

# How Deregulation is Impacting Low Income Households

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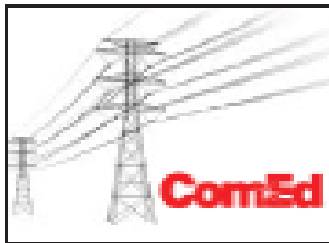
# Outline

- What is deregulation?
  - Basic concept
  - Ways it is implemented
- Where is deregulation currently?
  - States with full residential choice
  - States with some choice
  - States with no choice yet
- Case studies
  - PA
  - IL
- Discussion
  - Does competition strengthen the safety net?

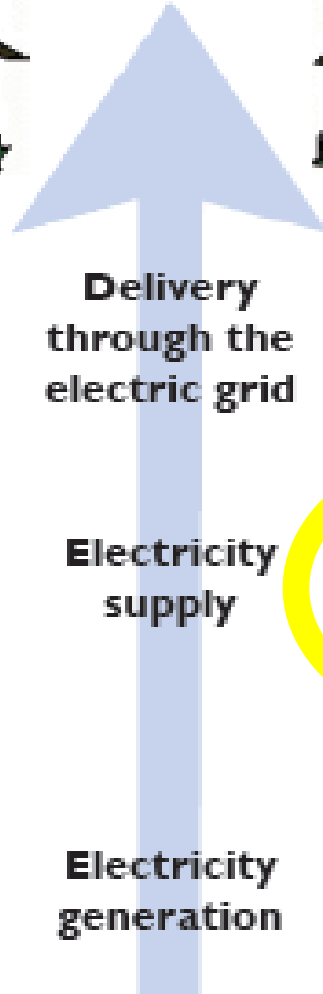
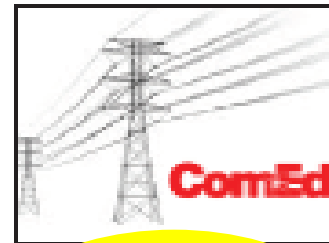
# DEREGULATION Basics

- Delivery by traditional public utility infrastructure
- Suppliers sell energy to utility on customer's behalf
- Gas & electric may work differently
  - Market differences
- Bill usually comes from traditional utility, but not necessarily
- Community aggregation
- Purchase of receivables

## Traditional ComEd Service



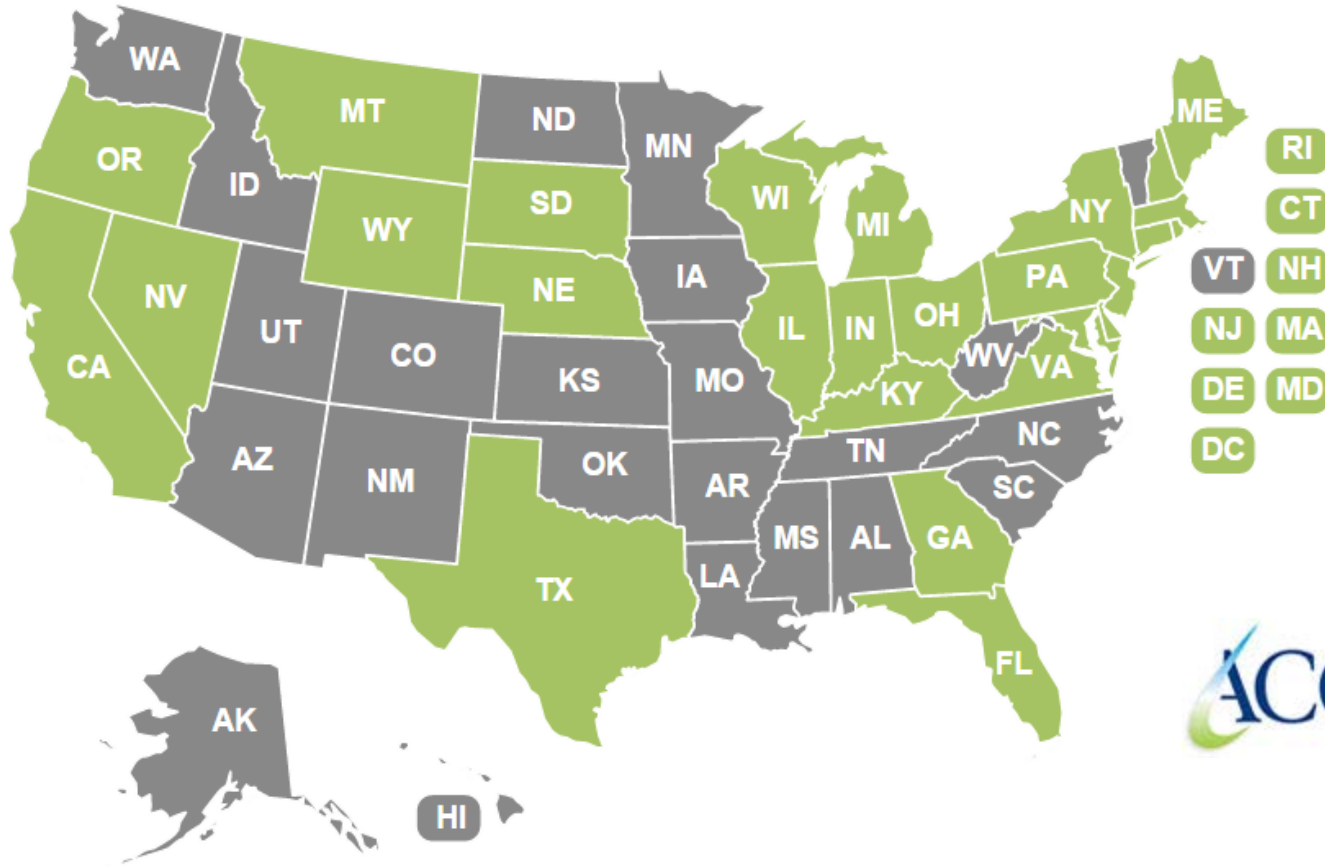
## Alternative Electric Supplier







# National Picture

- 29 states have choice of some kind
- Sometimes starts with commercial/industrial first
  - ??? was first
  - Tennessee is newest
- Gas choice is more widespread than electric
- Regional flavors –
  - Enrollment limited by time or number
  - CA special name

## State-by-State Information



### Key:

-  Has energy choice
-  Does not have energy choice
-  Electric Choice
-  Gas Choice

### Gas Bill (Sample)

#### Detail Charges

Charges for Residential Gas - Rate 01  
 Gas Supply Charges  
 Basic Service Charge  
 Usage-based Charges  
 Gross Receipts Tax (4.6044%)  
 Total  
 Delivery Charges  
 Delivery Charge  
 Total  
 Total Charges for Gas Service This Period  
 \$23.90

1 Gas Supply Charges (option to be provided by NIPSCO or one of our Choice Suppliers)

2 NIPSCO Gas Delivery Charges (this portion of your bill remains if you participated in Choice.)

Charges for Residential Electric Service - Rate 01  
 Basic Service Charge  
 Usage-based Charges  
 Gross Receipts Tax (4.6044%)  
 Total  
 Total Charges for Electric Service This Period  
 \$102.58  
 Total Current Utility Charges  
 \$146.01

Annotations on BGE bill:  
 1. Points to the 'Gas Supply Charges' section.  
 2. Points to the 'Delivery Charges' section.  
 3. Points to the 'Total Current Utility Charges' at the bottom.

