – meaning that they get power supplied typically by a source designated by the Pennsylvania Public Utility Commission.

Even in the region where power is distributed by PPL – most of the central and northeastern parts of Pennsylvania – where electric choice seems to be working best, only about one in five

residential consumers has opted out of the "default provider pool."

Yet, according to a recent Zogby International Poll, 89 percent of respondents said they think it is important to be given more choices when deciding on electricity suppliers.

So maybe it's time to figure out how to make the marketplace more competitive.

Some competitive electricity suppliers are suggesting that the Public Utility Commission change the rules on the "default provider pool" to help increase competition and unlock that intrinsic value inherent in each new customer in a way that will benefit the consumer. Under this new proposal, competitive electricity suppliers would submit bids to secure a group of customers in the default provider pool. The monies raised through the bidding process would be returned to homeowners through a one-time rebate check.

Competition would still exist because every household would have the right to stay with their default supplier, move to the supplier which just purchased the right to be their provider or move to another competitive electricity supplier. Consumers would have an environment where suppliers were truly fighting for their business.

What's it worth? Economists project rebates of \$150 to \$500 per household in what are now the First Energy (Met Ed, PenElec, Penn Power) and Allegheny Power (West Penn) service territories in western, central and south central Pennsylvania. What's more, the PUC has the authority to mandate an auction and rebate program in this territory as a precondition to authorizing a proposed merger of First Energy and Allegheny Power.

So what's the long term benefit after people have spent their \$150 to \$500 rebates? We would have full and robust competition for the right to serve the two million homes in the newly merged First Energy distribution territory. Unlike other parts of Pennsylvania, one default provider would not dominate the marketplace with virtual monopoly power to control rates.

Real competition would help drive down consumer rates for electricity in the same way that competition in land-line and wireless telephone service has driven down unit costs in those categories of consumer service.

The PUC is considering the rebate program as I write this. I know they would like to hear directly from consumers as would the Public Utility Consumer Advocate, Sonny Popowski. If you want



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to find out how you can reach out easily to these public agencies, you can log onto [www.energyconsumersfirst.com](http://www.energyconsumersfirst.com) and click on the "What can I do" button.

Each and every electricity consumer has real value in the marketplace. The rebate plan would allow you to tap into that asset. And, the increased competitiveness in the marketplace is bound to have long term benefits as well. **CW**

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