

## Frequently Asked Questions Standard Offer & Electric Market Prices Medium and Large Commercial & Industrial Consumers March 2002

### I heard we have new standard offer prices. Is this true?

Yes, the PUC recently selected a new, winning bidder for standard offer. Beginning in March, medium and large non-residential consumers on standard offer in the Central Maine Power (CMP) and Bangor Hydro Electric (BHE) service areas have new standard offer prices.

### What are the new standard offer prices?

The new prices, like the old ones, vary by season or month, and for large nonresidential consumers also by time of day. The prices are slightly different in the BHE and CMP territories. To find out the new prices, visit the PUC website at [www.state.me.us/mpuc](http://www.state.me.us/mpuc) or call the PUC Electric Choice Information Line at 1-877-PUC-FACT (877-782-3228). Standard offer prices for BHE and CMP medium nonresidential consumers are also shown in the graph below.

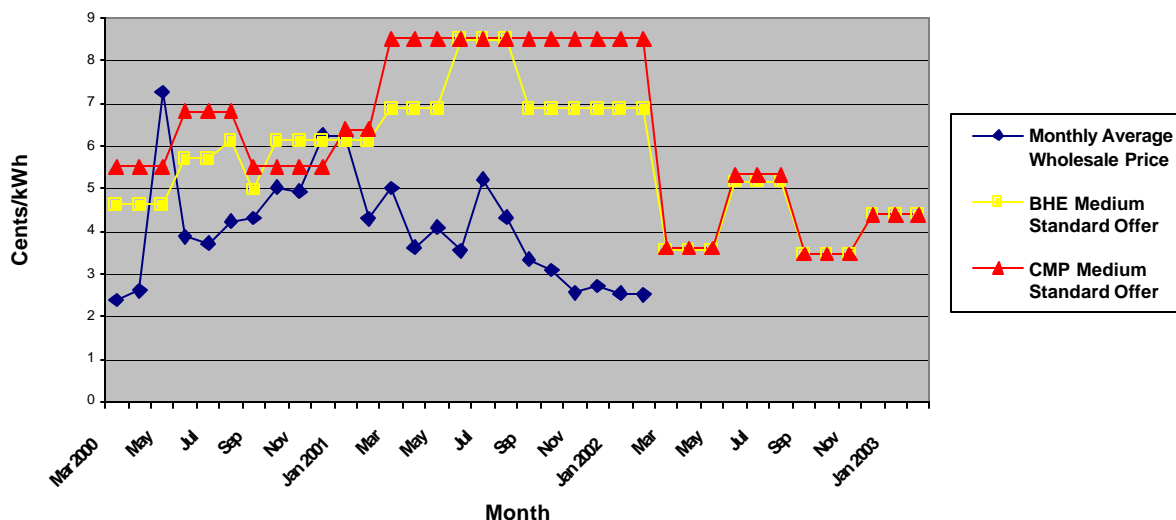
### How long are the new prices in effect?

The PUC contracted with the new supplier for only one-year -- through February 2003 -- for medium and large non-residential consumers in BHE's and CMP's service areas.

### What if I want price stability beyond this year?

Customers desiring price stability beyond this period may want to consider looking for longer-term contract options, while wholesale market prices are low by recent standards. As the graph

**Wholesale Market & Standard Offer Prices**



shows, wholesale prices have been dropping in the past year, but recently appear to be leveling off. While the PUC cannot predict where prices will go from here, some consumers may find this is a good time to shop for longer-term options, and some suppliers may once again begin to offer them.

### This year's standard offer prices look much lower than last year's. Why?

The PUC solicits bids for standard offer, which suppliers compete to provide. Standard offer prices therefore reflect wholesale market prices *at the time of the bids*. This time, general

market and economic conditions, and perhaps warmer winter weather, created lower wholesale prices at the time of the bids, producing lower standard offer bids and therefore prices.

**Why are the new prices only good for one year?**

The PUC accepted a one-year bid for standard offer, instead of a longer one, because the PUC believes that, for larger customers, the standard offer price should be adjusted periodically to reflect current market conditions. We hope that taking a price for only one year will encourage customers to continue to review their options.

**I signed a contract that looked like a good deal under the old standard offer prices, but I'm now paying more than the new standard offer prices. How can I avoid this next time?**

You may not be able to. The market for electricity is now similar to markets for other energy sources, like oil and gasoline, and can be quite volatile. Consumers that value long-term price stability may wish to look for multi-year supply contracts, taking advantage of market prices that are low by recent standards.

**I'm not sure I understand. Are you recommending I sign a contract now?**

No, absolutely not. We cannot predict the market. Each customer must decide on his own what is right for his business. We are merely providing some background information -- because this is a new market for many consumers -- to help you make a more informed decision, just as you do when deciding whether to enter into contracts for anything else you need for your business.

**Can I take standard offer when my current supply contract is up, and then switch back to a competitive supplier as soon as I find another good deal?**

If you do, and you have not remained on standard offer for 12 months since returning from the competitive market, you may be subject to an "opt out fee," a special fee set to discourage customers and aggregators from "gaming" the standard offer. "Gaming" is switching periodically from competitive service to standard offer and then back to take advantage of seasonal or other price differentials. Because this behavior drives up the cost of providing standard offer service, it increases standard offer prices, and therefore must be discouraged.

**How much is the opt-out 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.

**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.

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

Waivers may be granted to customers who accidentally trigger the fee by *briefly* entering standard offer. Each waiver request is individually reviewed and decided on its unique facts.

**How can I learn more about the opt-out fee?**

For more information on the opt-out fee, get a copy of *Opt-Out Fee Frequently Asked Questions* by visiting [www.state.me.us/mpuc](http://www.state.me.us/mpuc) or calling the PUC at 1-877-PUC-FACT (877-782-3228).

**Who can I contact for more information or a list of licensed suppliers?**

Contact our Electric Choice Information Line at 1-877-PUC-FACT (877-782-3228), or visit us on-line at [www.state.me.us/mpuc](http://www.state.me.us/mpuc). See the *Electric Industry* page for a list of licensed suppliers.