Current Charges	
Dominion East Ohio Distribution Charges	
Basic Service Charge	\$24.83
Usage-based Charges	
1.4 MCF @ \$.3553	0.50
Gross Receipts Tax (4.6044%)	1.16
<b>Total Dominion East Ohio Charges</b>	<b>\$26.49</b>
For questions about Dominion East Ohio charges, call us at 1-800-862-7337	
ABC Gas Supply Charges	
(See last page for important message)	
Monthly Variable Rate (MVR)	
Gas Cost 1.4 MCF @ \$16.93	\$6.03
Jules Tax	0.41
<b>Total ABC Gas Supply Charges</b>	<b>\$6.44</b>
For questions about gas supply rates, contact ABC Gas Supply at 1-800-833-0333	
<b>Total Current Charges</b>	<b>\$32.93</b>
<b>Total Account Balance</b>	<b>\$32.93</b>

Annotations on VECTREN bill:  
 1. Points to the 'Current Charges' section.  
 2. Points to the 'Total Current Charges' at the bottom.

Charges	
East Ohio Distribution Charges	
Change	\$27.25
Change	
CF @ 5.7333	12.54
s Tax (4.6044%)	1.83
<b>Total East Ohio Charges</b>	<b>\$41.62</b>
For questions about East Ohio charges, call us at 1-800-862-7337	
ABC Gas Supply Charges	
(For important message)	
Monthly Variable Rate (MVR)	
MCF @ \$16.93	\$51.13
Jules Tax	3.50
<b>Total ABC Gas Supply Charges</b>	<b>\$54.63</b>
For questions about gas supply rates, contact ABC Gas Supply at 1-800-833-0333	
<b>Total Current Charges</b>	<b>\$96.25</b>
<b>Total Account Balance</b>	<b>\$96.25</b>

Results and Charges After Your Last Bill	
Balance Forward	\$0.00
Payment on Jan 17, 2011 - Thank You	\$23.19
<b>Balance</b>	<b>\$0.00</b>
Current Charges	
Dominion East Ohio Distribution Charges	
Basic Service Charge	\$24.83
Usage-based Charges	
1.4 MCF @ \$16.93	6.03
Jules Tax	0.41
<b>Total Dominion East Ohio Charges</b>	<b>\$31.27</b>
ABC Gas Supply Charges	
Monthly Variable Rate (MVR)	
MCF @ \$16.93	\$51.13
Jules Tax	3.50
<b>Total ABC Gas Supply Charges</b>	<b>\$54.63</b>
For questions about gas supply rates, contact ABC Gas Supply at 1-800-833-0333	
<b>Total Current Charges</b>	<b>\$85.90</b>
<b>Total Account Balance</b>	<b>\$85.90</b>



Standard Choice Offer (SCO) details:  
 Rate: \$0.19 per kWh  
 Standard Choice Offer Calculation:  
 Base Price: \$0.19  
 Adjustment: \$0.00  
 Final Price: \$0.19

Note: Your Electric Choice ID can be found on the back of your BGE bill. The screenshot shows the back of a bill with the ID circled.

Heating	
CCF @ 0.24942	10.50
CCF @ 0.01367	24.19
CCF @ 0.37	1.33
CCF @ 0.029	35.89
CCF @ 0.029	1.54
CCF @ 0.029	3.05
<b>Total Heating Charges</b>	<b>79.31</b>

Annotations on utility bill:  
 1. Points to the 'Electric Choice ID' field.  
 2. Points to the 'Billing Period' field.  
 3. Points to the 'Total Current Charges' field.

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Important Information: Alternative Gas Supplier Charge	
Michigan Natural Gas, LLC Supplier Charges Gas Choice Residential For Information On Michigan Natural Gas, LLC Supplier: www.michigannaturalgasllc.com	
Current Charges	
Gas Charge	443
Residential Utility Tax	309.6
Residential Michigan Sales Tax	15.4
<b>Total Michigan Natural Gas, LLC Supplier Charges</b>	<b>868.0</b>
<b>Total Gas Choice Residential Heating Charges</b>	<b>947.6</b>

# National News

- New York banned suppliers
- Ohio, PA bad press



# Estimate the impact for customers above PTC

What is the estimated impact on the full (actual) bill of OnTrack members?

Time Period Used: January 2012 – October 2015 (46 months or 3.8 years)

1. Average number of customers each month where the price paid was **above the PTC = 9,626.**
2. For those customers above the PTC, **average price paid = \$0.11048.**
3. Average **usage per month** for customers above PTC was **1,197 KWH.**
4. The **average PTC** across this timeline was **\$0.08475.** If I did not shop I would have paid this.
5. Average monthly energy charge, if on PTC (**actual bill**) = **\$101** (1,197 x \$0.08475)
6. Average monthly energy charge at the price above (**actual**) = **\$132** (1,197 x \$0.11048)
7. Difference (each month) = **\$31**
8. The (monthly) difference for all customers above the PTC = **\$298,406** (9,626 x \$31)
9. The impact over 12 months = **\$3,580,872** (\$298,406 x 12)
10. The impact over 18 months = **\$5,371,308** (\$298,406 x 18)

# Estimate the impact for customers at/below the PTC



What is the estimated impact on the full (actual) bill of OnTrack members?

Time Period Used: January 2012 – October 2015 (46 months or 3.8 years)

1. Average number of customers each month where the price paid was **at/below the PTC = 7,750.**
2. For those customers at/below the PTC, **average price paid = \$0.07772.**
3. Average **usage per month** for customers at/below PTC was **1,294 KWH.**
4. The **average PTC** across this timeline was **\$0.08475.** If I did not shop I would have paid this.
5. Average monthly energy charge, if on PTC (**actual bill**) = **\$110** (1,294 x \$0.08475)
6. Average monthly energy charge at the price at/below (**actual**) = **\$101**  
(1,294 x \$0.07772)
7. Difference (each month) = **\$9**
8. The (monthly) difference for all customers at/below the PTC = **\$69,750** (7,750 x \$9)
9. The impact over 12 months = **\$837,000** (\$69,750 x 12)
10. The impact over 18 months = **\$1,255,500** (\$69,750 x 18)

# Estimate the net impact



Look at shopper non-savers versus savers, as compared to the PTC

Time Period Used: January 2012 – October 2015 (46 months or 3.8 years)

## Those Paying Above PTC

7. Difference (each month) = **\$31**
8. The difference, above = **\$298,406**
9. The impact, 12 mos. = **\$3,580,872**
10. The impact, 18 mos. = **\$5,371,308**

## Those Paying At/Below PTC

7. Difference (each month) = **\$9**
8. The difference, below = **\$69,750**
9. The impact, 12 mos. = **\$837,000**
10. The impact, 18 mos. = **\$1,255,500**

1. Net (each month) = **\$22**
2. Net effect, monthly = **\$228,656**
3. The impact, over 12 months = **\$2,743,872**
4. The impact, over 18 months = **\$4,115,808**

# PA Retail Choice: PECO

## PA OCA shopping principles

- Shopping ensure LI remain on LI program, meet payment obligations of LI program, and receive the benefits of LI program.
- Shopping should not increase the costs of the LI program to nonparticipating whether by increasing LI discounts or by increasing admin costs.
- Shopping should not increase program costs of LI program to nonparticipants by adversely affecting ability to pay.

