

## Competitive Energy Markets: FAQ

Operating within budget is important to organizations in every industry — but for municipalities, that budget has the potential to impact hundreds to thousands of lives. By operating within budget, municipalities can do more in local communities. While many municipalities may see energy as just an expense to be paid, municipalities in competitive energy markets have the opportunity for more strategic purchasing and management. Since the late 1990s, millions of business power consumers (including municipalities) in certain states have had the freedom to choose their own energy supplier. In competitive energy markets, a local utility continues to service all equipment, such as meters and wires, but your municipality can pursue pricing options and strategies with competing energy suppliers.

Below, we explore some frequently asked questions about energy choice.

### 1. What are the choices in competitive

**energy markets?** Over the last fifteen years or so, thirteen states and the District of Columbia have restructured utility markets and enabled energy choice, allowing consumers to select from competing power suppliers.

In competitive markets, generation and delivery are treated separately. As a result, municipalities can choose from a range of supply options and contracting terms. For example, you can choose fixed prices\*, variable pricing or a flexible purchasing strategy, as well as different contract durations and desired levels of renewable energy. However, the local utility continues to deliver power supply through its established infrastructure. The delivery service rates are set by state utility regulators.

### 2. Can competition make prices lower?

In competitive markets, suppliers procure their customers' load requirements at the wholesale level, then compete for market share. This competition enables price transparency and encourages suppliers to find more efficient ways to serve their customers.

This means your municipality may select its retail supplier and can negotiate its own price, term and supply product. You can also better manage your energy costs by choosing contract options that work for your municipality's unique usage patterns. Typically, default service offerings (available in most competitive states) do not effectively recognize these differences across businesses.



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**3. If I choose a competitive energy supplier, do I need to worry about reliability?** This question comes up often, and the answer is no. The network of wires at the bulk transmission and local distribution levels does not discriminate based on energy supplier. The grid pools all generation produced at any given time to balance with consumer load.

You will see no interruption in your service, and the utility will still respond to any storm-related or other types of power outages.

**4. If I choose a competitive energy supplier, what changes should I expect?** If you're switching from a utility service to a competitive energy supplier, or from one competitive supplier to another, you will not see any disruption in service. There is no change in reliability or service quality. The changes will depend mainly on what purchasing option you choose.

Choosing a competitive supplier allows you to pursue pricing options and plans for the generation supply of your energy bill that may be lower than what your utility is currently offering. For example, by choosing a flexible purchasing strategy, you'll be equipped to take advantage of market opportunities, while still achieving long-term budget certainty.

In addition, you may also receive improved customer service, such as a dedicated and responsive business development manager, when you choose a new energy supplier.

Competitive suppliers can usually provide more usage information and analytics that could help you better manage your municipality's energy costs.

**To learn more about switching to a competitive energy provider, contact us.**



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