



# CUB's Guide to Avoiding Electric Rip-offs

*A guide to supplier offers and how they compare to Ameren*

A Publication of the Citizens Utility Board (CUB)

## Beware of bad deals

Ameren customers have the right to choose another company to supply their electricity. These alternative electricity suppliers sell their offers in a number of ways: door-to-door, over the phone and through the mail—but also at community events, through friends, and we've even received reports of suppliers working through churches.

This guide is in response to thousands of complaints and questions the Citizens Utility Board (CUB) has received about alternative electricity suppliers over the years. The inquiries range from simple questions about choices in the electric market to complaints about bad

deals that led to hundreds of dollars in higher power bills. CUB also is concerned about reports of unscrupulous sales representatives making misleading pitches and in particular targeting senior citizens, low-income customers and non-English speakers.

**Warning:** Right now, it is likely that the regulated utility—Ameren Illinois—is your best choice for your electricity supplier.

## This guide answers the following questions:

- How do I avoid electricity scams?
- How does electric competition work in Illinois?
- Should I participate in competition?
- How can I tell if I am with an alternative supplier?

**Plus, it includes these helpful tools:**

- A one-page flyer to share with friends and family.
- An apples-to-apples comparison between alternative supplier offers and the utility's price.

# Electric competition in Illinois

Illinois' 1997 electricity restructuring law opened the door for retail competition in the state. But consumers didn't have any supply choices until more than a decade later, in 2010. Retail suppliers flooded the state after Ameren became locked into power contracts that left their electricity prices higher than the prevailing market rates. Also, an Illinois Commerce Commission (ICC) ruling allowed suppliers to attach their charges to Ameren bills.

## What are my choices in the electricity market?

In Illinois, you have four choices for your electric supply:

- 1) Ameren, the regulated supplier;
- 2) An unregulated alternative supplier (also known as an "alternative retail electric supplier," or "ARES");
- 3) An unregulated supplier chosen by your local government ("municipal aggregation");
- 4) A special Ameren power pricing plan called Power Smart Pricing.

## How does electricity competition work?

Traditionally, a utility buys electricity through a process managed by the state-run Illinois Power Agency (IPA), and then uses its wires to deliver that power to your home. The utility must sell the electricity at the same price it pays, with no markup. If you choose another supplier, you will still pay Ameren to deliver the electricity to your home, but you will pay a different company to buy and supply the actual power. Unlike your utility, the rates and power-buying practices of your new supplier are not managed, regulated or reviewed by the IPA or Illinois Commerce Commission (ICC). If there is a power outage or any other problem with your electric service, you would still call Ameren.

## Will I save money with an alternative supplier?

There's no guarantee. Thanks to higher priced utility contracts, customers saved more than \$320 million with alternative suppliers from 2011 to 2014. However, the last

of those contracts expired in 2013, and in recent years it has become much more difficult to find savings. In fact, Illinoisans lost a total of \$125.8 million with alternative suppliers from June 2015 through May 2016.

## Illinois Electric Market

Total losses/savings for customers with alternative suppliers, June 2015 through May 2016.

Customers	Savings/Losses
ComEd Customers	\$152.1 million (LOSS)
Ameren IL, Zone 1 Customers	\$17.8 million (LOSS)
Ameren IL, Zone 2 Customers	\$7.7 million (LOSS)
Ameren IL, Zone 3 Customers	\$20.2 million (LOSS)

**Total: \$197 million (LOSS)**

Source: Annual report, Illinois Commerce Commission Office of Retail Market Development, June 2017

## Municipal aggregation programs

Municipal aggregation is when a city, village, town or county negotiates electricity prices with an alternative supplier for its residents.

Such community power deals were made possible by an Illinois law passed in 2009. With municipal aggregation, the switch to an alternative supplier is automatic, as long as residents in your community passed a referendum in favor of aggregation and as long as you don't opt out of participating in the program.

The idea behind aggregation is that local leaders can use the collective buying power of a community's residents to negotiate a good price with an alternative supplier.

In Illinois, community power deals have typically offered the best deals among alternative suppliers

in Illinois, and were a major reason that competition initially led to \$320 million in consumer savings.

However, once Illinois' electric utilities were free from higher-priced contracts in 2013, it became much more difficult for community power deals to offer significant savings or any savings at all. Many communities have ended their aggregation deals.

If you're on a community power deal, ask three questions:

- 1) How does it compare to the utility's rate?
- 2) Do I have to pay a monthly fee?
- 3) If I want to get out of the deal, will I have to pay an exit fee?