# PA Retail Choice: PECO

## Affordability concerns

- No adverse impact of shopping on affordability.
- Affordability measurement:
  - Incidence of unaffordability
  - Depth of unaffordability
- Ambiguities (total rate less than LI rate)
  - Signing bonus not part of rate
  - Initial discount not part of rate
- Impacts of higher EGS prices beyond individual:
  - Higher uncollectibles
  - Higher credit and collection
  - Higher working capital

# PA Retail Choice: PECO Implementation issues

- EGS rate lower than price-to-compare.
- Maintain customers on LI rate until end of EGS contract.
- EGS customer enrolling in LI rate gets transferred without fees.
- EGS does/does not keep LI when customer ends LI participation.
- Issues relating to allocation of implementation costs of LI shopping.

# PA Retail Choice: PECO Education Issues

- Risk of excessive “education”.
- Balance need for ongoing education vs overburden.
- Impacts of LI rate churn.
  - Leave LI program but remain on system: implications.
  - Remain on LI program but EGS contract ends.

# PA Retail Choice: PECO Consumer Protections

- Non-discriminatory offer of shopping services: not to “some but not all.”
- The control of termination / cancellation fees.
- Affirmative customer consent prior to switching from EGS contract with LI protections to one without protections.
- EGS may not indirectly exclude LI through creditworthiness tests or credit assurances.



# PA Retail Choice: PECO

## Aggregation Limits

- Compliance with state statutory limits; no change in electricity supplier without “direct oral confirmation” or “written evidence.”
- Impacts of fluidity of LI population (LI churn). Who is in and who is out.
- What happens to LI population at end of aggregation term.
- Opt-out favors large suppliers providing homogenous product.
- Need to avoid increased risk to default service providers.
  - Risk of winning an aggregation / risk of ceding back to DSP.

For more information:  
[roger@fsconline.com](mailto:roger@fsconline.com)



# PA Retail Choice: PA Commnwlth Ct (July 2015)

PUC can bar or limit retail shopping

(1 of 3)

“What is particularly noteworthy about the legal arguments of the PUC and Direct Energy is their focus on the PUC’s lack of authority to regulate rates EGSs charge customers. **We are persuaded, however, by Petitioners’ contention that the absence of authority to regulate EGS rates alone does not compel the conclusion that the PUC lacks authority to adopt rules attendant to universal service programs that may have the effect of limiting competition and choice with respect to low-income customers.**”

# PA Retail Choice: PA Commnwlth Ct (July 2015)

## PUC can bar or limit retail shopping

(2 of 3)

“[W]e conclude that the PUC has the authority under Section 2804(9) of the Choice Act, in the interest of ensuring that universal service plans are adequately funded and cost effective, **to impose, or in this case approve, CAP rules that would limit the terms of any offer from an EGS that a customer can accept and remain eligible for CAP benefits.** The obligation to provide low-income programs falls on the public utility under the Choice Act, not the EGSs. Moreover, the Choice Act expressly requires the PUC to administer these programs in a manner that is cost effective for the CAP participants and the non-CAP participants, who share the financial consequences of the CAP participant’s EGS choice.”

# PA Retail Choice: PA Commnwlth Ct (July 2015)

## PUC can bar or limit retail shopping

(1 of 3)

“Our conclusion finds support in the Choice Act’s legislative declaration of policy, which both encourages deregulation to allow consumers the opportunity to purchase directly their supply from EGSs and emphasizes the need to continue to maintain programs that assist low-income customers to afford electric service. 66Pa.C.S. § 2892 (7), (9), (10), (14), (17). **So long as it “provides substantial reasons why there is no reasonable alternative so competition needs to bend” to ensure adequately-funded, cost-effective, and affordable programs to assist customers who are low-income to afford electric service . . . the PUC may impose CAP rules that would limit the terms of any offer from an EGS that a customer could accept and remain eligible for CAP benefits – e.g. EGS rate ceiling, prohibition against early termination/cancellation fees, etc.”**

# DEREGULATION in Illinois

## Natural Gas 2002

33 ARGs certified by ICC

## Electricity 2009

84 ARES certified by ICC

2,758,827 residential customers in Illinois have switched as of April 15, 2015 (ICC)

Purchase of Receivables

Community Aggregation

**No choice** for Muni/Co-op customers





Page 1 of 2

Account Number 12345-67890

Name JOHN Q SMITH

Service Location 22 N MAIN ST CHICAGO, IL

Bill Summary

Previous Balance	\$98.21
Total Payments	\$98.21
Amount Due	\$68.23

Meter Information

Read Date	Meter Number	Load Type	Reading Type	Meter Reading		Usage
				Previous	Present	
11/6	123456789	General Service	Total kWh	70982 Estimate	71492 Actual	510

Service from 6/7/13 to 7/6/13 - 30 Days

Residential - Single

Electricity Supply Services \$30.65

Electricity Supply Charge	510 kWh	x .04597	23.44
Transmission Services Charge	510 kWh	x .00914	4.66
Purchased Electricity Adjustment			2.55

Delivery Services - IL Electric \$27.04

Customer Charge			11.26
Standard Metering Charge			5.00
Distribution Facilities Charge	510 kWh		10.78

