

Craig G. Goodman: Winter's tale: Lessons for electric companies and consumers

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The polar vortex is starting to loosen its grip, a welcome relief to Pennsylvanians and residents throughout the mid-Atlantic region, but the fallout from this brutal winter lingers as consumers continue to grapple with unprecedented spikes in their electricity bills.

A number of factors combined to create this crisis: The sustained record cold produced record-setting demand for power, and that demand led to unprecedented congestion on the region's natural gas pipelines and electricity grid.

As a result, wholesale electricity rates more than tripled in one month this winter, spiking from \$44 per megawatt hour in December to \$148 per megawatt hour in January, according to the Public Utility Commission.

Retail rates increased in turn, and Pennsylvania consumers were hit with significant increases in their bills. Consumers are rightfully upset. The PUC and lawmakers are investigating the causes. The National Energy Marketers Association supports these efforts. Consumers deserve answers.

The member companies of the National Energy Marketers Association have stepped up to assist consumers. Our companies have provided thousands of Pennsylvania families with millions of dollars in rebates. Customers are being encouraged to explore alternative plans, including those with more stable rates.

Association members adopted a Consumer Bill of Rights and National Marketing Standards of Conduct on ethical business practices, which includes disclosure of all terms and conditions for all contracts. The PUC's disclosure requirements are among the most stringent in the nation. Still, the volume of calls from consumers suggests that more consumer education and greater disclosure is needed.

We support more consumer education to ensure that Pennsylvanians understand exactly how the state's competitive marketplace works. Consumers who elect to shop for electricity have a tremendous opportunity to save money, but with that opportunity comes some risk. A sustained and aggressive education campaign will help ensure that consumers understand the rules and make informed decisions.

We were especially encouraged that the commission is working to accelerate the switching process. Currently, it typically takes 11 to 40 days to switch in Pennsylvania. In Texas, consumers can switch in a day. This change would expedite switching for consumers who elect to go with a competitive supplier, those who choose to switch from one competitive supplier to another competitive supplier, or consumers who choose to return to their default service provider.

There's no doubt that these minor changes can help consumers. But truly protecting consumers will require addressing the underlying causes of the wholesale price spikes. That will require an examination of federal, regional and state policies that govern the wholesale market.

However, consumers are in need of immediate relief. The National Energy Marketers Association has urged all of its member companies to work with their customers to help them cope with the financial burdens created by this winter's confluence of events. I am pleased to report that many members are doing just that.

If you have not heard directly from your energy supplier, I urge you to call it. If you don't have a competitive energy supplier, now is a good time to look into shopping. This winter has taught everyone a lot about how best to serve the public.

Craig G. Goodman is president of the National Energy Marketers Association, which just released on its website, energymarketers.com, a briefing paper titled, "Winter 2014: Impact on the Energy Marketplace." Copies of the Consumer Bill of Rights and National Marketing Standards of Conduct are also available on the site.