



**Illinois
Competitive
Energy
Association**

*Preserving and Enhancing
Illinois' Competitive
Energy Markets*

Volume 2, Issue 1 - September 2011

Competitive Energy News

- FALL EDITION -

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Illinois Competitive Energy Association (ICEA) — Who We Are, What We Do, Why Care

ICEA and Competitive Suppliers At-A-Glance

The Illinois Competitive Energy Association (ICEA) is an Illinois-based trade association of competitive energy suppliers dedicated to ensuring that Illinois citizens, businesses, and all other energy consumers have the opportunity to enjoy the many benefits that robust competitive energy markets can bring. ICEA members are alternative retail electric suppliers (ARES) and alternative gas suppliers (AGS) whose mission is to preserve and enhance retail electric and gas customer choice and competition.

ICEA members are among the most active and respected competitive energy suppliers operating in Illinois and provide value and savings to residential, business, governmental and non-profit energy consumers. Our members include Ameren Energy Marketing Company; Champion Energy Services; Constellation NewEnergy; Direct Energy Services; Exelon Energy Company; FirstEnergy Solutions Corp.; Integrys Energy Services; MC Squared Energy Services; Midwest Generation-Edison Mission Solutions; Nordic Energy Services; and Reliant.

What is an Alternative Retail Electric Supplier (ARES)?

The ARES were established by the Electric Service Customer Choice and Rate Relief Law of 1997 to provide electric customers in the Commonwealth Edison Company (ComEd) and in the Ameren Companies (Ameren) service territories with a choice in who provides the supply portion of their electric service. Electric supply may be sold either by the utility or by alternative retail electric suppliers. While ComEd and Ameren deliver power to these customers over their "wires" distribution system and are responsible for service related issues, alternative retail electric suppliers are the generation source for more than 50% of all of the electricity consumed in the state. Over 75% of the commercial, industrial, governmental and other non-residential electric demand is served by alternative retail electric suppliers. This amounts to over 97,000 customers statewide. As for residential customers, a recent ICC Report showed that 83,000 ComEd residential customers have switched to an ARES as their electric supplier of choice as of June 2011.

What is an Alternative Gas Supplier (AGS)?

Competition for larger commercial and industrial natural gas customers was largely restructured at the federal level in the mid 1980's. As a result, these larger customers have been buying competitive natural gas service for a long time from among a large number of suppliers nationwide. However, similar opportunities were not afforded to smaller commercial customers or residential customers in Illinois and many states. However, due to programs offered to residential and small business customers of Nicor Gas, North Shore Gas, and Peoples Gas, these smaller customers currently have the option to purchase their natural gas supply from an Alternative Gas Supplier (AGS). Whether the customer chooses to purchase the natural gas supply from the local gas utility or switch to an AGS, the local natural gas utility continues to deliver the gas to the customer and is responsible for service related issues. There are over 300,000 customers who have chosen an AGS to provide their natural gas supply. ICEA members who are also alternative gas suppliers include Constellation NewEnergy through its affiliate Mx Energy, Direct Energy Services, Integrys Energy Services, and Nordic Energy Services.

(Continued on next page.)

www.illinoiscompetitiveenergy.com

ICEA's Objective

ICEA's objective is to be the "go to" resource on competitive energy market issues and to be the face and voice for the competitive electric and natural gas markets in Illinois. Our core mission is to educate members of the Illinois General Assembly, regulators at the Illinois Commerce Commission, public policy makers, members of the media, and other organizations about the benefits and value that customer choice and competitive energy markets bring to Illinois consumers.

Why Care?

ICEA member company customers enjoy significant savings as well as other valuable products and services when choosing a competitive energy supplier because we provide competitive and customized alternatives to purchasing from the local utility. We understand that each customer's needs are different, and we identify the energy plan that provides the best overall solution for that customer. Our member company customers include a wide and diverse range of residential, business, governmental, and non-profit energy consumers.

For most business, governmental, and non-profit customers, energy costs are 20-40 percent of their operating expense. The competitive supplier delivers a range of risk management tools, innovative products and services designed to help our customers manage their energy costs, stay in business, and compete in today's marketplace.

In particular, all ICEA members are ARES and ICC licensed to serve Illinois customers. ARES provide electricity and energy management services to small, medium and large-sized businesses from Rockford to Cairo and to manufacturers, retail merchants, and other commercial and industrial customers ranging from Main Street to among the Fortune 500.

ARES-served governmental customers include municipal and county governmental units from the City of Chicago and Cook County with their departments operating such services as O'Hare and Midway Airports, Metra/CTA, the Metropolitan Water Reclamation District; city and county governments in northern, central and southern Illinois and certain State of Illinois operated facilities. ARES-served customers also include school districts, such as the Chicago Public Schools and 425 school districts across Illinois; and city, state, and private colleges and universities. Various Chicago, suburban and downstate hospitals buy their power supply from an ARES. Other ARES-served customers include park districts; cultural and religious institutions; sporting facilities; office buildings and condo associations; hotels; restaurants; and grocery stores.