Taxes and Other

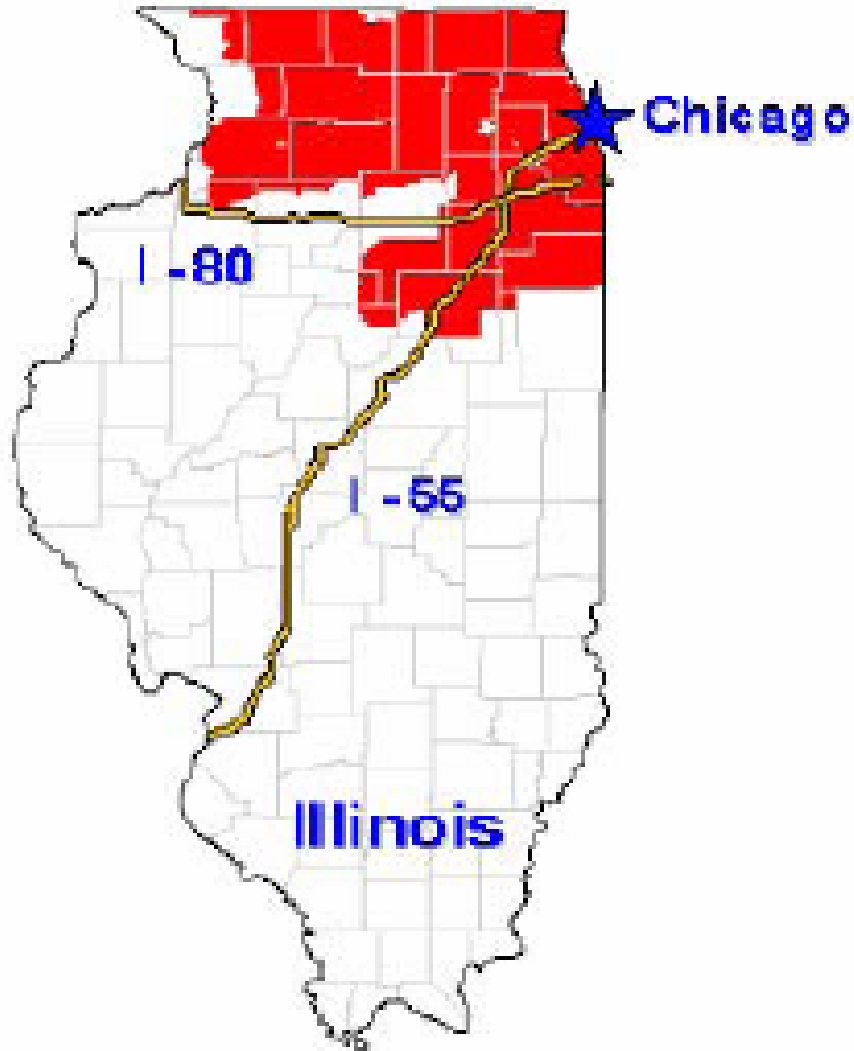
Environmental Cost Recovery Adj	510 kWh		4.00
Energy Efficiency Programs	510 kWh	x .00147	0.75
Franchise Cost			2.55
State Tax			1.70
Municipal Tax			3.06

Total Current Charges \$68.23

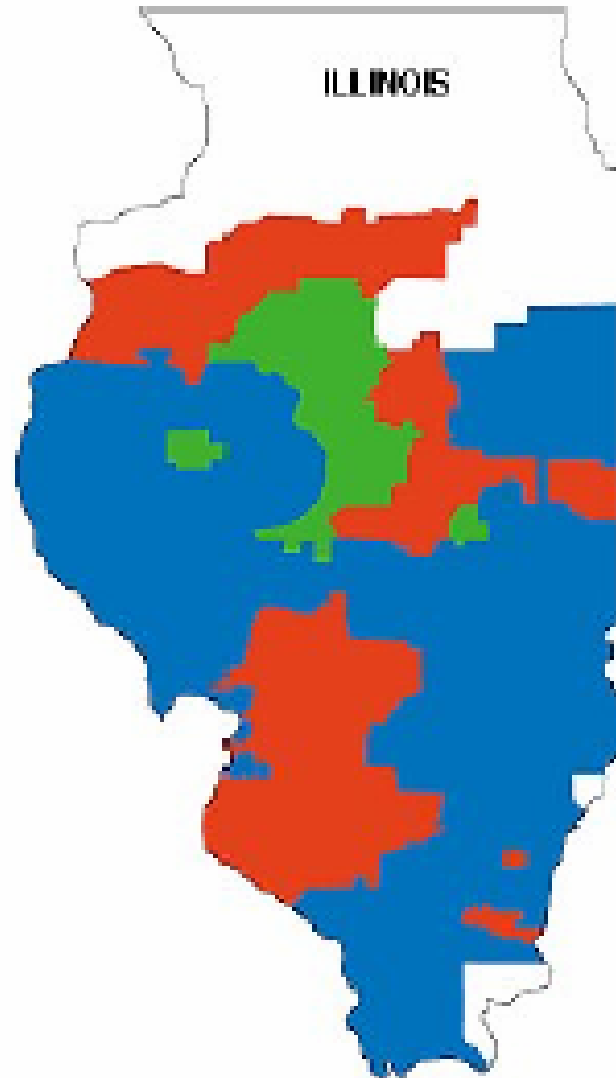
An alternative supplier's charges would appear in the "supply" section of your power bill.

\*This is a sample bill. Prices and charges may differ.

