



Innovation and Savings: The PUC's Standard Offer

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Pennsylvania Public Utility Commission

WHAT IS THE STANDARD OFFER PROGRAM?

The Pennsylvania Public Utility Commission (PUC) launched the Standard Offer Program (Standard Offer) in August 2013 to give non-shopping customers greater access to the competitive electricity market and its benefits. Standard Offer is voluntary, and made available to all residential and small business customers by electric distribution companies (EDCs) that have competitive suppliers actively participating in their program at a given time. Depending upon market conditions, Standard Offer may not always be available in all areas. Prior to Standard Offer, non-shopping customers remained on the sidelines, giving up their right to choose a supplier, take advantage of dozens of new products on the market and potentially save on their monthly bills. Standard Offer is a “win-win” for the electric shopper and supplier alike. The customer wins with potential savings on electric generation over the course of a year, with little or no risk, while the supplier gains a new customer now actively participating in the competitive retail market.

HOW DOES IT WORK?

The PUC requires electric utilities to refer certain customers calling the utility (such as customers with a high bill complaints) to a randomly selected retail electric supplier participating in Standard Offer. The supplier, or a third-party acting on behalf of the supplier, must make the Standard Offer, which includes a fixed-rate price, 7 percent below the electric utility's current Price to Compare (PTC, the price the utility pays for electricity), for a term of one-year with no cancellation or termination fees. A Standard Offer customer can cancel the agreement at any time.

EXAMPLE: If an electric utility's current PTC is 10 cents per kilowatt hour (kWh), then the customer could enroll in Standard Offer at 9.3 cents per kWh – a 7 percent discount off the current PTC with the rate remaining fixed at that price for one year.

HOW DOES A CUSTOMER SIGN UP FOR THE STANDARD OFFER PROGRAM?

Terms and conditions of the standard offer are presented to customers before they decide to enter the program. The standard offer and its 12-month term are uniform for all customers within a rate class, within an EDC's service territory. Customers who enroll with a participating supplier are free to leave the Standard Offer Program at any time during the 12 months with no termination/cancellation fee imposed.

WHAT HAPPENS AFTER ONE YEAR?

All existing customer notification requirements apply, including notices relating to any proposed changes in the contract between the supplier and customer. Customers will receive contract renewal notices prior to the end of the standard offer period. At that time, they have three options:

- Remain with their current supplier;
- Switch to another competitive supplier; or
- Return to default service offered by their EDC.

If a customer fails to respond with one of these options, they will automatically remain with the current supplier on a month-to-month basis without any early termination fees.

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