To get out of a community power deal, call the supplier listed on your bill.

# How do I know if I'm with an alternative supplier?

Your bill is divided into three parts: supply, delivery and taxes. Supply is what you pay for the actual electricity you use. Delivery covers the charges for getting the power delivered to your home. If you're with an alternative supplier, it impacts the supply part of your bill.

**Beware:** Even if you're with an alternative supplier, you will continue to get a bill from your regulated utility. Alternative suppliers include their charges on the supply section of your utility bill. People on a bad supplier deal often tell CUB they had no idea they were with another company until their bill went up. Check your bill each month to see if you're with an alternative supplier.

## On your Ameren bill:

If you're with another supplier, its name should be in the "Supply" section of your bill. You should be able to see the per kilowatt-hour price you're paying with that supplier.

## To end an offer:

If you want to end an alternative supplier offer—including a municipal aggregation offer—call that supplier. The name and number of the company should be listed on your electric bill. If you think you were fraudulently signed up, tell the supplier you want the exit fee—if it charges one—waived, and push for a full refund. (Note: Under Illinois law, a company is not allowed to charge you an exit fee of more than \$50.)

If you don't like the supplier's response, file a complaint with CUB, 1-800-669-5556.

Payment Details		
Payment Received	DATE: May 12, 2016 AMOUNT: \$101.85	
<b>Electric Service Residential Billing Detail - Rate Zone III</b> 05/09/2016 - 06/08/2016 (30 days)		
<b>Electric Meter Read for 05/09/2016 - 06/08/2016 (30 days)</b>		
READ TYPE	METER NUMBER CURRENT METER READ PREVIOUS METER READ READ DIFFERENCE MULTIPLIER USAGE	
Total kWh	14910.0000 Actual 14494.0000 Actual 416.0000 1.0000 416.0000	
<b>Usage Summary</b>		
Total kWh	416.0000 Summer kWh 111.0000	
Non-Summer kWh	305.0000 PTR Usage 0.0000	
<b>Electric Delivery</b>		
CHARGE DESCRIPTION	USAGE UNIT RATE CHARGE	
Ameren Illinois Customer Charge		\$12.74
Meter Charge		\$5.00
DS-1 Residential Delivery Service	111.00 kWh @ \$ 0.04727000	\$5.25
Distribution Delivery Charge Summer	305.00 kWh @ \$ 0.02770000	\$8.45
Distribution Delivery Charge Non-Summer	416.00 kWh @ \$ 0.00260740	\$1.09
Electric Environmental Adjustment	416.00 kWh @ \$ 0.00426000	\$1.77
Energy Efficiency Demand Response		\$0.00
Peak Time Rewards Credit		\$0.00
	<b>Electric Delivery</b>	<b>\$34.29</b>
<b>Electric Supply</b>		
XYZ IL Power Supplier	Total Energy Charge (\$/kWh)	416.00 kWh @ \$ 0.05749000 \$23.92
	<b>Electric Supply</b>	<b>\$23.92</b>
<b>Taxes and Other Fees</b>		
Hillsboro Municipal Tax		\$2.16
Illinois State Electricity Excise Tax		\$1.37
EDT Cost Recovery		\$0.57
	<b>Total Tax Related Fees</b>	<b>\$4.10</b>
	<b>Total Electric Charges</b>	<b>\$62.31</b>
<b>Details From Your Electric Supplier</b>		
XYZ IL Power Supplier www.XYZXYZXYZ.com 555-555-5555		
Refer to supply contract for details. For more information about your electric supply choices, visit <a href="http://www.pluginillinois.org">www.pluginillinois.org</a> .		

Electric Supply	Total Energy Charge (\$/kWh)
XYZ IL Power Supplier	

Details From Your Electric Supplier	
XYZ IL Power Supplier www.XYZXYZXYZ.com 555-555-5555	
Refer to supply contract for details. For more information about your electric supply choices, visit <a href="http://www.pluginillinois.org">www.pluginillinois.org</a> .	

