

The Energy And Technology Committee

February 26, 2008

Raised (House) Bill No. 5326, AAC Municipal Electric Costs

Testimony of

The Office of Consumer Counsel

Mary J. Healey, Consumer Counsel

The Office of Consumer Counsel (OCC) has carefully reviewed and conditionally supports Raised Bill No. 5326, An Act Concerning Municipal Electric Costs.

This bill would allow school districts and municipalities to return to "standard service," as opposed to "supplier of last resort service." OCC supports this opportunity for school districts and municipalities who are struggling to control their energy costs. Presently, such school districts and municipalities are stuck with the Hobson's choice of either supplier of last resort ("SOLR") service, which has through prior legislation (C.G.S. § 16-244c(e)(2)) been made artificially expensive through short-term procurements, or a retail supplier who can charge near what said SOLR service costs.

However, OCC respectfully cautions that this bill should not pass unless the Legislature includes an "anti-gaming" provision that would require school districts and municipalities who choose standard service to remain with standard service for at least six months. Municipalities and school districts have relatively large loads compared to other standard service customers, and OCC is concerned that the risk of frequent migration of such large customers to and from standard service will make standard service procurement more expensive. Moreover, without an anti-gaming rule, a retail supplier with a municipal customer could agree with the customer to pull the customer in and out of standard service frequently, depending on the lower price on a given month or even a given day. This would introduce potential volatility to the size of standard service load, which would in turn raise the standard service price in the next procurement process.