

Electricity Guide

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RETAIL COMPETITION FOR ELECTRICITY SUPPLY!

Maine's electric utilities do not generate electricity, they focus instead on delivery. Electric power supply is priced under the forces of competition. There is a wholesale market in New England and throughout the Northeast, and many suppliers who operate in that market obtained licenses from the Maine PUC in order to sell power at retail in the state. Many of Maine's large industrial and commercial providers buy their own power. For the most part, however, Maine's residential customers' supply comes through the standard offer.

| CEP | Website | Rate (CMP territory) | Rate (BHE territory) | Terms |
|------------------------|---|----------------------|----------------------|--|
| Standard Offer | N/A (The Maine PUC has information on standard offer – www.state.me.us/mpuc) | \$0.074380 | \$0.071389 | Fixed until 3/13. The Standard Offer is the product of a competitive auction conducted yearly by the Maine PUC. |
| 4 Choice Energy | www.4choiceenergy.com | \$0.0709 | \$0.0709 | We have been unable to find Terms and Conditions associated with 4 Choice's offerings in Maine. |
| Dead River Company | www.deadriverriver.com | \$0.0699 | \$0.0699 | Fixed – contract for one year – \$50 termination fee for early termination. |
| Electricity Maine | www.electricityme.com | \$0.0707 "Prime" | \$0.0707 "Prime" | Fixed – contract for one year – \$100 "cost recovery fee" for early termination. |
| | | \$0.07399 "Basic" | \$0.07399 "Basic" | Apparently fixed, but not subject to one year contract. |
| FairPoint Energy | www.fairpointenergy.com | \$0.0699 | \$0.0643 | Variable – 10% annual savings (over standard offer) guaranteed. Contract, with no termination penalty. Guarantee voided if contract terminated. |
| Gulf Electricity | gulfelectricity.com | \$0.0699 | \$0.0699 | Variable – "may fluctuate monthly" Gulf's Terms and Conditions refer to a fixed option as well, but this does not appear to be currently offered. |
| People's Power and Gas | www.peoplespower.com | \$0.0699 | \$0.0699 | Variable – Term for one year, with \$100 early termination fee if less than 12 months left on contract, or \$200 if greater than 12 months left. Customer can cancel contract without termination fee within first three months of contract. |

RESIDENTIAL AND SMALL commercial customers are now seeing competitive retail supply offers from a variety of companies. As of this fall, over 27% of CMP customers and 7% of Bangor Hydro customers had moved off the standard offer. We offer the following information to help customers understand this market and decide how to proceed.

Remember, **customers who make no choice will continue to receive standard offer service.** For those customers who choose to go with a different option, they need only make arrangements with their new supplier who will then work with the utility to make the switch, and the new service will be put in place around the time of the utility's next monthly billing cycle.

Competitive Electricity Providers (CEPs)

There are now a number of CEPs signing up residential and small business customers in CMP and BHE territories. On the cover page is a table with a brief summary of terms; **we strongly recommend that you read all of a CEP's Terms and Conditions prior to signing up for any service.** Keep in mind that the Terms and Conditions are sometimes not readily found on the website; sometimes you only see them as you get closer to actually signing up.

All of these entities have applied for and received a license from the MPUC to sell retail electricity. This

means, among other things, that they have demonstrated that they have the technical and financial ability to sell electricity. The PUC does monitor CEPs for adherence to license conditions and to other applicable state laws, but CEPs are not regulated the way CMP and BHE and other utilities are. The Maine PUC has the authority to investigate matters relating to service offered by CEPs. Depending on the offending actions of a CEP, the Commission may revoke a CEP's license, issue cease and desist orders, order restitution and levy administrative fines.

On March 1, 2013, the standard offer rates in CMP and Bangor territories will go down [see page 4] We would expect that these CEPs would also lower their rates, but you may want to ask that question before you sign up.

