

# **MAINE PUBLIC UTILITIES COMMISSION**

## **REPORT ON COMPETITIVE ELECTRICITY PROVIDER AND STANDARD OFFER PRICE COMPARISONS**

**Presented to the  
Joint Standing Committee on  
Energy, Utilities and Technology  
February 15, 2018**

## I. INTRODUCTION

Electricity customers in Maine receive and pay for two distinct services – delivery and supply. Delivery service, which is provided by utilities such as Central Maine Power and Emera Maine, includes the transmission and distribution of electricity. Delivery service rates are regulated by the Maine Public Utilities Commission (Commission) and the Federal Energy Regulatory Commission. Supply service, which is provided by Competitive Electricity Providers (CEPs) and Standard Offer Suppliers (SOS)<sup>1</sup>, includes electric energy, capacity and related services. Supply service is not price-regulated but is governed by competition. However, suppliers must have a license before serving customers in Maine, and must comply with Chapter 305 of the Commission's rules, which includes provisions for consumer protection. Customers that do not affirmatively sign up for service with a CEP automatically receive standard offer service. Standard offer service is procured annually through competitive bid processes administered by the Commission. Prices are set based on the lowest bids received.

Since retail competition began in Maine in 2000, most large commercial and industrial customers have chosen to receive supply service from a CEP and only a handful have received standard offer service. In contrast, there were very limited CEP options for residential customers until about 2012. At that time, the relationship between standard offer prices and prices in the wholesale market presented an opportunity for CEPs to offer lower prices to residential customers. Since 2012, although the relationship between standard offer prices and prices in the market have been less favorable for CEPs, retail competition in the residential sector has remained relatively strong, peaking in 2014 with more than 160,000 residential customers being served by a CEP.<sup>2</sup> The number of CEPs in the residential sector has also grown since 2012. For example, during 2015 and 2016, more than a dozen suppliers were active in the residential market.

During its 2017 session, the Legislature enacted An Act To Improve Transparency in the Electricity Supply Market, P.L. 2017, c. 74 (Act). The Act adds several consumer protections regarding residential customer purchases of electricity supply from CEPs and directs the Commission, in consultation with the Public Advocate, to:

conduct an analysis to determine the difference in price, if any, residential consumers paid for generation service by purchasing from a competitive electricity provider instead of receiving standard-offer service between 2014 and 2016. In evaluating any price difference, the Public Utilities Commission shall include, where possible, if and how the product purchased by the residential consumer differed from standard-offer service.

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<sup>1</sup> Technically speaking, Standard Offer Suppliers are also Competitive Electricity Providers (CEPs), but the nature of their supply service is fundamentally different from other CEPs and is administered by the Commission.

<sup>2</sup> We note that cost is not always the primary consideration for customers seeking CEP service. Some customers may choose a CEP that offers a renewable product even if the cost for that product is higher than standard offer.

The Act requires the Commission to report the findings of the analysis to the Joint Standing Committee on Energy, Utilities and Technology by February 15, 2018.

## II. SUPPLY PRICE ANALYSIS

As noted above, the Act directs the Commission to conduct an analysis of the costs or savings to residential customers that have received electricity supply service from a CEP compared to what the customers would have paid for standard offer service during the years 2014 through 2016. The Commission has conducted this analysis by using publicly-available information published by the U.S. Energy Information Administration (EIA) in EIA Form 861. EIA Form 861, which is published on an annual basis, provides detailed information by state and by supplier regarding the retail sales, revenues, and numbers of customers served in each major customer sector. The EIA Forms 861 are available at <https://www.eia.gov/electricity/data/eia861/index.html>

The results of the Commission's analysis are summarized below. As shown, customers that received electricity supply service from a CEP over the three-year period 2014 through 2016 paid approximately \$77.7 million more than what they would have paid for standard offer service. On average, customers served by CEPs paid approximately 56% more than they would have paid for standard offer service in 2016; 60% more in 2015; and 12% more in 2014. On a dollar per customer basis, on average, customers served by CEPs paid approximately \$245 more than they would have paid for standard offer service in 2016; \$278 more in 2015; and \$67 more in 2014.

