

## CONSUMER ALERT

### **Maine Office of the Public Advocate warns current and potential customers of competitive electricity suppliers to look out for fixed price contracts that renew at a variable rate.**

In recent months, competitive electricity providers have made a renewed push to convince Maine customers to switch from the standard offer to a competitive supplier. Often, these suppliers offer a short term (*e.g.* six month) fixed rate that is lower than the current standard offer, which increased on March 1<sup>st</sup>. But customers may see their electricity bill skyrocket once this initial term expires.

Customers need to pay close attention to what happens when their contract, and the initial rate, expires. In many cases, if customers do nothing, they will be automatically renewed at a variable rate that can be much higher than the fixed rate they originally signed up for. Variable rates typically change on a monthly basis, and variable rates for competitive suppliers in Maine have been as high as 23 cents per kWh, or more than three times the current standard offer price. Eric Bryant, Senior Counsel at the Office of the Public Advocate, says, “We generally discourage customers from signing up for variable rates, because there’s no cap on how high those rates can rise.”

Competitive electricity providers are required to notify customers of any such renewal and rate change at least 30 days before their contract ends, but not all customers see these notices, or understand the consequences of moving to a variable rate. Says Bryant, “Often the first time customers realize that they’ve been moved to a variable rate is when they receive a higher than normal electricity bill.” He recommends that customers weigh this risk against the potential savings before switching to a competitive supplier: “A supply price of 1 cent less than the standard offer price will save the average residential customer between \$5 and \$6 per month. The higher prices associated with a variable price can easily wipe out a year’s worth—or more—of those electricity savings in a single month.”

The Office of the Public Advocate is currently reviewing what changes to existing electricity regulations are needed to protect consumers, and expects that the Maine Public Utilities Commission will open a proceeding to revise those rules. Tim Schneider, Maine’s Public Advocate says “Customers in other New England and Mid-Atlantic states have experienced the same issues with variable rate contracts with competitive providers, and we’ve been working closely with our counterparts in those states to trade ideas and compare notes about how to ensure that consumers and regulators have all the information, tools and protections they need.” The Office of the Public Advocate maintains a web page devoted to supply options, with tips and advice, a listing of some of the competitive supplier’s offers, and a brief description of consumer protections. It can be found at <http://www.maine.gov/meopa/utilities/electric/supply.html>.

For more information, please contact:

Tim Schneider, Public Advocate

Email: [Tim.Schneider@maine.gov](mailto:Tim.Schneider@maine.gov) Phone: (207) 287-2445

Eric Bryant, Senior Counsel

Email: [Eric.J.Bryant@maine.gov](mailto:Eric.J.Bryant@maine.gov)

Phone: (207) 287-2445