Consumer Protections

There are a variety of consumer protection provisions in state law (Title 35-A MRSA § 3203) and in Commission rules (Ch. 305). These include the following:

- A CEP may not terminate service without providing a minimum of 30 days' notice.
- A CEP must offer a minimum of 30 days service.
- A CEP must have a customer's authorization for service (no "slamming").
- A customer has five days to rescind his or her initial selection of CEP service.
- A CEP may not use unfair or deceptive business practices.
- A CEP may not release private customer information to anyone, unless allowed by law, or by the customer's consent.
- A customer may file a complaint with the Commission if a CEP has used "slamming" practices to obtain customers.
- If a CEP drops a customer, or if the customer seeks to be dropped and makes no other choice, the customer will automatically go back on standard offer service.



CMP'S SMART METERS

INVESTIGATION INTO THE HEALTH AND SAFETY OF CMP'S SMART METER TECHNOLOGY

In July of 2012, the Maine Public Utilities Commission opened an investigation into the health and safety of CMP's smart meter system. The investigation was triggered as a result of an appeal by a group of customers with continued concerns about the health and safety effects of the meters. The Maine Supreme Court found that the Maine Commission's approval of the "opt-out" option for those customers did not adequately address the Commission's responsibility to ensure that public utilities provide safe, reasonable and adequate service to customers. The Court directed the Commission to make a determination of whether smart-meter technology is safe.

CMP submitted testimony in the case in September, updating testimony it provided in the earlier proceedings and including a field study of the radiofrequency measure from a sampling of meters. Our office has hired a consultant to conduct an independent field study and will provide a report of the findings to the Commission. Customers who brought the appeal to the Maine Supreme Court will also be filing testimony in the case. Resolution of the case is expected in the spring.

INTERFERENCE Soon after CMP began installing the meters two years ago, a group of customers filed a complaint at the Commission stating that smart meters

these problems. Since last summer, CMP has logged well over 250 such complaints. If you have a problem that you think may be caused by CMP's smart meters, call them at 1-800-750-4000.

PRIVACY AND CYBER

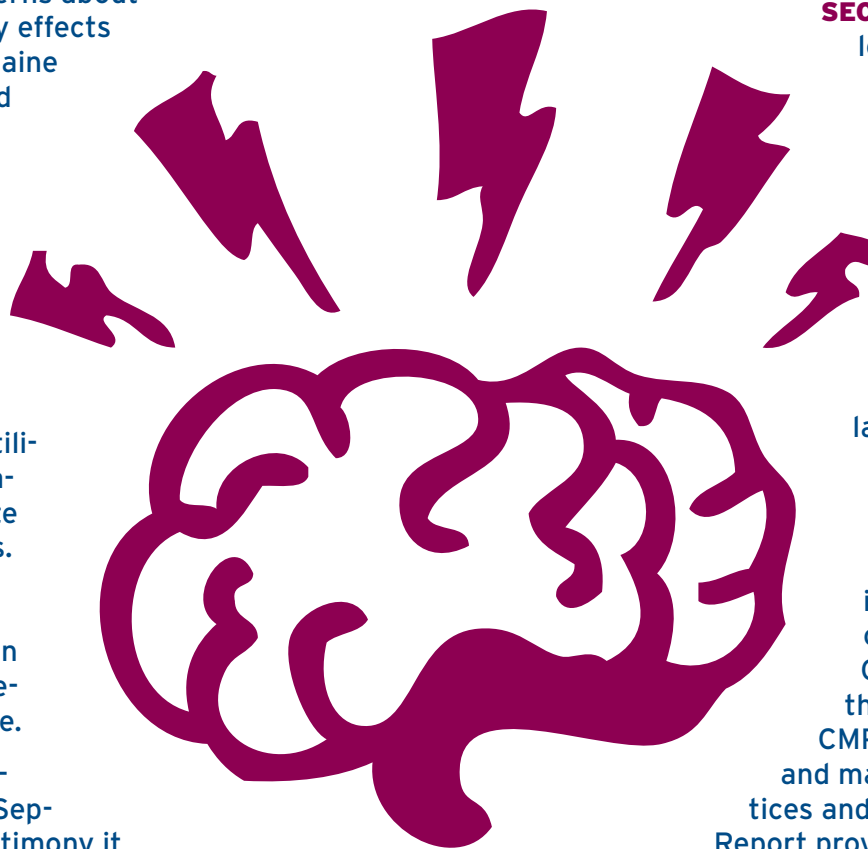
SECURITY As a result of legislation, the PUC conducted an investigation into privacy and cyber-security

issues raised by smart meters.