Residential Cost of Electricity  
Competitive Electricity Provider (CEP) vs. Standard Offer Service (SOS)  
Source of CEP Data - EIA Form 861

Calendar Year	Weighted Average Prices (\$/kWh)			Number of Customers with CEPs	Difference in Charges at CEP vs. SOS Price (\$)
	CEP	SOS	Percent Difference		
2016	\$0.1011	\$0.0649	55.8%	117,544	\$28,739,752
2015	\$0.1077	\$0.0671	60.5%	136,139	\$37,897,764
2014	\$0.0834	\$0.0744	12.0%	163,679	\$11,032,570
<b>TOTAL</b>					<b>\$77,670,086</b>

Supplier-specific information for these three years is shown below.

## 2016

### Residential Cost of Electricity

#### CEP vs. Standard Offer Service

Source of CEP Data - EIA Form 861

Weighted average standard offer price ->

\$0.0649 per kWh

	Revenues Thousand Dollars	Sales MWh	Customers Number	Average CEP Price \$/kWh	CEP Price vs SO Price %	Difference in Charges at CEP vs. SO Price Dollars
Competitive Electricity Provider (CEP)						
Constellation Energy Services, Inc.	\$283	3,821	161	\$0.0742	14.3%	\$35,417
Ambit Energy Holdings, LLC	\$3,034	42,721	5,345	\$0.0710	9.4%	\$261,307
ENGIE Retail, LLC	\$419	4,933	489	\$0.0849	30.9%	\$98,848
Electricity Maine, LLC	\$62,536	599,382	87,764	\$0.1043	60.8%	\$23,635,608
FairPoint Energy LLC	\$5,405	58,856	10,075	\$0.0918	41.5%	\$1,585,246
C. N. Brown Electricity, LLC	\$680	7,116	1,061	\$0.0956	47.3%	\$218,572
XOOM Energy Maine, LLC	\$1,021	11,603	1,641	\$0.0880	35.6%	\$267,965
North American Power and Gas, LLC	\$3,726	36,048	4,663	\$0.1033	59.2%	\$1,385,985
Clearview Electric Inc.	\$2,870	25,642	5,967	\$0.1119	72.5%	\$1,205,834
Mega Energy of Maine, LLC	\$17	176	17	\$0.0960	48.0%	\$5,478
Agera Energy LLC	\$183	2,281	324	\$0.0802	23.6%	\$34,963
First Point Power, LLC	\$26	337	37	\$0.0783	20.7%	\$4,529
<b>TOTAL</b>	<b>\$80,200</b>	<b>792,916</b>	<b>117,544</b>	<b>\$0.1011</b>	<b>55.8%</b>	<b>\$28,739,752</b>

Amount per customer:

**\$245**

## 2015

### Residential Cost of Electricity

#### CEP vs. Standard Offer Service

Source of CEP Data - EIA Form 861

Weighted average standard offer price ->

\$0.0671 per kWh

	Revenues Thousand Dollars	Sales MWh	Customers Number	Average CEP Price \$/kWh	CEP Price vs SO Price %	Difference in Charges at CEP vs. SO Price Dollars
Competitive Electricity Provider (CEP)						
Constellation Energy Services, Inc.	\$250	3,144	243	\$0.0795	18.4%	\$38,838
Glacial Energy Holdings	\$115	1,167	106	\$0.0985	46.9%	\$36,694
Ambit Energy Holdings, LLC	\$1,457	21,392	3,607	\$0.0681	1.5%	\$21,197
ENGIE Retail, LLC	\$115	1,158	397	\$0.0993	48.0%	\$37,298
Electricity Maine, LLC	\$81,170	758,677	106,786	\$0.1070	59.4%	\$30,262,973
FairPoint Energy LLC	\$7,483	66,076	12,497	\$0.1132	68.8%	\$3,049,300
C.N. Brown Electricity, LLC	\$814	8,228	1,184	\$0.0989	47.4%	\$261,801
XOOM Energy Maine, LLC	\$1,173	11,721	2,006	\$0.1000	49.1%	\$386,021
North American Power and Gas, LLC	\$6,213	45,043	5,502	\$0.1379	105.6%	\$3,190,915
Clearview Electric Inc.	\$837	6,611	2,694	\$0.1266	88.7%	\$393,402
Mega Energy of Maine, LLC	\$16	161	17	\$0.1012	50.9%	\$5,497
Union Atlantic Electricity	\$155	2,106	155	\$0.0736	9.7%	\$13,687
Gulf Oil Limited Partnership	\$580	5,973	838	\$0.0970	44.6%	\$178,712
Agera Energy LLC	\$116	1,427	83	\$0.0813	21.1%	\$20,248
First Point Power, LLC	\$4	45	24	\$0.0933	39.1%	\$1,181
<b>TOTAL</b>	<b>\$100,497</b>	<b>932,929</b>	<b>136,139</b>	<b>\$0.1077</b>	<b>60.5%</b>	<b>\$37,897,764</b>

