



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

Office of the Ohio Consumers' Counsel

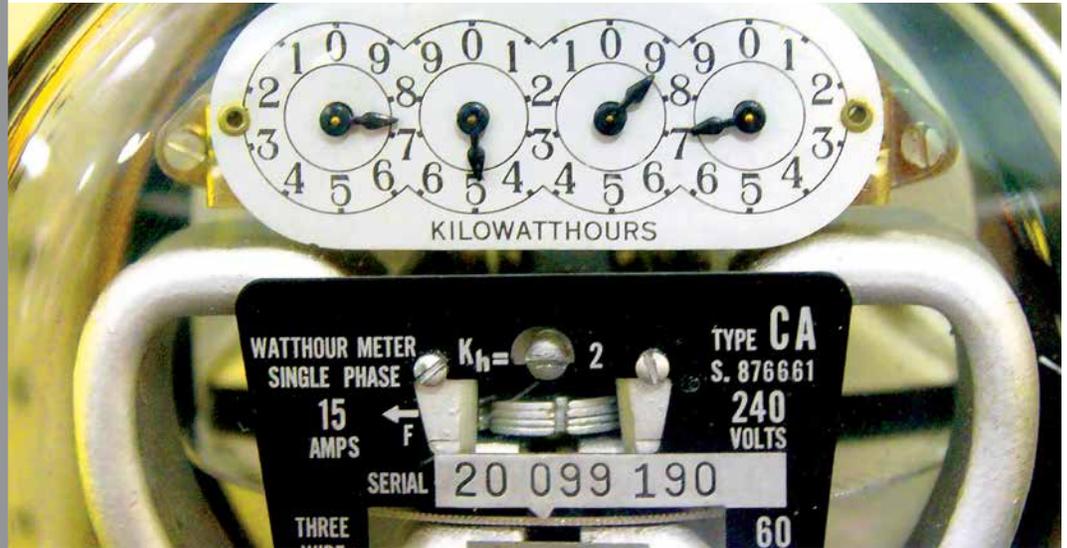
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STANDARD OFFER

IS A DEPENDABLE OPTION FOR SAVING MONEY ON ELECTRICITY



Ohio consumers should be aware of some of the risks and important steps to take before considering signing up with an energy marketer. The Office of the Ohio Consumers' Counsel (OCC) is the residential utility consumer advocate and has resources to help consumers make informed decisions about their utilities.

Accepting an offer from an energy marketer is risky. Ohioans often save money by staying with their local utility's Standard Offer.

The value of the Standard Offer

The Price to Compare on consumers' electricity bills is the price that a marketer would have to beat in order for you to save money on your electric generation costs. The Standard Offer price is set by a competitive auction process with many companies bidding, making the Standard Offer a dependable market-based price. The Standard Offer and marketer offers do not include all delivery costs, which consumers pay to their utility separate on their bills from their electricity supply costs.

How to get the utility's rate (Standard Offer)

Consumers can confirm that they are paying the Standard Offer by contacting their utility or reviewing their bill. And, consumers can contact their utility to switch from a marketer offer to the Standard Offer. Customers enrolled with an energy marketer should contact their marketer to ask about any early termination fees. If consumers are on a local utility's budget billing plan, the budget payment amount for the Standard Offer is factored into the monthly budget payment amount. Customers of marketers need to inquire if budget billing is available for the generation portion of the bill.

Government aggregation is available in some areas

For some Ohioans, government aggregation is another option to get a competitive price for electricity. Under government aggregation, communities can authorize the local government, frequently through an election, to supply electricity to their residents. Governments use the

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buying power of many customers to seek competitive prices.

The risks of marketer offers

Consumers can also choose to purchase their electric supply from a marketer. Ohio consumers frequently receive phone calls, flyers or visits to their doorstep promising a chance to save money on electric bills. Consumers who want fewer of these solicitations should contact their utility and ask them to stop sharing their contact information with marketers.



OCC has found that the local utility's rate or Standard Offer, is frequently the most cost-effective option in the long-run.

