

Alternative providers give power to the people

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A host of alternative electric suppliers have been looking to generate business from residential Illinois consumers in the past year and a half.

As a group, they've been successful, and increasingly so. The number of people in Illinois using alternative suppliers is now approaching 400,000, with more than 100,000 people choosing new suppliers in the first three months of 2012.

But the [Citizens Utility Board](#), a nonprofit organization that seeks to inform Illinois utility consumers, is urging individuals and municipalities to be cautious when they consider switching electric providers.

"We hope residents ... and community leaders know long-term savings aren't guaranteed," said Jim Chilsen, communications director at CUB.

On March 20, eight McHenry County municipalities voted in favor of electrical aggregation referendums that allow governments to negotiate with alternative suppliers, on behalf of their residents, for lower rates.

Chilsen said residents of towns who voted yes on the referendum should pay close attention to their government leaders during this process. Electric customers will have an option to opt out of municipal aggregation and shop for an electrical supplier as an individual.

CUB as well as the Illinois Commerce Commission are urging consumers do their research before they sign a contract that looks attractive at first glance.

"You don't want to be locked in too many years if the [ComEd] prices drop," said Beth Bosch, spokeswoman for the Illinois Commerce Commission. "It really is an individual decision based on usage patterns."

Chilsen added that it's important to read the fine print when looking into an alternative supplier. He said consumers should be on the lookout for hidden fees, including "opt-out" fees that make it tough to get out of a contract.

In the past, McHenry County customers had no choice but to receive their power through their contracts with ComEd, the distribution company which owns and maintains the power lines that deliver the energy to homes and businesses. ComEd buys power from the wholesale market, and sells that power to its customers at the same price. They profit from the delivery.

"Even if every single customer bought electricity supply from an alternative supplier," ComEd touted in recent press release. "Our essential mission and responsibility – to deliver that power – would remain unchanged."

Alternative electric companies have been supplying to larger customers like schools and manufacturers since 1998, but it's only in the last two years that it's made sense to market to residential consumers.

That's because ComEd is currently locked in a contract with a wholesale electric supplier through June 2013. Recent drops in the market have meant many alternative suppliers can offer a cheaper price than ComEd's, which is more or less concrete until they're able to negotiate a new contract.

"It would be interesting to see what happens to the electrical choice landscape after that date," said CUB's Chilsen. "Consumers should know that date is approaching."

For now, alternative suppliers are on the upswing.

"I think we anticipate a continued healthy growth," said Maureen Brown, a spokesperson for Constellation Energy.

In ComEd zones, Constellation offers a 12-month contract which said it saves customers 14 percent off what they pay ComEd. Its 24-month contract offers a 18 percent savings.

"As a general rule, customers tend to go for the greatest savings," Brown said.

Seeking lower rates

Cary, Crystal Lake, Huntley, Island Lake, Lakewood, Prairie Grove, Ringwood and Woodstock approved electrical aggregation referendums March 20. Rejecting proposals that would allow their governments to seek lower electric rates in the open market were Barrington Hills, McHenry County, Algonquin, Johnsburg, Lake in the Hills, Marengo, McCullom Lake, McHenry, Spring Grove and Wonder Lake.