

DEREGULATION OF ELECTRIC MARKET CAUSING SURGE OF SOLICITATION FROM POWER SUPPLY COMPANIES

February 3 2012 10:27 AM



BETHALTO, IL – The deregulation of Illinois’ electrical market is creating a surge of solicitation in the Village from electrical suppliers. Several electric supply companies are canvassing Bethalto with sales campaigns including postcards, letters and even door-to-door contacts.

“We are urging our residents not to sign up with any of the electric supply companies until we are able to schedule our upcoming public hearings on the electrical aggregation,” said Bethalto Mayor Steve Bryant. “We’re working with our consultant and should be able to announce the public hearing schedule sometime next week.”

Bryant said the Village Board recently joined several other River Bend communities in voting to put electric aggregation on the March ballot as a referendum. At its January

meeting, the Board approved a ballot referendum to let residents vote whether to opt out of a multi-municipal, bulk-buying electric aggregate on the March 20 general primary ballot.

Since then, village residents have been overwhelmed with various advertising pieces and sales opportunities to enlist with several electric supply companies, causing confusion among residents.

“If residents sign up with any of the electric supply companies prior to the vote on the referendum, they will not likely be able to escape that contract without paying a cancellation penalty,” Bryant said. “Other companies may require customers to remain under contract for a given time period before being able to opt out, potentially costing residents money.”

That’s why village officials are recommending that residents not enlist with any electric supply companies prior to the March 20 referendum date. The Mayor said voting for the referendum, and allowing the village to become part of the Municipal Opt-Out Aggregation program will lead to better discounts for residents in the long run.

“Municipal Opt-Out Aggregation is a program that allows municipalities such as villages, cities, and counties, the option to create a large buying group of residential and small commercial retail electricity accounts and seek bids for cheaper rates,” said Javier Barrios, managing partner with GoodEnergy, the New York City-based company organizing the energy-buying bloc in this region. Barrios, who acts as a consultant between suppliers and municipalities said “right now, these Ameren customers obtain power at a fixed rate, regulated and set annually by the Illinois Commerce Commission. By grouping together residential and small commercial accounts, municipalities can achieve the savings that normally are not afforded to the individual customer.”

As a consultant to the village, GoodEnergy watches the market and interviews suppliers, Barrios said. "The village is contracting with us for consulting; the citizens are contracting with the winning supplier for residential electric services. The village is allowing citizens to make the decision, which is a benefit because there is strength in numbers. It creates an economy of scale and will command better prices in the market."

“Public meetings will be scheduled soon to allow residents to ask questions and receive more information about electric aggregation,” Mayor Steve Bryant said. “The Village website will feature materials related to the referendum and the aggregation program as soon as they become available. The key benefit to Municipal Opt-Out Aggregation is the opportunity for the residents and small businesses to save money on their electric bills.”

Barrios said individuals can potentially save between 5 and 10 percent off their entire bill, or 20 percent off their supply portion of their bill. He said there would be no additional charges for customers, and there would be no adjustments or work needed at their homes for a switchover.

“Municipal Opt-Out Aggregation changes only one of the three components of an electricity bill,” Barrios said. “Only the supply component, which is typically 60 to 75 percent of the electricity bill, will be reduced. The other components transmission and distribution will not be affected.”

If the referendum passes, residents could still opt out and stay with Ameren. After the referendum, the winning alternative supplier will send each residence and small business customer a card, which the customers can mark and send back if they do not want to participate. If they do not reply, or decide to opt out after becoming part of the aggregate, individuals still can opt out with a small termination fee.

Barrios said if residents pass the referendum, which requires a simple majority, the new three-year contract between residents and a new supplier would likely not begin until July or August. Customers still would call Ameren about outages, Ameren would remain the transmitter of energy, and billing will not change. GoodEnergy would set up a local telephone number for any billing issues with the winning supplier. GoodEnergy is paid by the winning supplier.

Numerous municipalities and counties in Central or Southern Illinois either are already participating in the aggregate or are considering it. Among those considering joining are Alton, Godfrey, Glen Carbon, Maryville, Collinsville, Edwardsville and Granite City. Columbia, Bartonville, Eureka, Peoria, Peoria Heights, Roanoke, Pekin, North Pekin, Bloomington, Normal, Germantown and the counties of Tazewell and Stark also have joined.

GoodEnergy has created a hotline for residents who may have more questions. The hotline number is 618-465-6030.