

# Energy Choice and Aggregation Programs in Ohio

For over 100 years in Ohio, your energy services — electric and natural gas — and rates have been regulated by the Public Utilities Commission of Ohio. Under this regulation, a single company served you. Since choosing a supplier to provide your electric generation and/or natural gas fuel supplies was not an option, the rates a company charged were set by the PUCO. The resulting rates allowed the utility to recover its expenses, plus an agreed-upon margin of profit for their investment. The PUCO's job remains to balance the interests of the utility with the interests of its customers.

Many Ohioans served directly by a major electric or natural gas investor-owned utility have the ability to choose their energy generation and/or natural gas fuel supplier. This option has been available for many since the 1990s. Ohio regulators continue to monitor market programs and conditions to ensure that aggregation and customer choice programs remain competitive, provide consumer protections and allow eligible farm, residential and commercial customers to use the programs available to control their energy costs.

## What is Energy Choice in Ohio?

Just as you shop for other products and services, you may also be able to shop for an energy supplier. With choice, energy customers from large manufacturers to residential homeowners are able to shop for electric and natural gas supply options from a diverse group of competitive suppliers certified by the PUCO. As more suppliers offer their services in your area, you have the opportunity to choose a company that supplies the generation of your electricity and production of your natural gas.

Choosing an electric generation supplier and/or natural gas fuel provider is an individual consumer option. While rules and regulations are in place concerning customer choice marketing and service contract provisions, energy supply is considered a “deregulated” service. It is not covered in the same way as other mandatory services encompassing utility service. While you can pick a generation or fuel supplier, all system maintenance and use of utility-scale transportation and distribution networks still remain under direct ownership of the incumbent public utility. Rates, tariffs and customer service charges to use this infrastructure are still regulated by the PUCO. Because of this relationship, your local utility will still provide reliable infrastructure-related services and your customer relationship with the utility will not change.

Consequently, if you choose a new energy supplier, your local utility will continue to deliver the electricity and natural gas to your home or business. Your local utility will also continue to maintain and repair the respective poles, wires and pipes. You should continue to call your local utility if your power or gas goes out. The PUCO will still oversee the safety and reliability of your services.

Please note: Customer choice programs are operational with all of Ohio's major investor-owned utilities under direct PUCO jurisdiction. (AEP - Ohio, FirstEnergy, AES, Duke, Columbia Gas of Ohio - NiSource and Enbridge). Other smaller public utilities, municipal electric companies and member-owned rural electric cooperatives have the ability to “opt-in” to offering customer choice programs. Check with your respective utility service provider for more information.

## The Ability to Use Choice

The ability to choose an electric or natural gas supplier gives consumers a greater variety of pricing plans and allows consumers more freedom to determine their best option. Program participation not only gives you the freedom to work with a supplier and take advantage of unique product offerings, but also the peace of mind that you will still receive the same high level of service from your local utility.

A choice that affects a financial commitment like your electric and natural gas bill shouldn't be left to chance. Just like you would shop around to get the best deal on your car insurance, you should also research the different products available from electric or natural gas suppliers. While the PUCO cannot guarantee that your bills will decrease if you participate, the PUCO's “apples to apples” chart makes it quick and easy to compare a variety of suppliers based on what is important to you.

## Points to Consider When Researching Choice or Aggregation Group Membership

Besides participating in Choice as an individual customer, consumers could exercise the option of joining a membership or aggregation group. Issues to consider include:

### Advantages:

- Program sponsors can negotiate directly with a service provider on your behalf for convenient and secure electric and natural gas supplies as a member of a larger consumer group. The larger the group's aggregate energy usage, the better bargaining position a sponsor may have for supplies and rates.
- By virtue of its size, the group sponsors can negotiate directly with a service provider to access a variety of supply sources and pipeline systems to find the most cost-efficient gas and transportation rates.
- Group administrators and leadership can monitor the open energy commodity markets for additional savings opportunities to be passed along to members. They can utilize their knowledge/experience about the industry to constantly evaluate and improve energy provider services for members.
- A membership group can act as a third-party arbitrator and provide resources for customer/service provider conflict resolution.
- A membership group offers information and education programs for its members concerning other aspects of utility deregulation, energy conservation and other related topics.
- Individual members are part of an organized group. The group members have a more effective voice representing their interests and needs in legislative, regulatory and consumer arenas.
- Tapping into additional resources and benefits by virtue of its size and organization, a membership group can potentially negotiate for additional member benefits such as appliance purchasing discounts, on-site generation facilities and farm/home/business energy audits. The group could tap into other programs concerning other utility areas, too.

### Issues for Concern:

- **Overall membership cost:** Push your pencil; the cost of some group memberships could outweigh the energy savings benefits. Usually, the larger the user, the better the savings. Smaller farm, home and business users should look into membership in organizations and programs where participation in an energy aggregation or service group is included within a "family" or "package" of other money-saving benefits.
- Smaller consumers belonging to energy programs coupled with other benefits could more easily maximize their buying power than belonging to stand-alone energy groups.
- **Membership composition:** Make sure you are not an outlier participant in an energy group. Each energy user has different needs. Each need translates into a specific buying strategy. Farm, residential and industrial customers have different, and sometimes opposing, energy needs. The more homogeneous the mixture, the more effective the group. If all group members have similar energy usage patterns, the more effectively and efficiently a buying strategy can be used to address these specific needs.
- **Define terms carefully:** Briefly defined, an energy program should consist of a group of similar users joining together to aggregate their needs for energy and services; program administrators should be able to negotiate with reputable service providers. In the group buying or aggregation process, individual members pool their buying power together and multiply the effectiveness of their bargaining position. The result of the negotiation process is a program of services and benefits for the entire group membership that no one individual can achieve alone.
- Some organizations provide "endorsed" programs and "buyers alliances." Consumers considering these offerings should inquire about specific benefits defining their relationship with the program's energy service provider.
- Does the program sponsor provide additional member education, billing audit, energy market monitoring or conflict resolution services?

**Key Questions When Considering Energy Supply Providers and Contracts:**

- **PUCO Certification:** Is the service provider a Certified Retail Energy Service (CRES) Provider with the Public Utilities Commission of Ohio? Are its supply contracts and marketing practices certified and monitored under CRES certification?
- **Community or Government Aggregation Program Membership:** Do I already have automatic membership in a community or government aggregation program by virtue of my farm, home or business being located within the jurisdiction of a county, township or municipality sponsoring such a project? What are the community/government program's official opt-in and opt-out provisions? Does this project offer prices and fees comparable to membership or open market programs?
- **Initial Contract Term & Renewal Provisions:** How long is the agreement? What are the specific terms for contract renewal; is renewal automatic on my anniversary date, and will the rate be fixed or variable? What financial penalties are assessed if I cancel before the contract expires?
- **Utility Bill Notifications:** How will program charges appear on my bill? Will direct contact information identifying my service provider be available if I contact them specifically with my questions/concerns?