## How to avoid electricity scams:

- 1) Be careful about people at your door who say they're from the "electric company" and offer to lower your bill. Don't give out your account number or power bill unless you're absolutely sure you want to sign up for an offer. A dishonest sales representative who gets your account number can sign you up for an alternative supplier without your permission.
- 2) Find out what the company is charging and how that compares with the utility's price. Ask whether it's a fixed rate, and for how long, or a variable rate that changes on a monthly basis.
- 3) Ask if the rate is an introductory rate, how long it lasts and what the new rate will be. CUB receives a lot of complaints from people who say the low price they signed up for disappeared after a few months and their bill skyrocketed.
- 4) Ask if there is a monthly fee. CUB has seen fees as high as \$9 a month.
- 5) Ask if there is an exit fee if you want to leave a plan before the contract is up.

## Warning! Myths about competition

Electricity marketers at your door or on the phone may try to get you to sign up for an offer using these myths:

*1) I must sign up with an alternative supplier.*

**False!** Signing up is optional. If you'd rather keep ComEd or Ameren as your supplier, you can. It's your choice.

*2) Going with an alternative supplier is guaranteed to save me money.*

**False!** Nobody can guarantee savings. In fact, an Illinois Commerce Commission (ICC) report found that alternative supplier customers lost a total of \$125 million from 2015 to 2016.

*3) An alternative supplier will protect me from ComEd or Ameren rate hikes.*

**False!** Electric bills are divided into two parts: supply and delivery. While you might secure a lower supply rate with an alternative supplier, you won't be protected from delivery rate hikes that ComEd or Ameren gets before the ICC. Everybody pays those delivery rates, because the utilities own all the wires and will always deliver power to your home—even if you have an alternative supplier.

*4) If I'm getting a bill from my utility company, I'm not with an alternative supplier.*

**False!** Because ComEd and Ameren own all the wires, you will always pay those companies to deliver power to your home. In fact, most if not all suppliers include their charges in the supply section of your ComEd or Ameren bills.

### Number of customers with an alternative supplier in Illinois:

June 2010: **375**

August 2012: **1,012,505**

April 2014: **3,078,411**

October 2016: **1,946,734**

**Source:** Illinois Commerce Commission (ICC) site: [PlugInIllinois.org](http://PlugInIllinois.org).

*5) "Green" plans guarantee that I'm getting power from renewable sources.*

**False!** There's no way to guarantee that the electrons flowing into your home are coming from renewable sources, such as wind or solar. The electrons flowing from the power grid are being fed by thousands of sources, from the dirtiest coal plant to a wind farm. Instead, with green plans you're purchasing Renewable Energy Credits (RECs), which guarantees that renewable energy is being added somewhere to the power grid.

# So what is a “green” plan?

Several alternative retail electric suppliers offer “green power” options. However, even if you purchase “green energy,” it does NOT mean the actual electricity you consume is coming from a renewable energy source, like wind or solar power. This might come as a surprise to some consumers, because of misleading and/or confusing marketing in the industry.

When you turn on the television or charge your cellphone, there’s no easy way to determine if the electricity you’re consuming is coming from a nuclear plant, wind turbine or any particular power generator. We do know that the electrons are flowing from the power grid, which is constantly being fed by thousands of sources, from the dirtiest coal plant to a home’s rooftop solar panels.

If you sign up for a “green plan,” it just means that your chosen supplier is purchasing “renewable electricity

credits,” or RECs, on your behalf. Those RECs represent clean energy that’s being added somewhere to the power grid. For example, if a consumer enrolls in an alternative supplier’s “50 percent green” plan and consumes 1,000 kWh (1 MWh) of electricity in a month, that customer could claim the environmental benefits of adding 500 kWh of “green” electricity somewhere on the power grid. Likewise, if that same customer was on a “100 percent green” plan, that person would offset their entire electricity usage for that month.

CUB supports a customer’s right to sign up for a green plan, but these plans are often more expensive than the utility’s price. Green plans shouldn’t distract from the best ways to help the environment and cut your electric bill: practicing energy efficiency or signing up for special plans that allow you to move your electricity demand to off-peak hours.

## New protections for Illinois consumers

After three years of work by consumer advocates and regulators, the Illinois Commerce Commission (ICC) voted in 2017 to finalize new consumer protections against electric rip-offs. The key rules require alternative electric suppliers to:

- Notify a customer by letter and by “one additional means of communication” that a contract is being renewed.
- Provide customers with 12 months of pricing history for a variable rate offer (an offer that can change monthly).
- Send customers a separate written notice when a variable rate will increase by at least 20 percent.
- Limit door-to-door marketing to 9 a.m. to 7 p.m. or dusk, whichever is earlier.

