



nerej

Mitch Frumkin - What does energy deregulation mean?

April 21, 2011 - Green Buildings

The Deregulation of Energy

Did you know that you can remain with your current utility company for billing/service and save money on energy every month simply by choosing a third party supplier? The local utility continues to exclusively manage the delivery and service portion of your bill, while the supply is open to a market of third-party suppliers. As individual states deregulate, consumers are empowered to choose where they buy energy, similar to the option of choosing a separate long-distance phone company. This deregulation of electricity has created a competitive marketplace, driving prices down and quality up. Switching is a pure economic decision and will in no way affect the reliability or safety of your service.

Less Expensive Electricity

Switching to a third party electricity provider gives the consumer the opportunity to shop around for the best price. Depending on the current rates of the local utility company and the third-party supplier chosen, monthly cost savings can range from 3% to 40%. The end result is approximately one free month of electricity per year.

Greener Energy

In addition to being cheaper, deregulated energy is sometimes greener. In a competitive marketplace, both price and quality matter. To differentiate from other third-party suppliers, many companies offer "green" options and/or produce some or all of their energy using renewable energy sources such as wind turbines or solar panels.

How It Works

In deregulated states, the public utility commission allows consumers to choose their energy supplier, but continues to regulate the delivery of that energy. The public utility is in full support of this program, call them and ask! They are, as always, responsible for maintaining the poles/wires and responding to emergencies and power outages.

Therefore, when you choose a different energy provider you still receive one utility bill, which continues to come from your current local utility company. On each bill there are two charges; supply and delivery. The delivery charge will remain unchanged. The only alteration will be the supply charge, which will reflect the lower rate of your new electricity provider. The switch is seamless. There is no hassle, just a reduced energy bill each month.

For more information, please contact me directly and I will be happy to answer any and all of your questions.

Mitch Frumkin, PE, RS, is the president at Kipcon Energy Supply Solutions, North Brunswick, N.J.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540