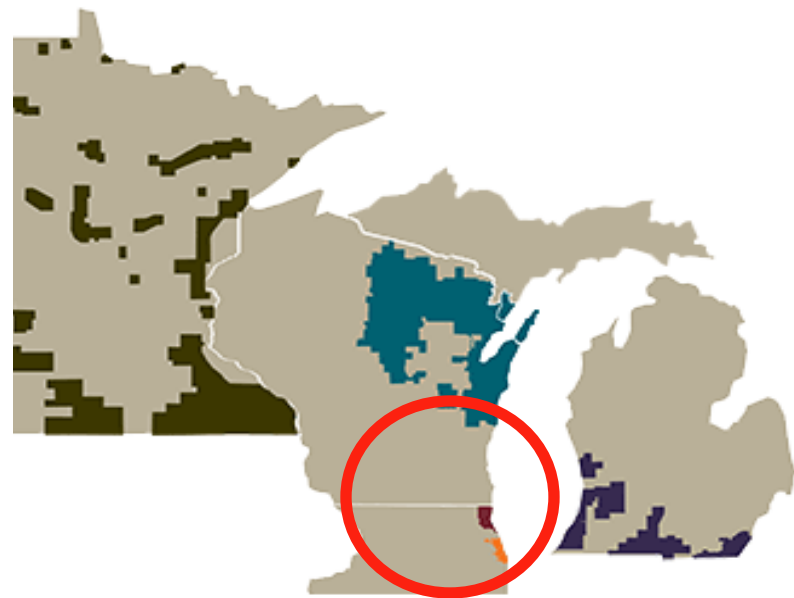
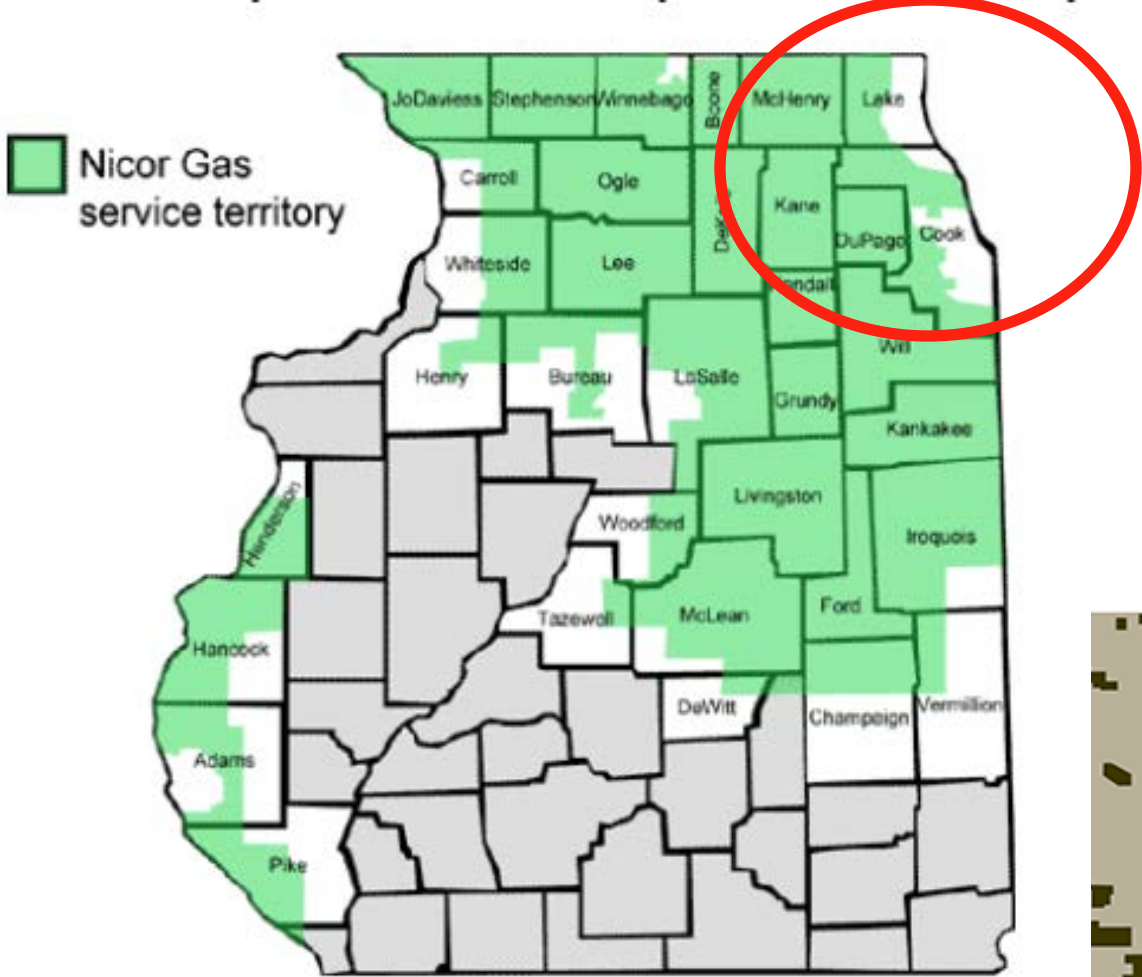
Commonwealth Edison



AmerenCILCO  
AmerenCIPS  
AmerenIP







- Michigan Gas Utilities Corporation
- Minnesota Energy Resources Corporation
- North Shore Gas Company
- Peoples Gas Company
- Wisconsin Public Service Corporation

# Natural Gas Choice

## Northern Illinois

Consumer Alerts

Gas Market Monitor

Ameren program still pending

## No POR

ARGS charges can be removed from utility bill

No ARGS shutoffs

## 2009 marketing reforms

30 day cancellation window

\$50 cap

CUB CONSUMER ALERT:

# BEWARE OF NEW GAS COMPANIES

## Almost all consumers lose money

New, unregulated gas companies are trying to convince customers to switch their gas service. Aggressive sales people pitch these offers door to door, by mail and over the phone. But according to a CUB analysis: 9 out of 10 of the plans offered so far by these companies are money losers, costing the average consumer hundreds of dollars a year. Beware! The best bet may be to stick with your regulated gas company—Nicor.

### HERE'S HOW TO PROTECT YOURSELF:

- ✓ Don't give out your account number or other personal information to any salesperson at your door or over the phone.
- ✓ Don't sign up for any new gas offer on the spot. These are legally binding contracts. You may be charged a hefty termination fee if you want out.
- ✓ Call Nicor at 1-888-642-6748 to get on a Do Not Market list for your gas service if you don't want the new gas companies to bother you with sales pitches.
- ✓ Call CUB at 1-800-669-5556. CUB is keeping tabs on these companies and trying to identify marketing abuses. If they're in your neighborhood, call us immediately.

### Who are these companies?

- Nicor Advanced Energy  
— Lock 12, Price Guard, Flex
- U.S. Energy Savings Corp.
- Peoples Energy Services
- Integrys
- Nordic Energy Services
- Santanna Energy Services
- MXenergy
- Dominion Retail
- Direct Energy Services

## Nine out of 10 plans are money losers, costing the average consumer hundreds of dollars a year more.



This alert comes to you from the Citizens Utility Board (CUB), a non-profit utility watchdog created by the state legislature to fight for lower utility rates. The results are based on CUB's Gas Market Monitor. For more information, call 1-800-669-5556 or visit [www.citizensutilityboard.org](http://www.citizensutilityboard.org).

September 2007

## Summary of plans

Lost

Saved

91%

9%


Average \$1375.40 **Loss**

As of March 23, 2015

Read below for more detailed information.

# Electricity choice


- Purchase of receivables
  - Full utility collection & disconnection process
  - Seamless/“invisible” to LIHEAP system(s)
- Community Aggregation
  - “Opt out” model
  - As of 6/9/15
    - 738 communities involved
    - 123 discontinued/non-renewed
  - Chicago “Power Deal”



<b>REPORT CARD</b>	
Illinois Electricity Suppliers	
Category	Grade
Short-term Savings	<b>A-</b>
Consumer Protections	<b>C</b>
Innovation	<b>D-</b>

**OVERALL GRADE:  
INCOMPLETE**

Company	Total	Contracts/Billing	Customer Service	Sales/Marketing	Formal Complaints
AEP Energy	0				
Ambit Northeast	27				
Champion Energy, LLC	3				
Clearview Energy	13				
ConEdison Solutions	1				
Constellation Energy	24				
Constellation Energy Power Choice, Inc.	19				
Constellation Energy Services	92				
Direct Energy	159				
Eligo Energy IL, LLC	22				
Energy Plus	24				
Energy Rewards	0				
Energy.ME	0				
Entrust Energy	16				
Ethical Electric, Inc.	9				
Fighting Illini Energy	1				
FirstEnergy Solutions	14				
Green Mountain Energy Company	13				
Hiko Energy	0				
Homefield Energy	10				
IDT Energy, Inc.	14				
IGS Energy	26				
Illinois Gas & Electric	9				
Independence Energy	1				
Liberty Power Holdings LLC	58				
Major Energy	5				
MC Squared Energy Services, LLC	2				
Nicor Electric	0				
Nordic Energy Services	2				
North American Power	29				
NRG Home	20				
PALMco	11	4			
Plymouth Rock Energy, LLC	0	0			
Public Power, LLC	2	0			
Realty, LLC	24	10			
ResCom Energy, LLC	1	1			
Santanna Energy Services	55	6			
Spark Energy, L.P.	66	23			
Sperian Energy	46	5			
Starion Energy	91	26			
Tara Energy	7	2			
Verde Energy USA	21	5	5	11	0
Viridian Energy PA LLC	7	6	0	1	0
XOOM Energy Illinois, LLC	8	3	1	4	0