Considering and managing offers from an energy marketer takes time, research and careful record keeping. OCC recommends consumers get their electric supply directly through their utility's Standard Service Offer.

Some marketers offer discounts or incentives to entice consumers to sign up. Consumers may be offered a rate discount, gift card, rebate, or cash back incentives, for example. These incentives may at first seem like a good deal, but OCC has found that they come at a high price to consumers.

Consumers should also be aware of the following

Teaser Rate: This is a rate that is low for a brief period, perhaps one to three months, then increases to a higher price for the remainder of the contract.

Early Termination Fee (ETF): This is a charge for ending a marketer contract early. The ETF can be \$100 or more. There is no early termination fee when returning to the local utility's Standard Offer at the end of a marketer contract. Many marketer contracts automatically renew to significantly higher monthly variable rates at the end of the contract period if the customer does not follow up.

Marketers may offer a fixed or variable rate

Fixed Rate: This is a price that will remain the same throughout the contract period. Consumers should ask how the fixed rate has compared with the Price to Compare over time.

Variable Rate: This is a price that can change each month. Consumers should ask how often a variable rate can change and if there are limits on how much a variable rate can increase. Marketers should be able to explain the factors that cause the variable rate to change.

If a consumer chooses to sign up for a marketer's contract, the marketer will notify the consumer's utility and then the utility will send the consumer a confirmation notice. Consumers have seven days after this notice to cancel the new marketer contract without penalties. After enrolling, most consumers will see the marketer's charges separately identified on their monthly utility bill. It can take up to two to three billing cycles for the switch to a marketer to show up on their bill and about the same amount of time for it to come off after a contract is cancelled.

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at www.occ.ohio.gov.



The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

Important to understand: Customers should remember that the Standard Offer varies. Review old bills to see how the Standard Offer has changed over time. Consumers should always compare marketer offers with the Price to Compare on their bills to see if they can save money with the marketer.

OCC stresses that the utility's Standard Offer is frequently the best way to save money when compared to marketer offers.

Electric choice is offered to consumers of AEP Ohio, Dayton Power and Light Company, Duke Energy Ohio, and FirstEnergy Utilities (Toledo Edison, Ohio Edison and the Illuminating Company). Customers of these utilities that are current with their utility bills are eligible for energy choice. Energy choice is not available to consumers of municipal power systems, members of co-ops, or participants in the Percentage of Income Payment Plan (PIPP Plus). However, there is a competitive auction process to establish the generation rate for PIPP Plus customers.

Consumers may wish to visit the Public Utilities Commission of Ohio's Energy Choice Ohio website. This site provides historical standard service offer rates and is helpful in comparing prices over time. <http://www.energychoice.ohio.gov/ApplesToApplesCategory.aspx?Category=Electric>.

Also, please note that much of the advice here applies similarly to Ohio natural gas bills. The OCC fact sheet, "The 'Standard Choice Offer' is a Dependable Option for Saving Money on Natural Gas" has more details on natural gas choice.

Learn More about electricity bills on OCC's website at <http://www.occ.ohio.gov/electrichome>

Questions to ask when considering switching from the Standard Service Offer:

- ▶ **Are savings guaranteed or is it possible for the price to go higher than the Standard Offer?**
There are likely no guaranteed savings with a marketer.
- ▶ **When switching to a marketer for the supply of electricity, does the price remain the same for the contract term (fixed rate) or can the price change over time (variable rate)?**
Fixed rates may be higher than variable rates.
- ▶ **Is there a fee to terminate the contract early? How long is the contract?**
Some Early Termination Fees (ETF) are more than \$100. Keep a copy of the contract.
- ▶ **Will the contract automatically renew at the end of its term if not cancelled or actively renewed, or will it default back to the Standard Offer?**
The OCC has found that many consumers are not aware that their contracts may automatically renew after the initial term to monthly variable rates that can be more than twice the price of the utility's Standard Offer.
- ▶ **Is this an introductory rate?**
If so, it may change to a significantly higher rate. Consumers need to know what the rate will be after the introductory rate expires.