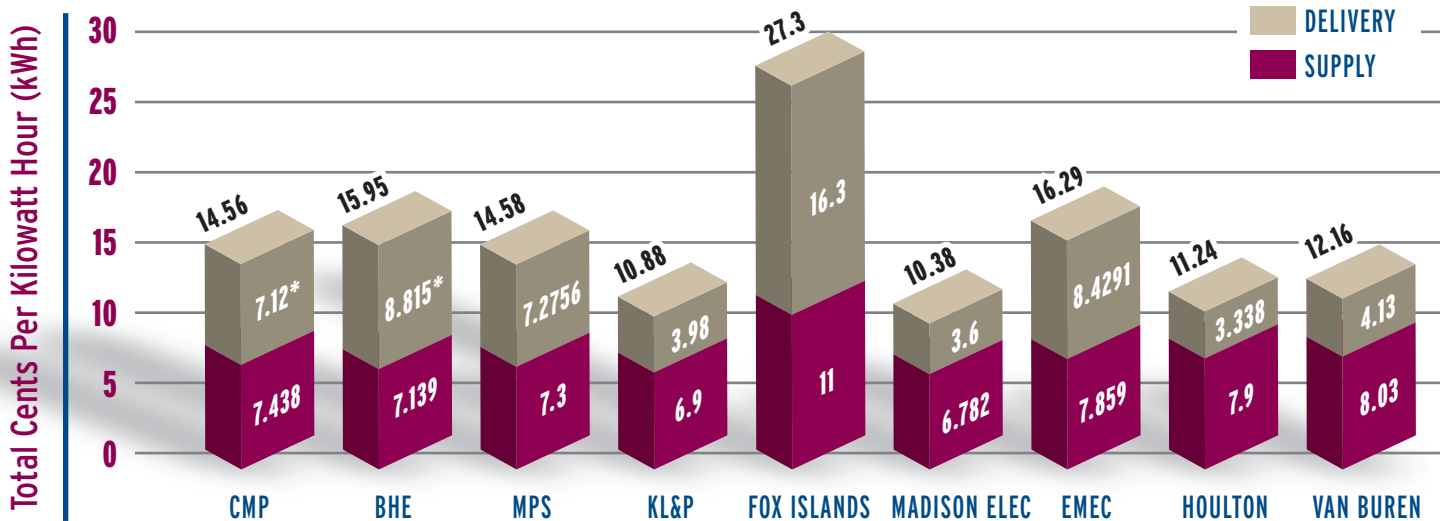
In its Report to the Legislature, the Commission found no "substantial regulatory gaps" in privacy rules or statutes, though there are issues related to privacy that it will address in future cases. On cyber security, the Commission noted

the ongoing efforts of CMP and BHE to develop and maintain security practices and procedures and the Report provides some detail on these. The Commission voiced a concern that national standards and statutes may not apply to Maine's utilities and their meters and suggested that the Legislature consider requiring CMP and Bangor Hydro to follow, for example, standards employed by NERC (the North American Electric Reliability Corporation) and NIST (the National Institute of Standards and Technology).

interfered with their use of common household appliances. People have found that their internet wifi systems and routers get interrupted, garage door openers misfire, cordless phones don't work and even electric dog fences malfunction. The Commission dismissed the complaint partly on the promise by CMP to work with customers to solve



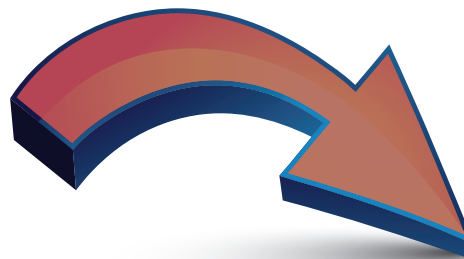
RESIDENTIAL TOTAL kWh RATES FALL 2012



*The rate shown is an average that takes a higher customer charge rate (for the first 100 kWh) into account. The CMP customer charge is 9.41¢/kWh. The Bangor Hydro customers charge is 6.87¢/kWh.