The vote on the rules formally ended an ICC-led investigation of Illinois’ electricity market that CUB and the City of Chicago requested in 2014 after a deluge of reports of exorbitant prices and misleading or confusing offers peddled by alternative electric suppliers.

## Good choices in Illinois’ electricity market

The utilities now offer a variety of special pricing programs and efficiency improvements. While these offers may not be right for everyone, they may help you save money:

**Ameren’s Power Smart Pricing program:** Charges a market rate that changes hourly, encouraging customers to put off heavy appliance usage until times of day when power prices are low. While not for everyone, these programs have saved people an average of about 15 percent on the supply portion of their power bills. To sign up for the program, visit: [www.powersmartpricing.org](http://www.powersmartpricing.org).

**Ameren’s Peak Time Rewards program:** Gives customers an opportunity to save money without risk. By signing up, consumers are credited on their electric bill when they reduce power usage during designated periods when electricity is most in demand. To sign up, call Ameren, at

1-844-787-7874, or visit [www.peaktimerewards.com](http://www.peaktimerewards.com).

**Note:** You must already have a new advanced smart meter installed at your home to participate in Peak Time Rewards.

**Energy efficiency programs:** The cheapest kilowatt-hour is the one you never use. Energy efficiency is the best way to save money, and the utilities offer a whole menu of programs to make your home more efficient and cut your utility bills.

For more information, visit CUB’s Energy Efficiency page, at [www.CitizensUtilityBoard.org/energyefficiency](http://www.CitizensUtilityBoard.org/energyefficiency).

Please share this poster with friends and family.



## CUB CONSUMER ALERT: BEWARE OF ELECTRIC RIP-OFFS

### 1) Look at your Ameren bills.

Is there a strange company listed in the supply section of your bill? You could be paying too much for an alternative power supplier.

### 2) Ask these questions.

If you're considering an alternative supplier, or are already with one, ask:

- What's the price and how does it compare to the current utility supply price?
- Is the price an introductory rate that changes in a month or two?
- Does the company charge a monthly fee that will inflate its advertised price?
- Does the company charge an exit fee for getting out of the deal early?

### 3) Beware....

...of people at your door who say they're from the "electric company." Don't give out your account number or power bill to just anybody who asks for it. That person may be trying to sign you up for an offer without your permission.

### 4) Questions?



This alert is from the Citizens Utility Board (CUB), a nonprofit watchdog created by the state legislature to fight for lower electric rates. For more information, call 1-800-669-5556 or visit [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

# Helpful resources

To file a complaint about an alternative supplier, visit CUB's website, at [CitizensUtilityBoard.org](http://CitizensUtilityBoard.org), or call us at **1-800-669-5556**.

If you do shop for electricity, use CUB's calculator, at [CUBPowerCalculator.com](http://CUBPowerCalculator.com), to judge whether an alternative supplier offer is the right deal.

See our list of current alternative supplier offers, and how they compare to the utility price below.

<b>Ameren</b> (Regulated Utility)	<b>Price to Compare</b>  <b>6.167¢ per kWh (first 800 kWh), 4.525¢ (over 800 kWh)</b> from October 2017 - May 2018
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## Alternative electric offers as of May 2, 2018\*

\*This is a snapshot of plans. Beware that offers change frequently. Rates only reflect the price of power itself. The Ameren price includes the Electricity Supply Charge and the Transmission Services Charge, both under the "Supply" section of bills. The price does not include the Purchased Electricity Adjustment (PEA) or the Renewable Energy Adjustment. The PEA can change monthly and is a credit or a debit. The Renewable Energy Adjustment is 0.196 cents per kWh. Alternative supplier offers are not impacted by the PEA, and they temporarily have a lower Renewable Energy Adjustment.

Company	Offer	Term	Green?	Fees
<b>AEP Energy</b> 1-877-648-1927	4.95¢ per kWh	6-month fixed	No	No (new customers only)
<b>AEP Energy</b>	4.88¢ per kWh	12-month fixed	No	No (new customers only)
<b>AEP Energy</b>	5.62¢ per kWh	18-month fixed	No	No (new customers only)
<b>AEP Energy</b>	5.88¢ per kWh	24-month fixed	Yes	No (new customers only)
<b>Agera Energy</b> 1-844-692-4372	7.26¢ per kWh	12-month fixed	No	\$50 exit fee
<b>Agera Energy</b>	7.44¢ per kWh	24-month fixed	No	\$50 exit fee
<b>Ambit Energy</b> 1-877-282-6248	5.45¢ per kWh	12-month fixed	No	No
<b>Ambit Energy</b>	7.45¢ per kWh	12-month fixed	Yes	No

