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People power unplugs auction, sparks reform

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David Kolata Columnist

When CUB launched its fight to roll back the big ComEd rate hike earlier this year, many predicted the "power" of the utilities would win out.

But we kept fighting and helped mobilize one of the largest citizen-action campaigns ever seen in this state. Consumers generated tens of thousands of letters, phone calls, e-mails and even a march on the state Capitol - all demanding an end to the huge rate hike that hit in January.

All that hard work culminated last week with the passage of an electric-rate reform package by the state Legislature.

Under the agreement, customers of ComEd and downstate Ameren will see more than \$1 billion in refunds. While that's a lot of money -- and far more than the utilities ever would have given voluntarily -- we obviously wish it were more.

But the deal includes critical reforms to the state's energy policy that, in the long run, will be worth far more than \$1 billion.

First, the agreement ends ComEd's controversial power auction, a plan designed to maximize corporate profits, not minimize consumer costs. The first auction, conducted last September, led to an average 26 percent rate hike and another auction -- likely to produce another big rate hike -- was set for later this year.

Another key consumer protection is the creation of the Illinois Power Agency, which will be charged with purchasing power for the utilities. ComEd will then sell that power to customers at cost, with no mark up.

Unlike ComEd, which has an incentive to raise your rates, the power agency's mandate will be to get the lowest price for consumers. By negotiating with energy suppliers on behalf of ComEd's 3 million customers, the agency will have the bargaining power to get better prices.

The agreement also calls for Exelon to enter into contracts to provide a large chunk of ComEd's power needs over the next five years. Although the price of those contracts is not yet public, it almost certainly will be lower than the auction price. If the prices are good, the value of the agreement will be much more than \$1 billion.

Finally, the agreement includes tough new standards for energy efficiency and renewable resources and penalties if ComEd fails to meet them. These programs will save individual consumers money and lower the price of power for everyone, adding to the ultimate value of the deal.

Make no mistake, these are important victories for consumers. But the battle to keep a lid on our electric rates is far from over.

The rate agreement allows ComEd to seek increases in its delivery rates, and the company is expected to do so soon. And if you think ComEd won't try to undermine all these hard-fought reforms, think again.

Still, the new law is an important first step toward changing the balance of power and achieving affordable electric rates for consumers. And it goes to show what we've said all along: ComEd may have the electricity, but people have the power.

Citizens Utility Board Executive Director David Kolata writes a consumer news column the last Wednesday of

each month. To reach CUB, call (800) 669-5556 or via e-mail at info@CitizensUtilityBoard.org.

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