

# CONSUMER ADVISORY

## FACTS TO CONSIDER WHEN EVALUATING COMPETITIVE ELECTRICITY OFFERS

July, 2010

Cape Light Compact has received a number of phone calls from our Cape Cod and Martha's Vineyard customers asking for clarification about long-term electricity pricing offers from competing suppliers.

While Cape Light Compact encourages competitive power supply in our service territory, we are also committed - as a consumer advocate - to providing fair and accurate information about electricity pricing and contract terms to help you assess if an offer best meets your energy needs.

- Are you comparing an electricity price that is “apples to apples?” Cape Light Compact's basic electric supply prices change every six (6) months, usually on the January and July meter read dates. Occasionally, we are able to offer our customers a fixed rate that is longer than our basic 6-month period. When comparing electricity rates from competing suppliers, be sure to check the price of the current basic 6-month rate and also check to see if there is a similar long-term offer.
- Over time, any long-term offer may be higher or lower than the current 6-month basic rate because of fluctuations in the fossil fuel market on which electricity prices are based. For example, if the price of natural gas drops, so will the price of electricity. If the price of natural gas rises, electricity prices will also increase.
- There is no way to predict if energy costs will rise or fall over the long-term. What might look like an attractive long-term offer now may seem overpriced when the basic 6-month rate adjusts in January and July. Conversely, if energy prices rise, the price of a long-term offer might be below the basic 6-month rate.
- If you are a customer who prefers pricing stability on your electric bill for more than a 6-month period, regardless of market fluctuations, then a long-term offer is worth consideration.
- **Cape Light Compact's current basic 6-month residential rate is 7.990 cents per kilowatt hour (kWh)** from the July 2010 through January 2011 meter read dates. We are not currently offering a long-term rate for our customers. As with Cape Light Compact power supply, prices offered by competing electricity suppliers do not include the distribution, transmission and other charges imposed by NSTAR.
- Be sure to read the contract carefully before you sign up for any offer from a competing electricity supplier. Are they an actual power supply company or a broker (“middleman”) negotiating a rate with different power suppliers? What is the length of the contract? Are there penalties if you want to terminate the contract early? Are

there hidden “pass through” charges that may increase your rate over the term of the contract?

- When Cape Light Compact secures a contract to supply power for our region, the price per kilowatt hour that we negotiate on behalf of customers on the Cape and Vineyard is fixed for a specified time and inclusive of any additional charges that many suppliers prefer to “pass through” as an adder to their initial price. This “pass through” provision is in many electric contracts; however Cape Light Compact’s electric supply contract does not allow any additional costs to be “passed on” to our customers. Again, Cape Light Compact negotiates a comprehensive contract ensuring worry-free premium service at a fixed price regardless of fluctuating market conditions. With our contract, the supplier takes on all the risk, not Cape Light Compact’s customers. As always, there is no monetary penalty associated with customers either “opting-out” or returning to Cape Light Compact’s supply.

Cape Light Compact makes no representation and takes no position either for or against any current electricity pricing offers. The individual consumer must carefully assess the terms and conditions of the contract and determine if it is in his or her best interest.

Bottom line? Shop carefully, read, understand, and make sure you are comfortable with all the terms and conditions of the contract, beyond the price itself, before you accept it. We want our customers to make informed decisions based on all the parameters of the offer.