**Illinois Commerce Commission**  
 527 East Capitol Avenue, Springfield, Illinois 62701

**Consumers**

**Public**

ICC ► Utilities and Providers ► Certified Utilities in Illinois

**UCDB**

Public Utility

**Certified Utilities**

Household Good Movers

Motor Car

**Certified Utilities**

Service Type:

46-60 of 85 results

**Iron Energy LLC**

d/b/a Kona Energy/d/b/a Zone Energy/d/b/a Fighting Illini Energy

Activated: October 3, 2012

d/b/a Kona Energy

Activated: November 2, 2012

d/b/a Zone Energy

Activated: November 2, 2012

d/b/a Fighting Illini Energy

Activated: February 7, 2014

“Illinois Gas and Electric”  
 – IN, OH, KY, MI, PA, NY,  
 DC, MD, NJ, CT, MA



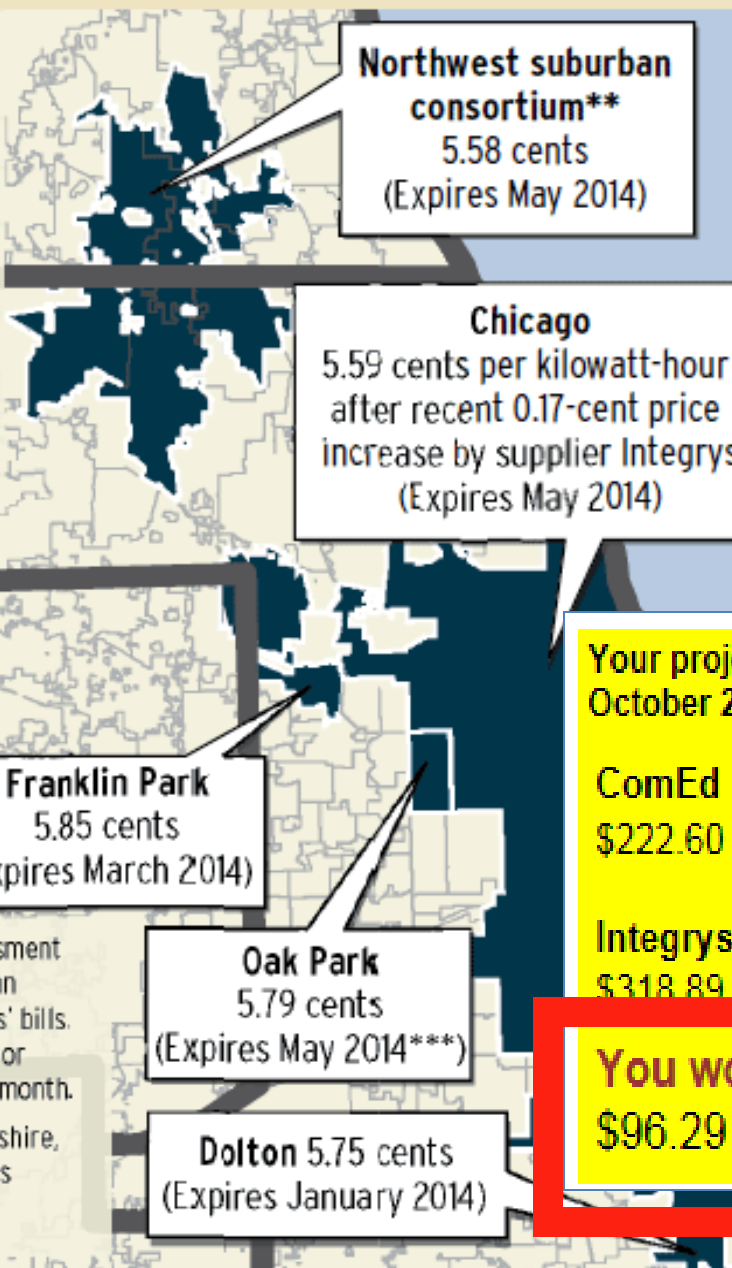
# PETITION FOR INVESTIGATION

## Are electric suppliers complying with the law

"...the alternative retail electric supplier shall give the customer written information that adequately discloses, in plain language, the prices, terms and conditions of the products and services being offered ..." - Illinois Public Utilities Act

### POWER SAVINGS?

As Commonwealth Edison Co.'s power price has dropped, it's getting tougher for municipalities to find supplier deals for their constituents that are cheaper. Some recent deals have resulted in prices higher than ComEd's 5.51 cents per kilowatt-hour.\*



**Northwest suburban consortium\*\***  
5.58 cents  
(Expires May 2014)

**Chicago**  
5.59 cents per kilowatt-hour after recent 0.17-cent price increase by supplier Integrys  
(Expires May 2014)

**Hanover Park**  
5.56 cents  
(Expires May 2014)

**Franklin Park**  
5.85 cents  
(Expires March 2014)

**Oak Park**  
5.79 cents  
(Expires May 2014\*\*\*\*)

**Dolton** 5.75 cents  
(Expires January 2014)

Your projected supply charges for the months October 2014 to May 2015:

ComEd  
\$222.60

Integrys  
\$318.89

**You would pay \$96.29 more with Integrys.**

\*ComEd imposes a variable monthly assessment of up to 0.5 cents per kilowatt-hour that can either be a charge or a credit on customers' bills. That can raise ComEd's price up to 6 cents or lower it by as little as 5 cents in any given month.

\*\*Arlington Heights, Buffalo Grove, Lincolnshire, Long Grove, Wheeling, Palatine, Vernon Hills

\*\*\*\*Was extended five months

# Consumer battles

- Price gouging
  - Just Energy settlement
    - Seniors and Non-English speakers, many low-income
  - Santana “force majeure” & bankruptcy
    - Current issue in Texas
  - Major Energy Settlement
    - 35c=6x utility!
- ◎ Marketing tactics
  - Utility branding
  - Door-to-door sales
  - Multi-Level-Marketing
  - “Green” options
  - Teaser rates
  - Slamming
    - TPV
    - Current rulemaking: video...

