

NEW

ENERGY SUPPLIER CONTRACT TERMS WHAT CONSUMERS NEED TO KNOW

Make sure you review, understand and compare all of these before you agree to sign with a supplier

- **PRICE**

- This is the price for gas or electricity **supply**
 - **You will still pay your local utility for distribution costs, taxes and surcharges**
- **Types**
 - **Fixed rate – Examples: 9.6 ¢/kwh (E) or 50 ¢/therm (G)**
 - **Variable charges**
 - Initial fixed “teaser” rate – Typically 1, 3, or 6 months
 - **Variable rate – HIGH RISK**
 - See our **FACT SHEET on VARIABLE RATES**
 - Almost all suppliers charge what they want
 - No formula, index or restriction on increases
 - You will not know the rate in advance
 - Rates can go as high as the supplier wants
 - 2014 Winter rates: 2-4X the utility supply price
 - OPC has not seen these rates go lower than the initial rate
 - It may take 2-3 months to switch to utility or other supplier
- **WATCH OUT! - you may not get a lower rate overall**
 - **Things to Watch For:**
 - Low teaser rates followed by a variable rate
 - “Guaranteed” savings
 - “Save up to X% - This can be anything from 0% to X%
 - Gift card/airline mileage/train points with a specific rate
 - Does the combination have real value for you?

- **Fees**

- Some suppliers charge an extra monthly fee in addition to the usage rate
 - **TYPES:** Account management fee, administrative fee, consolidated billing charges
 - A fee of \$5.00/mo can be equal to another ½ cent on the kwh rate on an average customer bill

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- **Contract term**
 - **Fixed term**
 - Usually 6 months, or 1, 2 or 3 years
 - Summer (June –Sept) or winter (Oct-May) rate only
 - **Initial teaser rate (fixed)/variable rate (month to month)**
 - Initial term – Typically 1, 3 or 6 months
 - **Month to month**

- **Renewable energy supply**
 - Many suppliers offer different types of renewable energy supply
 - Common descriptive terms
 - Renewable – 5%, 25%, 50%, 100%
 - Wind
 - Green
 - Get the facts – read the supplier contract and check its website
 - What am I getting with a renewable energy supply contract?
 - **CHECK OUT OPC's FACT SHEET on Renewable Energy Contracts**

- **Cancel fee**
 - Almost all fixed term contracts have a cancellation fee
 - Sometimes the longer the contract, the higher the fee –if you cancel early in the contract, it can offset or exceed any price benefits
 - **BEWARE:** Price offers from other suppliers during the term of your contract
 - **NO MATTER WHAT YOU ARE TOLD, if you switch, you will be charged a cancel fee if it is in your first supplier contract**
 - **IF you are switched to another supplier without your permission, file a complaint with the PSC to avoid a cancel fee**

- **Contract cancellation – When and How to do it**
 - **When:** You can cancel “at any time” with no fee; you can cancel at any time and pay a fee; OR you must give 30 day notice
 - **Check your contract before you cancel**
 - **How:** The contract will state the methods you must follow
 - Telephone
 - Internet
 - In writing

- **Automatic renewal**
 - **Fixed term**
 - Supplier contracts almost always have an automatic renewal clause
 - You will receive a notice 45 days before the term ends – OPEN IT
 - The supplier can change your price or other service term – READ the NOTICE
 - Check the price and other terms against other supplier offers and the utility price – IF YOU DON'T LIKE THE NEW TERMS, DO NOT RENEW THE CONTRACT. The contract will give you instructions for cancellation
 - IF the contract renews as a month to month (typical), you will not receive another notice to renew
 - IF the contract renews it is likely at a variable rate, and you will not receive any additional information describing the rate in future months
 - If you cancel or do not renew a contract, you will return to utility supply service unless you enter into a contract with another supplier
 - **Month to month**
 - You will NOT receive a renewal notice
 - Fixed contracts can renew at a higher rate or a variable rate
 - Check the contract cancellation method to cancel the contract