

## **“Opt-Out” Fee Frequently Asked Questions**

Maine restructured its electric industry in 2000, opening the supply portion to a competitive market. Maine consumers may now choose the company that produces their electricity. Consumers who do not choose a competitive supplier, or who leave the competitive market, automatically receive “standard offer” service. The Public Utilities Commission sets the terms for standard offer service. The prices for standard offer are established by a competitive bid process based on current market conditions.

To help keep the cost of standard offer reasonable, an “opt out” fee is assessed -- in some situations -- when a customer who previously bought in the competitive market leaves standard offer. The information below highlights how and when this fee is triggered.

### **What is the Opt-Out Fee?**

The opt-out fee is a charge assessed when certain customers or aggregators -- who have previously purchased electricity supply in the competitive market -- enter or default to standard offer service for less than 12 months.

### **Which customers can trigger the fee?**

The following types of customers and aggregators will incur an opt-out fee if they switch or default to standard offer service for less than 12 months (except as noted below):

- Any customer in a medium or large non-residential standard offer class
- Any customer with a demand of greater than 50 kilowatts in the service territory of a consumer-owned or municipal utility with a single standard offer class
- Any aggregator or other competitive provider that serves a set of residential or small non-residential customers whose total demand is more than 50 kilowatts

### **Who is *not* currently affected?**

- Customers in a residential or small non-residential standard offer class
- Any customer or account with a demand of 50 kilowatts or less in a consumer-owned or municipal distribution utility territory with a single standard offer class
- Customers who have not previously purchased from a competitive supplier

### **Why assess an Opt-Out Fee?**

The opt-out fee deters “gaming” of the standard offer, which is periodic switching from competitive service to standard offer and then back typically done to take advantage of seasonal or other price differentials. “Gaming” drives up the cost of providing standard offer service, and standard offer prices, and therefore must be discouraged.

### **How much is the fee?**

The fee is currently two times the highest month’s electricity supply bill for the most recent period that the customer has been on standard offer. The Commission may increase the opt-out fee as noted below.

### **How can I avoid the Opt-Out fee?**

When switching suppliers, make sure your supply contracts give you continuous competitive service. Avoid having one contract end before the next one begins. Transfers between competitive providers and into and out of standard offer are typically done on your regular monthly meter-read date, so when setting switchover dates, reflect this date in your contracts to avoid even briefly defaulting to standard offer service.

### **If I am leaving Standard Offer and will owe an Opt-Out fee, whom should I notify?**

If leaving standard offer before the 12-month point, notify your distribution utility.

### **What if I accidentally trigger the Opt-Out Fee? Are waivers available?**

Waivers may be granted to customers who accidentally trigger the opt-out fee by entering standard offer service for a brief period. For example, customers who are switching from one competitive supplier to another and enter standard offer service for a limited period may be eligible for a one-time waiver of the opt-out fee. Each waiver request is individually reviewed and decided on its unique facts.

### **How do I request a waiver?**

Send a letter requesting a waiver, and explaining how you triggered the opt-out fee and why you believe it should not apply, to: Dennis Keschl, Administrative Director, Maine Public Utilities Commission, 18 State House Station, Augusta, ME 04333-0018.

### **Who gets the opt-out fee?**

The distribution company assesses and collects the opt-out fee, but then pays it to the standard offer provider or providers who served the customer in question, to help defray the higher costs the provider incurs serving short-term standard offer customers.

### **Can the Opt-Out Fee ever go up?**

Yes. The PUC may set a higher opt-out fee if it finds that one is necessary to maintain the deterrent purposes of the fee or to obtain reasonably-priced standard offer service.

### **Should I still explore my competitive options?**

Yes, we encourage all consumers to explore their options. Competitive suppliers may be able to offer you better prices, terms and features than standard offer. Please note, however, we are not necessarily suggesting you sign a contract now. Each customer must decide on his or her own what is right for his business. While we encourage you to explore your options, if you decide to switch, you should be careful to time your switch to avoid the opt-out fee.

### **How can I get a list of licensed suppliers serving my area?**

Check out the list on our website at [www.state.me.us/mpuc/Electric\\_Supplier/licensees.htm](http://www.state.me.us/mpuc/Electric_Supplier/licensees.htm) or call us at 1-877-PUC-FACT.

### **Who can I contact for more information?**

Contact the PUC's Electric Choice Information Line at 1-877-PUC-FACT.