LOWER STANDARD OFFER RATE COMING!

On March 1, 2013, the standard offer rate for CMP and Bangor Hydro customers will go down. The new rate for CMP customers will be 6.8¢/kWh. The new rate for Bangor Hydro customers will be 6.7¢/kWh. According to a Maine PUC press release, “for the average customer in these classes, the total price (standard offer plus delivery) will fall about 4% for CMP customers and 3% for BHE customers.”



NET ENERGY BILLING

All electric utilities in Maine are required to offer owners of small scale eligible generation facilities net energy billing (also known as net metering). This allows retail electricity customers to be compensated for electricity they produce in excess of what they consume.

Generation that qualifies includes fuel cells, tidal power, solar, wind geothermal, biomass, generators fueled by municipal solid waste in conjunction with recycling, and eligible combined heat and power systems. Net metering is also available to “shared owner-

ship” customers, situations where several people may invest in an eligible system and are all allowed to benefit.

This is how it works. If a customer generates more electricity in one month than she uses, the customer is credited for the excess, essentially spinning the meter backwards. Credits can be banked and carried forward for a 12-month period to offset future bills. It is important to note that at the end of each 12 month period, any accumulated unused generation is credited to the utility with no compensation to the customer.

The net metering customer also benefits because a net energy billing customer obtains a savings on the full value of the retail price of electricity while providing only the value of the generation it produces. In Maine’s electricity market the full value of the retail price of electricity comprises retail power, transmission, distribution and stranded costs. The net metering customer receives the full value of the retail price in exchange for a wholesale power product.

INSIDE YOUR ELECTRIC BILL

When you get your monthly electricity bill from your local electric company, have you ever wondered about the various costs that are components of the bill? Yes, your electric company breaks down your bill into the “energy” charges (what you pay for the electricity you’ve consumed) and the “transmission and distribution” charges (what you pay to have that electricity delivered to your home or business). This breakdown reflects the fact that, since 2000, your electric company is no longer in the business of generating electricity. It is now just a “wires” company which delivers electricity from whoever is your power supplier. But beyond this level of detail, do you have any idea what else contributes to the cost of each kilo-watt/hour (or “kWh”) of electricity you consume?

There are four “cost” segments that make up your bill, and within those segments there are two or more sub-components. They are:

ENERGY the electrons that power your lights, computer, air conditioner

and the dozens of other electricity-using appliances and devices. A 2009 study by the Maine PUC found for an average residential customer of CMP using 6700 kWh per year, this portion of their bill would be about 58.8% of the total.

TRANSMISSION the delivery of electricity from the generator to your local area. This portion of the bill would be about 9.9% of the total. It breaks down between “regional” transmission at 70% of the 9.9%; and “local” transmission at 30% of the 9.9%.

DISTRIBUTION the delivery of the electricity from the high voltage transmission lines to your home or business represents 27.5% of the total bill. Within this category, there are two sub-components: The cost of operations and maintenance of the power lines, which represents just under 70% of the 27.5%; and the cost of other distribution operations at 30% of the 27.5%

OTHER ANCILLARY CHARGES electricity-related costs that are billed to you through the elec-

tric bill, rather than being billed to you separately (and creating additional billing costs). This portion of the electric bill would be about 3.9% of the total. Among these small items, the two largest would be: “stranded costs” which represent prior-incurred costs that are spread over time to minimize their impact on any monthly bill (at 46% of the 3.9%); and “efficiency and conservation” charges related to reducing the demand customers have for electricity (at 25% of the 3.9% of the total bill). Also included within this category are the assessments, approved by the Legislature and Governor, that fund the PUC (at 0.4% of the 3.9%) and the Office of Public Advocate (at 0.1% of the 3.9%).