<b>Company</b>	<b>Offer</b>	<b>Term</b>	<b>Green?</b>	<b>Fees</b>
<b>Clearview Energy</b> 1-888-257-8439	6.79¢ per kWh	6-month fixed	Yes	\$50 cancellation fee
<b>Clearview Energy</b>	6.29¢ per kWh	12-month fixed	Yes	\$9.99 monthly fee, \$50 cancellation fee
<b>Comcast Energy Rewards</b> 1-844-684-5506	8.59¢ per kWh	6-month fixed	No	No
<b>Constellation Energy</b> 1-866-577-4700	5.25¢ per kWh	12-month fixed	No	\$50 cancellation fee
<b>Constellation Energy</b>	5.69¢ per kWh	12-month fixed	Yes	\$50 exit fee
<b>Constellation Energy</b>	5.49¢ per kWh	18-month fixed	No	\$50 exit fee
<b>Direct Energy</b> 1-866-910-3401	5.69¢ per kWh (5.69¢ per kWh for military)	12-month fixed	No	No
<b>Direct Energy</b>	5.89¢ per kWh (5.79¢ per kWh for military)	18-month fixed	No	No
<b>Energy Me</b> 1-855-243-7270	7.26¢ per kWh	12-month fixed	No	\$50 exit fee
<b>Energy Me</b>	7.44¢ per kWh	24-month fixed	No	\$50 exit fee
<b>Illinois Gas &amp; Electric</b> 1-866-705-7291	6.07¢ per kWh	12-month fixed	No	\$50 cancellation fee
<b>Illinois Gas &amp; Electric</b>	6.39¢ per kWh	Variable	No	No
<b>Just Energy</b> 1-877-834-8638	7.99¢ per kWh	24-month fixed	No	\$50 exit fee
<b>Nordic Energy Services</b> 1-877-808-1022	4.5¢ per kWh (1- month introductory offer)	Variable	No	No
<b>NRG Home</b> 1-855-674-7697	4.9¢ per kWh (first 3-months only)	Variable	No	No
<b>NRG Home</b>	5.9¢ per kWh	12-month fixed	No	\$10 exit fee per month left on contract
<b>NRG Home</b>	6.4¢ per kWh	6-month fixed	Yes	\$10 exit fee per month left on contract
<b>NRG Home</b>	6.4¢ per kWh	24-month fixed	No	\$10 exit fee per month left on contract
<b>PALMco</b> 1-877-726-5862	7.45¢ per kWh	9-month	No	No



<b>Company</b>	<b>Offer</b>	<b>Term</b>	<b>Green?</b>	<b>Fees</b>
<b>PALMco</b>	8.38¢ per kWh	9-month	No	No
<b>Public Power</b> 1-888-354-4415	5.79¢ per kWh	6-month fixed	No	\$50 cancellation fee
<b>Public Power</b>	5.99¢ per kWh	12-month fixed	No	\$50 cancellation fee
<b>Public Power</b>	6.09¢ per kWh	24-month fixed	No	\$50 cancellation fee
<b>Realg Energy Services</b> 1-877-300-6747	6.167¢ per kWh	24-month Variable	No	\$3.75 monthly fee, \$50 exit fee
<b>Smart Energy</b> 1-800-443-4440	5.98¢ per kWh	Variable	No	No
<b>Viridian</b> 1-866-663-2508	7.59¢ per kWh	12-month fixed	Yes	\$50 exit fee
<b>Viridian</b>	7.89¢ per kWh	36-month fixed	Yes	\$50 exit fee
<b>Viridian</b>	9.21¢ per kWh	Variable	Yes	No
<b>Xoom Energy</b> 1-888-997-8979	6.19¢ per kWh	12-month fixed	No	\$50 exit fee
<b>Xoom Energy</b>	5.99¢ per kWh	12-month fixed	No	\$50 exit fee
<b>Xoom Energy</b>	6.09¢ per kWh	12-month fixed	Yes	\$50 exit fee
<b>Xoom Energy</b>	6.09¢ per kWh	24-month fixed	No	\$50 exit fee
<b>Xoom Energy</b>	\$34.99 for 8,999 kWh or less	12-month fixed	No	\$50 exit fee
<b>Xoom Energy</b>	4.99¢ per kWh	Variable	No	\$50 exit fee