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Timing ripe for 'real-time' pricing

(<http://www.dailysouthtown.com/business/531899,829cubcolumn.article>)

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Paying by the hour is no picnic at the hands of a lawyer, but it could do wonders for Illinois electric bills under the nation's first statewide residential "real-time pricing" program.

This optional program takes advantage of the electricity market's hourly ups and downs to cut power bills, reduce demand for polluting power plants and improve reliability during "peak" times, when power usage and prices are highest.

It's not for everyone and savings aren't guaranteed, but the program could cut costs for those willing and able to change how and when they use major appliances, such as the air conditioner, washing machine or clothes dryer. In fact, a recent real-time pilot program in Northern Illinois cut participants' power bills by an average of 10 percent.

I've been one of those happy participants, but the program's value goes far beyond individual savings. Reducing demand helps reduce electricity market prices and should mean lower prices for all customers.

ComEd traditionally charges a fixed electric rate that changes by season. However, the real-time program bills customers at a rate that changes hourly, according to the actual market price. In the heat of summer, for example, ComEd's traditional fixed rate is about 7 cents per kilowatt-hour. However, the market price will fluctuate wildly over a 24-hour period, from a few cents per kilowatt hour to 13 cents or more.

Imagine the savings you can reap if you avoid heavy electricity use over those "peak" times and use major appliances when the price is far below ComEd's fixed rate?

Again, this optional program isn't for everyone. Senior citizens or families with small children, for example, may not be able to limit air conditioning because of family responsibilities or health concerns. Likewise, customers with electric heat may not be able to turn their thermostat down at high-price times.

However, the program, which requires a 12-month commitment, could be perfect for others who use above 400 kwh in a month or have a monthly electric bill that is more than \$40.

The program even provides tools to help you adjust your electricity-use habits. If the price is expected to climb above a certain predetermined level, you will be called or e-mailed the night before, allowing you to plan how to adjust your next day's power use to avoid high-price times. You can plan regularly by checking the next day's projected prices -- either by phone or Internet. The program also provides personalized online account information to track whether or not you are saving under real-time pricing.

The only fee associated with the program is a monthly \$2.25 charge, to cover a special "real-time pricing" meter for measuring hourly power use. However, that expense should be more than offset by annual "real-time" savings.

To learn more about the program, go to www.TheWattSpot.com, or call (866) 928-8776. Also, CUB has a "real-time pricing" fact sheet at www.citizensutilityboard.org.

As Illinois overhauls its power-pricing system, the time is ripe for creative, affordable programs that help cut electric bills and reduce electricity demand.

Real-time pricing hits the mark on all three--and for the right customers it's free. When's the last time you said that about a lawyer?

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.