Want to Learn More?

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ICC's Website Enables Residential Electric Customers to Shop and Compare

The ICC's Office of Retail Market Development has launched a new website: pluginillinois.org—to enable Ameren and ComEd residential electric customers to shop and compare prices between the utility rate and alternative retail electric suppliers (ARES) power supply offers through a "Price to Compare" chart. The site provides residential customers with information about the various components of their utility bill and explains which of those components to take into account when comparing it to an offer from a competitive supplier. The site includes links to each participating ARES website, which shows the competitive supplier's offer price in cents per kilowatt-hour, whether the offer is a fixed or variable rate, and its contract terms, termination fees and offer descriptions.

The website and "Price to Compare" feature is an important step in educating the residential electric customer that they have the power of choice in who supplies their electricity. Ameren and ComEd are indifferent whether the utility supplies the power or an ARES supplies the power because neither utility makes a profit on the electric supply it purchases. Ameren and ComEd make a profit from delivering the power over its wires or distribution system to the customer's door and is responsible for the safe and reliable delivery of electricity to the customer's home.



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In sum, Ameren and ComEd residential customers have the power of choice in who supplies their electricity, Ameren and ComEd utilities are still responsible for delivering that power to the customer's home and for all service related issues, and ARES are more able than ever before to compete against each other and against the incumbent utility to serve residential electric customers. In the end, it's the customer who wins. 83,000 ComEd residential customers have shopped, compared, and switched to an ARES for their electric supply as of June 2011.

Customer choice and retail competition — it's a good thing!

ICEA and STOP Coalition Block \$9 Billion Tenaska Plant Legislation/Rate Hike

Three strikes and you're out--well, not so in the General Assembly. Three times is number that Tenaska has struck out in obtaining legislative approval to construct its proposed "clean coal" power plant, known as the Taylorville Energy Center. Even if a three-strike rule were in place, no bill in the Illinois Legislature dies until sine die, and this established fact is particularly the case with Tenaska. Tenaska intends to resurrect this costly, unneeded, and unproven project during the Fall Veto Session.

ICEA joined forces with the Stop Tenaska's Overpriced Power (STOP) Coalition, a broad based group of business, environmental, agricultural, and energy supplier organizations, to strongly oppose Tenaska's SB 1653--a massive \$286 million annual rate hike on all Illinois consumers for 30 years and a huge subsidy for the 16th largest privately-held company in the nation.

STOP Coalition witnesses, IMA President Greg Baise and ICEA President Kevin Wright, testified before the House Public Utilities Committee against SB 1653, the last reincarnation of this project. ICEA President Wright stated that there are three compelling reasons to reject this massive rate hike and subsidy plan:

- (1) The Tenaska Project will lock-in significantly above-market energy prices (21 cents per kWh) that are almost 6 times more than current prices (3.6 cents per kWh) for power recently procured by the Illinois Power Agency for Ameren's and ComEd's residential and small commercial customers.
- (2) This subsidy will have an especially negative cost impact on the State's employers and job creators, governmental units, and non-profit customers served by the ARES.
- (3) Tenaska-like projects have been rejected or abandoned in 11 other states because of its high cost, significant risks, and carbon sequestration problems.

Wright, a former ICC Chairman and Commissioner, urged committee members to be skeptical of the purported energy efficiency measures being touted by Tenaska and others that would offset the \$9 billion rate impact that the project would have on all electric consumers. "While this novel concept of energy efficiency measures offsetting this project's rate impact sounds good in theory, it is highly suspect in practice, it is unproven on this scale, and it is debunked in the ICC's Tenaska Report to the General Assembly." Wright went on to say that "the purported protections added for Illinois businesses are riddled with exceptions that render them practically meaningless."

STOP Coalition members believe that four key assumptions in Tenaska's studies submitted to the General Assembly are proving to be wrong in a way that will increase the actual rate impact on Illinois consumers.

- *Tenaska's cost and rate impact studies inflate natural gas projections, a key component of these cost studies. Tenaska pegs natural gas prices that are 1/4th to 1/3rd higher than the actual prices for natural gas and that are higher than the US Department of Energy is predicting for the future. For 2015, just a few years away, Tenaska's natural gas prices are 75% higher than those of the Federal Government.*

What this means is that Tenaska's rate impact study is off by hundreds of millions of dollars over the life of the project, adding more adverse costs to Illinois business, governmental and non-profit customers.

- *Tenaska claims that its project is needed to protect against pending USEPA air regulations that will force the closure of 40% of Illinois' coal plants, or about 6000 MW of power.*

Tenaska's claim is simply unfounded. None of the projections from several studies regarding pending retirements resulting from these proposed EPA rules support this dire prediction. In fact, the USEPA's own study of modeled plant retirements resulting from its rules identifies less than 1/5th of Tenaska's unsupported numbers.

