

# HELPING CONSUMERS SAVE ON ELECTRICITY IN PA

Retail electric competition produces real savings for consumers. Helping consumers capture these savings is more important than ever, given where energy prices are today. Below are the facts about electric choice and some suggestions as to what lawmakers can do to ensure consumers are not leaving money on the table.

## THE FACTS ABOUT ELECTRIC CHOICE AND SAVINGS

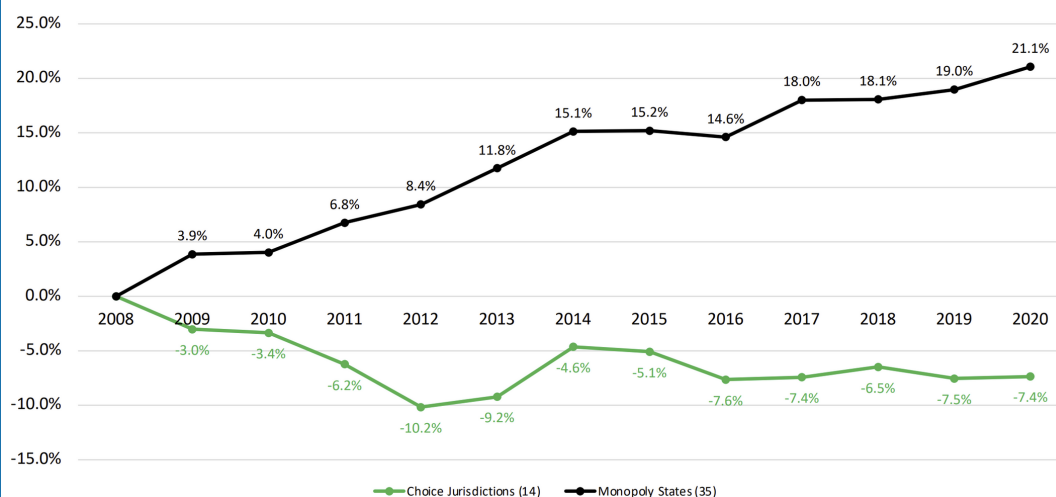
From 2008 through 2020, the weighted average price of electricity in states with retail choice has fallen by 7.4%, while the weighted average price in monopoly states has risen by 21.1%. [1] This astounding divergence validates the fundamental expectation that competition promotes efficiency and drives down prices. [2] In short, the introduction of retail choice has driven down costs for all customers in states that have adopted choice, including those customers that have remained with Default Service from the utility.

### All-Sector Weighted Average Percentage Price Change, Choice vs. Monopoly States, 2008-2020

% Price Change – 28.5% Spread

Figure 10 of Restructuring Recharged

Source: EIA-861M



[1] The Great Divergence in Competitive and Monopoly Electricity Price Trends, Philip R. O'Connor & Muhammad Asad Khan, September 2018 (Updated 2020). See also [Achieved Savings Analysis through Retail Electricity Competition](#), Energy Research Consulting Group, 2018, at 10; and [Competition in Electricity Markets](#), Jakob Puckett, Show-Me Institute, 2021 at 10-11. [2] See [Retail Electric Competition and Natural Monopoly: The Shocking Truth](#), Jerry Ellig Working Paper, Regulatory Studies Center, George Washington University, 2020 at 2. [2]

## ACHIEVED SAVINGS ANALYSIS THROUGH RETAIL ELECTRICITY COMPETITION

### POTENTIAL SAVINGS FOR PA CUSTOMERS WHO SWITCH

Through its consultant Intelometry, RESA tracks potential customer savings. Using public data from the PA Public Utility Commission's website, RESA compares the lowest available price from retail suppliers with the Default price from the utility. In this comparison, RESA has consistently found available savings for customers if they switch suppliers. For example, in June 2022, RESA's analysis shows the following potential aggregate savings.

### Energy Market Savings Report

Pennsylvania



By shopping for the best deal for electricity, Pennsylvania consumers could have saved more than **\$77.5 million** in June and benefited from a wide range of value-added products and services by switching to competitive suppliers.

#### Savings Over

Duquesne:	\$6,656,122
MetEd:	\$4,763,767
PECO:	\$20,996,249
Penelec PA:	\$2,919,210
Penn Power:	\$323,101
PPL:	\$41,457,696
West Penn Power:	\$448,683
June Potential Market Savings:	<b>\$77,564,828</b>

# WHAT CAN LAWMAKERS DO?

The truth is too much of these potential savings are being left on the table by customers who don't take advantage of effective energy shopping. To help address this, RESA is working with Pennsylvania lawmakers to advance specific proposals to make shopping easier and more appealing to customers. Specifically, RESA is encouraging the adoption of the following bills:

## ENROLL-WITH-YOUR-IDENTIFICATION (ID)

### SB 277 (Senator Phillips-Hill) / HB 1789 (Representative Sankey)

One of the biggest challenges customers face when switching to a new supply offer is tracking down their less-than-familiar electric utility account number. The bill fixes this by allowing customers to switch by providing personally identifiable information they know or can easily find.

## SUPPLIER CONSOLIDATED BILLING

### HB 548 (Representative Metzgar)

Customers who receive their electric bill from the utility can often confuse who is providing their energy, as opposed to the utility which is delivering it. The bill fixes this by removing the ban that prevents electric or natural gas suppliers from providing one consolidated bill to the customer, including both the supply and delivery charges.

## MARKET ACCOUNTABILITY: SUPPLIER TRAINING & EDUCATION

### SB 277 (Senator Phillips-Hill) / HB 1789 (Representative Sankey)

Most customers learn about electric choices from competitive electric suppliers making sales call. These sales representatives, however, are not always prepared to provide customers with all the information they need to make the best decision. The bill addresses this by requiring retail electric and natural gas suppliers (and the representatives selling their products) to be certified through a sales "rules-of-the-road" educational course and a thorough understanding of the consumer protection rules for electric and natural gas products.

## COST ALLOCATION (UNBUNDLING)

### SB 277 (Senator Phillips-Hill) / HB 1789 (Representative Sankey)

When customers switch from the utility to a retail energy supplier, they often incur costs that should be allocated to the delivery utility. This bill solves this by requiring electric and natural gas distribution companies to identify all costs associated with providing default service and allocate the costs between supply and distribution rates appropriately.