



STATE OF CONNECTICUT
NEWS RELEASE

Consumer Counsel Elin Swanson Katz

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Contact: Elin Swanson Katz: 860-827-2910

CONSUMER COUNSEL URGES CONSUMERS TO BUDGET FOR RISING ENERGY PRICES IN JANUARY; DISCUSSES OPTIONS FOR REDUCING COSTS

(December 20, 2013 – New Britain) With Connecticut Light & Power (CL&P) and United Illuminating (UI) announcing electric price increases going into effect on January 1, 2014, Consumer Counsel Elin Swanson Katz urges Connecticut residents to plan for this rate increase when setting their winter budgets, but remains hopeful that regional efforts led by Governor Malloy to increase natural gas pipelines into New England will ultimately lead to lower energy prices in the long run.

Overall bill impacts will vary between CL&P and UI customers. For CL&P residential customers who purchase electricity from CL&P (as opposed to choosing a retail supplier), the standard service price is rising from 7.6 cents per kilowatt-hour (kWh) this year to 9.2 cents per kWh for January-June, 2014. For a typical residential customer using approximately 700 kWh per month, the standard service price increase will mean an increase in the monthly electricity bill of about \$11.00 for “Electric Supply Services.” There are also other changes to the “Delivery Services” portion of the bill that all considered will result in a bill increase of approximately \$15.64 per month for the average customer.

For UI customers, the situation is significantly better. The standard service price for residential customers in UI territory is rising from 7.7 cents per kWh now to 9 cents per kWh for January – June 2014. This would be about a monthly \$9.00 bill increase for a typical residential customer. However, the increase will be outweighed by other adjustments to charges contained in the “Delivery Services” portion of the bill, primarily the phasing out of the “Competitive Transmission Assessment,” such that the average UI residential customer will actually see a net bill reduction of about \$2.24 per month.

“The electric price increase is largely due to rising demand for natural gas, which is used for both heating and the generation of electricity,” Consumer Counsel Katz explained. She noted that state officials at every level are working to lower costs, and that overall energy prices are down significantly from a high of almost 13 cents per kWh in 2007 to the current standard offer price of about 7.5 cents per kWh. Even with the winter price bump into the 9 cents per kWh range, there is still an overall trend of lower energy prices. “In addition, Connecticut is leading planning efforts with our fellow New England states to build more pipelines into New England. That is the best option to bring energy prices down and reduce home heating costs as well, but pipelines take years to build,” Katz said. “In the meantime, we should expect wintertime increases in electricity prices because cold weather leads to high demand for natural gas.”

The rising cost of electricity is not a reflection of poor purchasing or management by either company—CL&P and UI, in conjunction with the State’s Procurement Manager, are creatively and competently purchasing power from the regional electricity market. The rising prices are rather a reflection of market conditions, including the significantly higher prices for power in January and February 2014, as well as lower prices from March – June 2014.

Because of rising electricity prices, Consumer Counsel Katz anticipates that more consumers may consider switching to a competitive electric supplier. “There are definitely opportunities to save money in the next six months, if you find a deal with an electric supplier that is below the standard offer price, and if you lock in a rate from January through June 2014,” Katz stated. For example, if a resident with typical usage identifies a rate that is even 1 cent a kWh less than the standard rate, they could save about \$7 a month. “It’s not a lot, but for many people, every dollar in their budget matters.” She cautioned, however, that electric customers should be very cautious about signing up for a variable rate offer from a retail supplier this winter as opposed to a fixed rate. “Variable rates often, but not always, reflect short-term conditions in the electricity market,” she said. “Consumers need to realize that a variable could go up significantly if it is tied to the electricity market, which reacts to market forces beyond our control.”

Consumer Counsel Katz also noted that electricity rates are expected to drop after the weather warms up, and so consumers should also be wary of fixed rate contracts that extend past June 2014 with no cancellation rights. “We anticipate the standard offer price for both CL&P and UI customers will drop for the period of July –December 2014, following the trend we expect to see in the energy market. I therefore recommend that our residents preserve their ability to take advantage of that potential price decrease by only locking in a rate through this June or choosing a longer option with no cancellation fee.”

The Consumer Counsel suggested that residents check the state’s information website or call one of its energy professionals before making a switch. “It’s often confusing or intimidating when you receive a high-pressure sales call telling you that you can save money on your energy bill, when you don’t know what a good price would be. I always recommend that customers

check the state website or call the information line before making a final decision, to make sure that they understand the prices and terms,” Katz said. Customers can use tools like the CT Energy Info website to get a “reality check” as to whether a generation rate is reasonable at <http://www.ctenergyinfo.com/compare-energy-suppliers>, or speak with an energy professional at Connecticut’s toll-free Energy Information Line at 1-877-WISE-USE.

As always, customers who are on a variable rate from a retail supplier need to track their electricity bills very carefully to be certain that the variable prices are truly in line with market conditions. Customers must pay particular attention for the next several years if they are on a variable rate in the winter, as that will be a risky financial position.

Information about standard service prices for residential and small business customers is available at <http://www.ctenergyinfo.com/compare-energy-suppliers/2014-generation-rates/>.

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