- *Tenaska supporters claim that the market will not support the development of base load electric generating capacity in Illinois and in the Midwest, and that Illinois needs more base load generation incented by state public policy.*

The reason that the market will not support the development of new base load generation is that there simply is no need for it. The fact is that base load generation capacity serving Illinois and the Midwest is far greater than both the average and minimum load requirements for Illinois and this region. If evidence actually existed to support additional base load, Tenaska's contribution would be infinitesimal, while its rate impact is astronomical.

- *Tenaska's project is needed to prove out the commercial viability of carbon sequestration.*

Tenaska's information regarding permanent disposal of the carbon dioxide from this proposed plant is woefully incomplete and changes each time that it reinvents this dubious proposition. There is no reason for Illinois consumers to be stuck with a \$9 billion invoice from Tenaska for development of carbon sequestration when, just a short distance away, the Federally and privately funded FutureGen Project could be testing carbon sequestration without burdening Illinois consumers.

Today, the risk and reward for building electric generation in Illinois is assumed by shareholders, investors and developers -- not by utility ratepayers and ARES customers. Illinois state government and all ratepayers should not be in the business of building and subsidizing power plants, especially not power plants that charge more than 6 times the going rate for electricity.

ICC Report: 83,000 ComEd Residential Electric Customers Switch to ARES; Commercial & Industrial Customers Continue to Benefit from Electric Choice

If you live in northern Illinois, you may have noticed the bill boards, radio ads, mailings and telephone calls urging you to switch your electric supply from ComEd to an alternative retail electric supplier. Turns out, according to a recent ICC report, 83,000 ComEd residential customers have made that switch, thanks in part to a key tool being made available to suppliers earlier this year that better enables residential and small commercial customer switching.

"Residential retail electric competition is really starting to take off in ComEd's service territory with the introduction of utility consolidated billing and purchase of receivables," said Kevin Wright, President of the Illinois Competitive Energy Association in a recent press release. "Retail electric competition is not a new concept. In Illinois, over 75% of all non-residential electric usage is served by competitive suppliers and thousands of customers choose to buy their electricity from a company other than their local utility. Customers that look to companies other than their utility for their electric supply see competitive prices and a wide array of product and service offerings not available from their utility," said Wright.

The ICC report (available at <http://www.icc.illinois.gov/>) notes ten suppliers are currently offering at least 22 different products and services to residential customers in the ComEd area. According to the report, the vast majority of the currently available residential offerings are priced below ComEd's rate.

"The Illinois General Assembly, the Illinois Commerce Commission, ICEA, ComEd, Ameren Illinois, consumer groups and others have worked diligently to ensure the right market structures and tools are available to foster retail electric choice. While there is still more work to be done, the Illinois General Assembly's vision of providing residential customers with access to savings opportunities and product options available to non-residential customers is finally coming to fruition," said Wright.



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Highlights of the Report include:

- 42 certified ARES by the ICC
 - 22 certified to serve residential and small commercial customers (twice as many as last year) with 2 more pending at the ICC
 - 18 registered with Ameren, 17 of which are actively selling
 - 24 registered with ComEd and all are actively selling
- 58% of the total electric usage of ComEd is provided by competitive suppliers
 - 79.5% of the total non-residential load
 - ◆ 39.5% of the small commercial class
 - ◆ 72% of the medium C&I class
 - ◆ 89% for the over 1MW class
- 54% of the total electric usage for Ameren Rate Zone I (CIPS)
 - 73% of the total non-residential load
 - ◆ 44% of the small commercial class
 - ◆ 69% of the medium C&I class
 - ◆ 82% for the large commercial class
 - ◆ 80% for the over 1MW class
- 60% of the total electric usage for Ameren Rate Zone II (CILCO)
 - 83% of the total non-residential load
 - ◆ 45% of the small commercial class
 - ◆ 75% of the medium C&I class
 - ◆ 87% for the large commercial class
 - ◆ 93% for the over 1MW class
- 63% of the total electric usage for Ameren Rate Zone III (IP)
 - 85% of the total non-residential load
 - ◆ 45% of the small commercial class
 - ◆ 75% of the medium C&I class
 - ◆ 86% for the large commercial class
 - ◆ 96% for the over 1MW class
- In ComEd, residential customers increased from 200 to 1100 customers by end of 2010 and 21,000 as of May 2011. As of June 24, 2011, enrollments are at 83,000 ARES-served customers.
 - In ComEd, 10 suppliers offering service, with a total of 22 different service offerings
- In Ameren, 4 suppliers have begun offering service but only 200 customers enrolled
- Municipal Aggregation
 - 22 municipalities in ComEd's service territory have passed ordinances to solicit offers from ARES to provide electric supply service to its residential and small commercial customers.