Amount per customer:

**\$278**

**2014****Residential Cost of Electricity****CEP vs. Standard Offer Service**

Source of CEP Data - EIA Form 861

Weighted average standard offer price -&gt;

\$0.0744 per kWh

	Revenues	Sales	Customers	Average CEP Price	CEP Price vs. SO Price	Difference in Charges at CEP vs. SO Price
Competitive Electricity Provider (CEP)	Thousand Dollars	MWh	Number	\$/kWh	%	Dollars
Constellation Energy Services, Inc.	\$273	3,655	388	\$0.0747	0.5%	\$1,268
Liberty Power Corp.	\$306	4,731	269	\$0.0647	-13.1%	(\$45,986)
Electricity Maine, LLC	\$81,512	1,016,516	132,213	\$0.0802	7.8%	\$5,882,810
FairPoint Energy LLC	\$11,712	109,959	18,708	\$0.1065	43.2%	\$3,530,950
C.N. Brown Electricity, LLC	\$779	10,020	1,333	\$0.0778	4.5%	\$33,812
XOOM Energy Maine, LLC	\$1,814	14,838	2,697	\$0.1222	64.3%	\$709,553
North American Power and Gas, LLC	\$6,010	68,195	7,677	\$0.0881	18.5%	\$936,292
Mega Energy of Maine, LLC	\$2	26	6	\$0.0923	24.1%	\$466
Union Atlantic Electricity	\$195	2,844	388	\$0.0686	-7.8%	(\$16,594)
<b>TOTAL</b>	<b>\$102,603</b>	<b>1,230,784</b>	<b>163,679</b>	<b>\$0.0834</b>	<b>12.0%</b>	<b>\$11,032,570</b>

Amount per customer: **\$67**

The Commission also examined the same issue for the years 2012 and 2013. This showed that CEP customers paid approximately \$2.5 million more than they would have paid for standard offer service in 2013 and approximately \$3.5 million less than standard offer service in 2012. As noted above, prior to 2012, there were few, if any, competitive options for residential customers and virtually all residential customers received standard offer service. Over the full period 2012-2016, customers paid about \$76.7 million more for CEP service compared to standard offer service.

**III. CONSULTATION WITH THE PUBLIC ADVOCATE**

As specified in the Act, the Commission has consulted with the Public Advocate regarding the price comparison analysis. The OPA regularly tracks and provides consumer information on CEP prices and comparable standard offer service prices and, based on this information, periodically publishes an Electricity Guide. The OPA has indicated that its comparable data is generally consistent with the EIA information presented above. Attached to this Report is the OPA's most recent Electricity Guide.

**IV. STANDARD OFFER COMPARABILITY**

The Act directs the Commission, where possible, to indicate if and how CEP products purchased by residential consumers differed from standard-offer service. During the 2014-2016 period, several CEPs did offer renewable, or "green," supply product options. The information available to the Commission through CEP reporting does not reveal what portion of the sales were associated with a renewable product as opposed to a standard energy product. One supplier, Clearview Electric Inc., was offering only renewable energy supply products during this period. The CEP that served the vast majority of residential customers during the 2014-2016 time period, Electricity Maine, LLC, did not offer any renewable supply products. The Commission also notes that several of the CEPs in this

time frame offered “variable” monthly rates as compared to the fixed price standard offer service. A variable product typically involves price changes every month based on a price index or changes in wholesale market prices. Alternatively, CEPs also offered fixed prices for various terms that differed from the term for which standard prices were in effect.