

# GROUP POWER

A guide to group  
buying and aggregation.



Maine Public Utilities Commission



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## ELECTRIC CHOICE

Changes in Maine's electric utility industry are offering consumers some important new choices. As of March 2000, the supply portion of your electric service is open to a competitive market. That means you can choose the company that produces your electricity. The delivery of power to your home or business will continue to be provided by your current electric company, now known as your Distribution Company. Depending on where you live in Maine, your Distribution Company will continue to be Central Maine Power (CMP), Bangor Hydro Electric (BHE), Maine Public Service (MPS), or one of Maine's consumer-owned utilities.

Electric Choice means you can shop around for the best price and terms for your electricity supply -- while still enjoying the same reliable service. It also offers you more control over how your energy dollars are being spent.



## GROUP BUYING

In other states where restructuring is in place, an important tool for consumers - known as group buying - has emerged. Buying groups, in some cases known as aggregates, enter purchasing agreements with Electricity Suppliers at favorable rates or terms for their members. Group buying is a way to improve your market position with Electricity Suppliers by offering them a large, predictable customer base. In exchange, group members may receive such advantages as discounted prices, special billing services, or power from preferred sources - such as renewable power. In other states, banks, churches, municipalities, trade associations, nonprofit organizations and other business groups have formed buying groups for their members.

A buying group may be formed for the express purpose of collectively purchasing electricity, or it may be an already-existing organization, such as a trade association or a club. In either case, the group may have to be licensed by the PUC as an Aggregator, depending on the nature of its activities.







Group buying may take various forms. In one type, known as aggregation, representatives of the group assess the needs of its members, identify and negotiate with potential Suppliers, and then enter into a contract that provides the best deal. The group's leverage with Suppliers may be affected by its size, stability, pattern of power usage and whether the group has the ability to commit for each of its members.

A group may also play a less active role in the process. For example, an existing organization may agree to endorse a particular Supplier to its members, possibly in return for a contribution or some other benefit. In addition, a Supplier may agree to offer special rates or services to persons who identify themselves as members of the group, requiring only that the group make the offer known to its members. The variations are endless, but they all take advantage of the principle that there is strength in numbers. Given the variations in group coordination, any entity considering group buying should contact the PUC to see if it has to be licensed as an Aggregator. In all cases, the underlying Electricity Supplier must be licensed.

## THE BENEFITS

For the consumer, group buying offers one of the best tools in negotiating lower rates, by giving you the buying clout of a larger consumer. It also allows you to use your power of choice to reflect personal preferences, such as renewable energy. As part of the terms of a group purchasing agreement, the group may negotiate for more "green power" or offer advantageous rates exclusively for its members.

There are benefits for Suppliers as well. A ready-made group of consumers greatly reduces marketing costs and offers Suppliers access to a consumer base to which they can sell additional products and services. The security of having a predictable customer load lessens the Supplier's risk.



## JOINING AN AGGREGATE

Joining an aggregate means you're entering into a business relationship with the rest of your group. Therefore, be sure to look carefully at the group's make-up, financial viability and goals—and be sure to carefully review any contract before you sign.



Among other factors, you may wish to consider the following:

**COST**—Is pricing the same for all members? How are costs shared?

**COMMONALITY**—What are the energy needs and preferences of the group? Are price and terms the primary criteria, or does energy mix play a role? Are there some members who dominate the electrical load or load shape? If so, does that lower or stabilize the rates your group can get?

**COMMITMENT**—Are all members willing to accept the terms of the group arrangement? Are all equally committed to it? What is the minimum level of participation needed to keep your arrangement? What reasons are there for the group to stay together? What are your responsibilities - and rates - if some members withdraw from the group?

In the end, the decision to participate in whatever arrangement is negotiated rests with each member of the group. And remember, even under a group buying arrangement, the Supplier still sells to each group member individually, and members pay their own bills.

## CONSUMER PROTECTIONS

The Maine Public Utilities Commission (PUC) has established a detailed set of rules for all competitors in the electric utility industry. They protect consumers in several ways:



### ELECTRICITY SUPPLIERS AND AGGREGATORS MUST BE LICENSED BY THE PUC.

They must meet specified technical and financial standards. For a list of groups registered to provide electricity supply or aggregation services, visit the PUC's Electric Choice Website at [www.pucfact.com](http://www.pucfact.com) or call our toll-free Electric Choice Information Line, at 1-877-PUC-FACT (1-877-782-3228). For information on how to get licensed as an Aggregator, visit the PUC's main website at [www.state.me.us/mpuc](http://www.state.me.us/mpuc).

### YOU HAVE FINAL SAY OVER YOUR CHOICE.

"Slamming" protections are in place so that you cannot automatically be included in an aggregate or switched to an Electricity Supplier without your express permission.

### YOU MUST AUTHORIZE ACCESS TO YOUR ENERGY-USE INFORMATION.

An Aggregator or Supplier cannot get your energy-use information without your written authorization. This is an especially important protection for business consumers who wish to keep their sensitive information private.

For more information on Electric Choice, visit the PUC's Electric Choice Website at [www.pucfact.com](http://www.pucfact.com) or call our toll-free Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228).

ADDITIONAL RESOURCES ON  
ELECTRIC RESTRUCTURING

- **POWER GUIDE**- A comprehensive guide to electric restructuring.
- **POWER SOURCES** - A guide to renewable and non-renewable electricity sources.
- **SMALL BUSINESS POWER GUIDE**  
A comprehensive guide to electric restructuring for small businesses.
- **ELECTRIC CHOICE WEBSITE**  
[www.pucfact.com](http://www.pucfact.com)
- **VIDEO**  
“Electric Restructuring in Maine”

If you would like to request any materials, call the toll-free PUC Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228) TTY 1-800-437-1220



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