Competitive Electric Supply — What Consumers Need to Know

Electricity Market Information

The electricity market is volatile, and prices are typically higher during winter months (January – March) than the rest of the year. Approximately 50% of New England's electricity is generated from natural gas-fired plants. New England experiences natural gas constraints in the winter when it is used for both heating homes and electricity production, causing an increase in electricity prices during this time. This dynamic causes power suppliers to market more aggressively through direct mail, phone solicitations and door-to-door. **All competitive suppliers must be registered with the Massachusetts Department of Public Utilities and are required to follow specific rules.**

Understand What You Are Looking At – Terms & Conditions of Contract Are As Important As Price

Important key terms to consider when comparing electric supply offers to make sure that you are comparing apples-to-apples:

Contract and Term Length

- **What months does the new term cover?** Keep in mind that wholesale market prices are generally higher in the winter months and lower during the rest of the year. If the term is 12 months or longer, the supplier averages the wholesale prices over that period, meaning the retail price may be lower or higher than the Compact's supply or Eversource Basic Service, depending on the time of the year.
- **What will happen at the end of your contract?** Will you be automatically changed to a different rate if you don't cancel the contract?

Rates

- **Offers you receive are for electric supply only.** Some marketers include the delivery portion of your bill as a comparison to make it look like you are paying a lot more.
- **Understand the rate offer that is made.** Is it an introductory or promotional rate (similar to credit card offers where rate changes after X months)?

3 Important Cautions to Be Aware of When Approached with an Offer:

1. **ALWAYS** ask for written information on what is being offered to you, so that you may review it without any pressure.
2. **NEVER** provide your Eversource electric account number before you have decided to sign a contract, as the supplier has the ability to switch your account to their supply without your consent.
3. **NEVER** commit to a price or contract over the phone. Verbal offers may not provide you with all the terms & conditions of the contract you are about to enter into.

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Fees

- **Monthly Service Fee:** Some suppliers charge a monthly fee in addition to the price for the electricity you use.
- **Termination/Cancellation Fee:** Is there a fee if you wish to cancel the contract before the end of the term? Some suppliers charge $25 or more.
- **Return Fee:** Will you be charged an additional fee by your present supplier if you want to return to them?

Green Power

Many suppliers offer to sell you electricity that comes from renewable resources, and meet this claim by purchasing renewable energy certificates (RECs) to match a certain percentage of your electricity usage. RECs, which can be tracked and traded, represent the environmental benefits of renewable electricity.

Not all RECs are created equal, however – the aspect of additionality is important. This encourages the development of new renewables above what would have otherwise occurred without a demand for RECs, as opposed to simply providing additional revenue to projects that don't need the REC revenue to be profitable. Purchasing renewable electricity that sources RECs from newer renewable resources in New England or from a supplier that dedicates your premiums to building new renewable projects is the best way to ensure your money will result in the addition of new, clean, local energy on our grid.

Other

- If your electric usage changes (e.g., decreasing usage by adding solar), will your price change?
- Supplier Cancellation Rights – Can the supplier cancel or assign your contract to another company at any time without your consent, including if it is no longer profitable for them to continue supplying you?
- If market or legislative changes occur, can additional charges be passed through to you?

Questions?

Call Cape Light Compact at **1.508.375.6644** or visit **CapeLightCompact.org/Power-Supply**.