

ENERGY SUPPLIER CONTRACT TERMS WHAT CONSUMERS NEED TO KNOW

Make sure you review, understand and compare all of these before you agree to sign with a supplier

NEW!! As of MAY 1, 2016:

- Only the utility customer (or a legal representative) can enter into a contract with a supplier. No other person is authorized to sign for a customer
- Each supplier MUST give you a completed CONTRACT SUMMARY of all major contract terms AND the full contract
- EACH SUPPLIER MUST GIVE YOU ACCESS TO RATE CHANGE INFORMATION AT LEAST 12 DAYS PRIOR TO THE CLOSE OF YOUR BILLING PERIOD
 - The supplier must tell you HOW to access the rate
 - The rate must be in a clear, easy to access format
 - Written notice is required if there is a rate change from a teaser rate (for 3 months or more) to a variable rate, and the rate change \geq 30% of the current rate

CONTRACT TERMS

- **PRICE**
 - This is the price for gas or electricity supply
 - You will still pay your local utility for distribution costs, taxes and surcharges
 - Types
 - Fixed rate – Examples: 9.4 ¢/kwh (E) or 34¢/therm (G)
 - **Variable charges**
 - Initial fixed “teaser” rate – Typically 1, 3, or 6 months
 - **Variable rate – HIGH RISK**
 - See our *FACT SHEET on VARIABLE RATES*
 - Almost all suppliers charge what they want
 - **NEW:** If there is no limit on price changes, the supplier must disclose this in the contract
 - **NEW:** If there is a limit on price changes, such as a price cap, the supplier must disclose this in the contract

- IF there is no limit, rates can go as high as the supplier wants
 - 2014 Winter rates: 2-4X the utility supply price
 - OPC has not seen these variable rates go lower than the initial rate
 - It may take 2-3 months to switch to utility or other supplier
 - **NEW:** After 12/30/16, electric utilities will have to process switches within 3 business days; gas utilities will also have to switch faster
- **WATCH OUT! - you may not get a lower rate overall**
 - **Things to Watch For:**
 - Low teaser rates followed by a variable rate
 - “Guaranteed” savings
 - “Save up to X%” - This can be anything from 0% to X%
 - Gift card/airline mileage/train points with a specific rate
 - Does the combination have real value for you?
- **Fees**
 - Some suppliers charge an extra monthly fee in addition to the usage rate
 - **TYPES:** Account management fee, administrative fee, consolidated billing charges
 - A fee of \$5.00/mo can be equal to another ½ cent on the kwh rate on an average customer bill
- **Contract term**
 - **Fixed term**
 - Usually 6 months, or 1, 2 or 3 years
 - Summer (June –Sept) or winter (Oct-May) rate only
 - **Initial teaser rate (fixed)/variable rate (month to month)**
 - Initial term – Typically 1, 3 or 6 months
 - **Month to month**
- **Cancel fee**
 - Almost all fixed term contracts have a cancellation fee
 - Sometimes the longer the contract, the higher the fee –if you cancel early in the contract, it can offset or exceed any price benefits
 - **BEWARE:** Price offers from other suppliers during the term of your contract
 - **NO MATTER WHAT YOU ARE TOLD,** if you switch, and there is a cancel fee, you will be charged a cancel fee if it is in your first supplier contract

- **Contract cancellation – When and How to do it**
 - **When:** You can cancel “at any time” with no fee; you can cancel at any time and pay a fee; OR you must give 30 day notice
 - **Check your contract before you cancel**
 - **How:** The contract will state the methods you must follow
 - Telephone
 - Internet
 - In writing

- **Budget Billing**
 - 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
 - **Caution:** Budget billing of supplier charges is not regulated – you need to make sure there are regular adjustments to avoid a sudden high bill for under-charges

- **Automatic renewal**
 - **Fixed term**
 - Supplier contracts almost always have an automatic renewal clause
 - You will receive a notice 45 days before the term ends – OPEN IT
 - The supplier can change your price or other service term – READ the NOTICE
 - Check the price and other terms against other supplier offers and the utility price – IF YOU DON’T LIKE THE NEW TERMS, DO NOT RENEW THE CONTRACT. The contract will give you instructions for cancellation
 - IF the contract renews as a month to month (typical), you will not receive another notice to renew
 - IF the contract renews it is likely at a variable rate
 - **NEW: The Notice must tell you how to access rates for next billing cycle, and disclose whether there are limits (or not) on the variability of the rate – i.e., on how high the rate can go**
 - If you cancel or do not renew a contract, you will return to utility supply service unless you enter into a contract with another supplier
 - **Month to month**
 - You will NOT receive a renewal notice
 - Fixed contracts can renew at a higher rate or a variable rate
 - Check the contract cancellation method to cancel the contract