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The Illinois electric market's 'Mr. Fix It'

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It's a good bet you've never heard of Mark Pruitt, but he's just taken on one of Illinois' toughest jobs-and it could have a big impact on your bottom line.

Pruitt, a former energy expert at the University of Illinois at Chicago, is Gov. Rod Blagojevich's choice to head the new Illinois Power Agency, which will buy electricity for consumers beginning in 2009.

Pruitt is our electric market's version of "Mr. Fix It." His fledgling agency faces the daunting task of repairing the Land of Lincoln's broken power-pricing system to protect consumers from skyrocketing electric bills.

State lawmakers created the IPA last year, after it quickly became apparent that ComEd's self-serving "reverse-auction" scheme had a big problem: The largest electricity producer (Exelon) owned the largest electricity buyer (ComEd), creating a huge conflict of interest as every dollar in higher rates went straight to the parent company's bottom line.

The IPA was created by the General Assembly, then, to help solve this problem. Its only goal is to "ensure adequate, reliable, affordable, efficient and environmentally sustainable electric service at the lowest total cost" to consumers. Unlike ComEd, the IPA has no incentive to raise prices. Using the collective buying power of the state's 12.8 million consumers, the agency will work to bring costs down. That's a tall order, but Mr. Pruitt and company can succeed with the right tools.

The first priority should be maximizing investment in energy-efficiency and demand-response programs, which encourage consumers to change how much and when they use their electricity. This is the best and cheapest way to cut power bills. It costs about 4.5 cents, at most, to save one kilowatt-hour. Yet, the average price tag to generate that same electricity is about 7 cents per kwh - at least.

Seriously promoting energy efficiency and demand-response programs is a no-brainer and new "smart-grid technology" could assist the IPA in making those programs the top priority. Using broadband Internet connections over power lines, smart-grid technology not only can improve reliability, but it also greatly expands the tools consumers can use to manage their energy usage.

For example, "smart appliances" automatically cycle on and off or power down when not in use. The possibilities are exciting-but the big challenge is getting ComEd to upgrade its own network to incorporate the smart-grid applications in a consumer friendly, cost-effective manner.

Energy efficiency and demand response shouldn't be the only items on Pruitt's lengthy to-do list. Also add employing new technologies, like coal gasification, at reasonable cost-based rates.

No question, Pruitt is in store for some tough days at the office. Yet, despite the IPA's obstacles, the fact that we now have an experienced "energy czar" with no ties to the electric industry is a big step in the right direction on Illinois' long road to recovery.

Citizens Utility Board executive director David Kolata writes a monthly consumer news column. To reach CUB, call (800) 669-5556 or e-mail info@citizensutilityboard.org.

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