

NEW

ENERGY SUPPLIER CONTRACTS WHAT CONSUMERS NEED TO KNOW ABOUT VARIABLE RATE CONTRACTS

OPC recommends that you exercise caution if you are thinking about variable rate contracts

ASK YOURSELF: Can I afford to pay for potentially large increases in my monthly bill?

CHECK OUT the following FACTS to see if a variable rate contract is right for you

- Energy suppliers offer both fixed rate and variable rate contracts
- The supply portion of the bill is about 2/3 of your entire bill
- Fixed rate contracts allow you to compare the supplier offer to the utility supply rate (SOS) and fixed rate offers from other suppliers
 - Examples: 9.6 ¢/kwh (Electric) or 50 ¢/therm (Gas)
 - Check out OPC's Price Comparison Guides at www.opc.state.md.us
- Variable rate contracts can be HIGH RISK for consumers
 - **Winter 2012-2013:** Starion Energy charged Maryland consumers up to double the SOS rate and rates of most other suppliers "based on market conditions." The "conditions" driving the increase were in the New England wholesale market, not in Maryland
 - **Winter 2013-2014:** Suppliers have charged Maryland consumers 2 – 4 times the utility supply price (SOS), up to 48

¢/kwh. Consumers' bills have skyrocketed. The penny or two per kwh that you saved today is swallowed by the 10, 20 or 30 cents per kwh additional that you can be charged in the future

- Suppliers often have low initial rates followed by variable rates
 - A penny or two per kwh can look good in the fall, but you may pay the price with a high variable rate in the winter
 - OPC has seen the rates go up from a “teaser” rate, but has not seen the rates go down

- Almost all suppliers charge what they want month to month
 - There may be no transparency in how the rate is calculated
 - The contracts may have no formula or index, or restriction on increases
 - You will not know the rate in advance of receiving your bill

- If the rate goes up, it may take 2 to 3 months to cancel the contract and switch to the utility or another supplier

- Utilities do not include supplier charges in budget billing programs
 - You will need to contact your supplier separately to see if they offer budget billing for supply

If you are having trouble paying your electric or gas bill this winter,
SEE our FACT SHEET on
“WHAT TO DO IF YOU HAVE A HIGH WINTER BILL”