# LIHEAP Context

- Marketing as “discounts” or “assistance program”
- Trespassing inside subsidized senior buildings
- Skulking around LIHEAP intake locations
  - Tabling alongside LIHEAP agencies
  - Tabling INSIDE LIHEAP agencies
  - Direct marketing to LIHEAP agencies!
- Intake workers frustrated, confused
  - “Funny Bills” from other companies
  - Normal-looking bills that won’t go into the system (PIPP)
  - Not sure what to tell clients
- *Recruitment of sales agents in low-income neighborhoods...*



# POWERING YOUR ORGANIZATION THROUGH BRIGHTER ENERGY CHOICES

Power for change.

North American Power



## HOW DOES IT ALL WORK?

### A SMALL CHOICE THAT MAKES A BIG DIFFERENCE

Thanks to deregulation, you have the power of choice. By choosing North American Power as your energy provider, not only are you making a better energy choice, but you can help your organization raise much needed funds. It's simple. Every month when you pay your electric bill, your organization can benefit. You will be turning every kilowatt into kindness!

#### Change your energy provider to North American Power.

You can enjoy our competitive rates. Plus, you can do even more by choosing NAP Green. You can help

#### Support your Organization

By making the switch, you will generate an up-front payment of \$5\* and your organi-



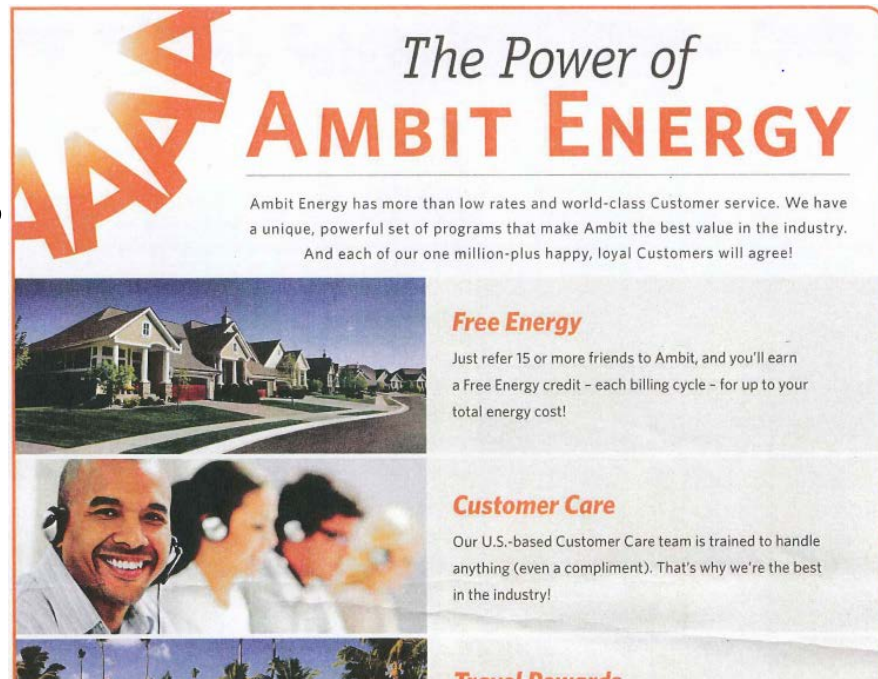
#### Change powered by many can do a world of good.

Now that you know the power of change, imagine if you shared it with all your friends and family. Use one of the many tools available at the end of your sign up process to refer others

- Nonprofit “incentives”
- Churches, community groups
- Groups recruit their members, receive \$\$
- Teaser rates expire

# Ambit at LIHEAP Energy Fair

- Taking down contact info for LIHEAP applicants
- Enrolling or recruiting?
  - Upcoming “meeting”
  - “Free Energy”?
    - Fees to become a seller



The Power of  
**AMBIT ENERGY**

Ambit Energy has more than low rates and world-class Customer service. We have a unique, powerful set of programs that make Ambit the best value in the industry. And each of our one million-plus happy, loyal Customers will agree!

**Free Energy**  
Just refer 15 or more friends to Ambit, and you'll earn a Free Energy credit - each billing cycle - for up to your total energy cost!

**Customer Care**  
Our U.S.-based Customer Care team is trained to handle anything (even a compliment). That's why we're the best in the industry!

**Travel Rewards**

The graphic features a large orange 'A' logo on the left, a row of three images (a house, a smiling man in a headset, and a woman in a headset), and a row of three text boxes on the right. The bottom of the graphic has a torn paper effect.

# Ambit at LIHEAP Energy Fair



## SIGN UP

Anyone who signs up with Ambit Energy instantly has the ability to start earning Free Energy.

## REFER FRIENDS

Just help 15 (or more) friends become Ambit Customers.

**There's no time limit for gathering your referrals.**

To calculate your Free Energy credit, Ambit takes the average daily energy cost for your referred Customers and multiplies it by the number of days in your billing cycle - then gives it to you. You can earn Free Energy every month, up to your total energy cost (not including taxes, transmission charges and other fees).

## GET CREDIT

Ambit will apply the credit directly to your energy bill or will mail you a check as long as you maintain a minimum of 15 qualified Customers.

- 1 • Electric offer: “guaranteed” 3% discount
  - Dubious
- 2 • Gas offers:
  - 43.1 c/therm
  - 91.41 c/therm
    - Utility: 35.85
- 3 • Exorbitant gas rates far outpace any electric savings or “credits”

# Natural Gas Client IMPACT

AGS: Consumer Education x  
<https://www.icc.illinois.gov/ags>  
 information from your local gas utility; it is :  
 Gas usage varies sharply in different season natural gas supply from November through M bill in the winter months than the summer m residential customer varies each month and Natural gas consumption and the correspond months.

Month	Therms Consumed	Price
Jan	215	\$.50
Feb	171	\$.50
March	135	\$.50
April	73	\$.50
May	36	\$.50
June	26	\$.50

		2015 PAYMENT MATRIX — NORTH #2 51% - 100%				
		HOUSEHOLD SIZE				
FUEL TYPE	DVP	1	2	3	4	5
Natural Gas/ Other	Primary	\$407	\$407	\$423	\$456	\$466
	Secondary	\$192	\$192	\$219	\$248	\$267
	TOTAL	\$599	\$599	\$642	\$702	\$733
All Electric	TOTAL	\$502	\$502	\$553	\$606	\$645
Propane	Primary	\$497	\$497	\$515	\$556	\$568
	Secondary	\$286	\$286	\$343	\$396	\$427
	TOTAL	\$783	\$783	\$858	\$952	\$995
Fuel Oil	Primary	\$497	\$497	\$515	\$556	\$568
	Secondary	\$286	\$286	\$343	\$396	\$427
	TOTAL	\$783	\$783	\$858	\$952	\$995
CASH		\$104	\$104	\$112	\$120	\$128