These estimates of the cost of the several components are a bit dated because of changes in electricity markets and the effect of national energy policy on Maine. The Maine Legislature has directed the Public Utilities Commission (PUC) to update this information annually, and both the PUC and the Office of Public Advocate will post the updated information on our websites beginning in 2013.

CMP DYNAMIC PRICING PROGRAM ENROLLMENT OPEN NOW THROUGH JANUARY 31

Starting on March 1, 2013, CMP customers will have a “dynamic pricing” option. This will involve both the delivery and standard offer supply portions of service. Customers who sign up may be able to save on their monthly bills by shifting their electricity usage to an off-peak rate time period. **Note that the peak and “shoulder” (medium) rate periods are higher than current rates, off peak rates are lower than current rates.** (The “peak” is simply those periods during the day when the most customers are using electricity on the grid, and therefore wholesale costs are highest.) Customers with appliances that use a lot of power – such as central air conditioning, pool pumps or a waterbed heater – may be the best candidates for this program, but only

if their use of these appliances can be moved to the off-peak time slot. **If you sign up for this program and do not shift usage to off peak times, your bills will go up!**

The chart on the back panel shows the combined monthly CMP Time-of-use (TOU) delivery and “Standard Offer TOU” rates and the existing flat all-in rate (CMP + standard offer). Note how the off peak rate is higher at the end of this 12-month period. This chart does not allow a comparison of the dynamic rate plan with one of the non-standard offer CEP rates (see article on page 1).

Customers can enroll with CMP online at www.cmpco.com/YourHome/pricing/pricingSchedules/TOUSupplyForm.html

or by phone at 1-800-750-4000 (residential customers) or 1-800-565-3181 (small commercial customers).

The enrollment period is one year. Customers who leave the dynamic pricing program for the fixed-price standard offer before one year is up will not be able to re-enroll in the program for at least 12 months, and then not until the next open enrollment period. For more information, please go to:

www.cmpco.com/YourHome/pricing/pricingSchedules/TOUSupplyOption.html (this site allows you to compare only the supply portion of this program), or

1.usa.gov/UMGMJZ.

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| CMP TOU Delivery rates + Standard Offer TOU supply rates | | | | |
|---|-----------------------------------|----------------------------|--|---|
| RESIDENTIAL CUSTOMERS* | Peak 7am – Noon, 4pm – 8pm | Shoulder Noon – 4pm | Off peak 8pm – 7am and weekends | Current flat rate for comparison |
| March 2013 | \$0.181593 | \$0.167826 | \$0.097195 | \$0.13412 |
| April 2013 | \$0.179723 | \$0.165956 | \$0.092605 | \$0.13412 |
| May 2013 | \$0.177873 | \$0.164106 | \$0.090085 | \$0.13412 |
| June 2013 | \$0.178043 | \$0.164276 | \$0.089815 | \$0.13412 |
| July 2013 | \$0.185693 | \$0.171926 | \$0.094205 | \$0.13412** |
| August 2013 | \$0.185713 | \$0.171946 | \$0.094205 | \$0.13412** |
| September 2013 | \$0.178713 | \$0.164946 | \$0.090875 | \$0.13412** |
| October 2013 | \$0.179443 | \$0.165676 | \$0.093795 | \$0.13412** |
| November 2013 | \$0.181853 | \$0.168086 | \$0.096635 | \$0.13412** |
| December 2013 | \$0.192493 | \$0.178726 | \$0.107645 | \$0.13412** |
| January 2014 | \$0.201633 | \$0.187866 | \$0.115245 | \$0.13412** |
| February 2013 | \$0.204813 | \$0.191046 | \$0.115555 | \$0.13412** |

*This program is also available to small business customers. The rates for these customers are different; for more information, go to the CMP link in the article.

**The CMP portion of this rate is likely to change on July 1, 2013.