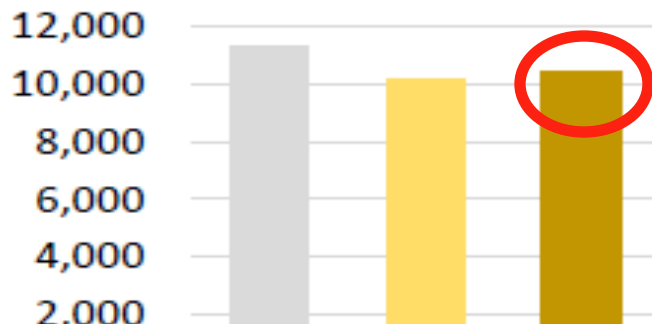
- 1,088 therms/year
- 75% Nov-Mar
- \$456 DVP = 912 therms
- 84% of annual supply
- Client locked at \$.79/therm
- \$456 DVP = 577 therms
- 53% of annual supply
- RA cycle starts earlier

# Electricity Client IMPACT



		2015 PAYMENT MATRIX — NORTH #2 51% - 100%				
		HOUSEHOLD SIZE				
FUEL TYPE	DVP	1	2	3	4	5
Natural Gas/ Electric	Primary	\$407	\$407	\$423	\$456	\$466
	Secondary	\$192	\$192	\$219	\$246	\$267
	TOTAL	\$599	\$599	\$642	\$702	\$733
Electric	TOTAL	\$502	\$502	\$553	\$606	\$645
	Primary	\$497	\$497	\$515	\$556	\$568
	Secondary	\$286	\$286	\$343	\$396	\$427
Oil	TOTAL	\$783	\$783	\$858	\$952	\$995
	Primary	\$497	\$497	\$515	\$556	\$568
	Secondary	\$286	\$286	\$343	\$396	\$427
CASH		\$104	\$104	\$112	\$120	\$128

## Site Consumption kilowatthours



- 10,100 kWh/year (IL)
- Utilities \$.075/kWh
- \$246 DVP = 3,280 kWh
- 32% of annual supply
- Client locked at \$.095/kWh
- \$246 DVP = 2,589 kWh
- 26% of annual supply
- +Electric shutoffs deplete RA



# PIPP Context

Source: IL Department of Commerce and Economic Opportunity, report to the LIHEAP Policy Advisory Council

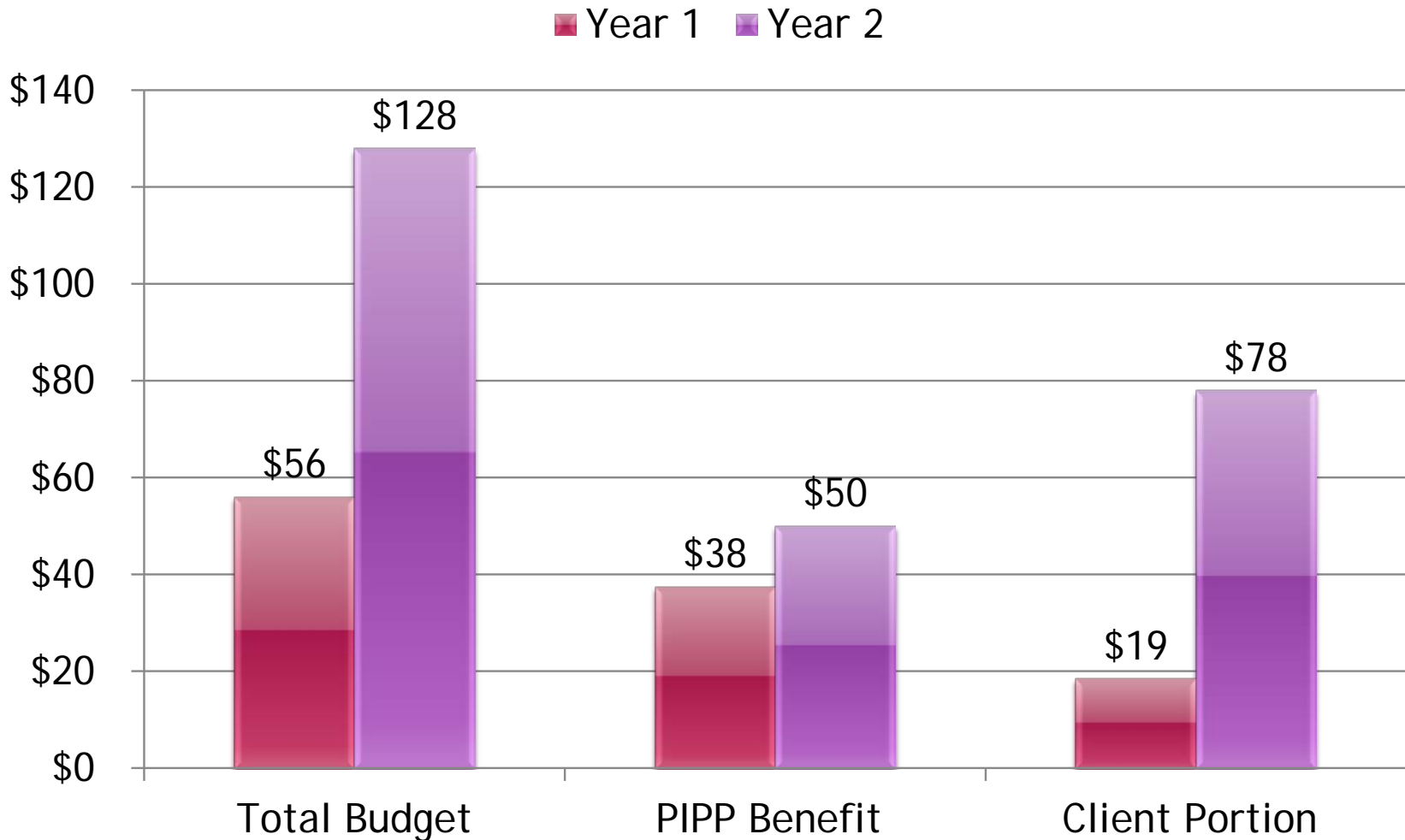
- PY 2014:
  - 80,719 active PIPP accounts
  - 35,033 (43%) have an alternative electric supplier
  - Of the 35,033, 25,302 (72%) had switched within the most recent program year
- Average annual budget bill increase (“true-up”) for utility-supplied electricity: \$6.03
  - For ARES accounts: \$17.48 (nearly 3x higher)
  - As high as \$76.58

## CHICAGO PIECE

- Chicago aggregation contract with Integrys
- 10,127 (12%) were with Integrys
- Integrys average true-up: \$6.97
- Translation: \$114,232.56 in added program costs to state because of one city contract

# PIPP Environment

- Supplier price spikes cost more for clients AND state
- Price spikes are imperceptible and unpredictable



# PIPP Impact

- Even small changes in state benefit amounts add up quickly

<b>Price Difference</b>	<b>Monthly bill impact</b>	<b>Cost per 100 PIPP clients per year</b>
(\$0.02)	(\$13.47)	(\$16,164)
\$0.01	\$8.42	\$10,104
<b>\$0.04</b>	<b>\$31.14</b>	<b>\$37,368</b>