

Lower costs will help customers, Ameren says

May 8, 2009 - 8:22PM

Ameren Illinois Utilities customers will pay less for electricity, beginning June 1, as a result of a sharp decline in the wholesale price of electricity due to the reduced demand for all forms of energy, the company said Friday.

A typical residential customer who uses 10,000 kilowatt-hours of electricity a year will save approximately \$100, or about 8 percent, on the total annual bill. Electricity usage is measured in kilowatt-hours.

"This welcome news of relief comes as we enter the cooling season, a time when most customers are using more electricity than at other times of the year," said Stan Ogden, Ameren Illinois Utilities vice president of customer service and public relations.

Ogden noted individual customer electric usage determines the actual amount of individual residential bills. Customers are encouraged to learn more about using less energy to spend less at www.ActOnEnergy.com and to adopt proven energy conservation practices that will help reduce bills without sacrificing personal comfort.

The Citizens Utility Board, the Illinois consumer watchdog group, cheered the announcement by Ameren, calling it "a relief to Illinois residents hard hit by the economy."

"With the summer cooling season just around the corner, every dollar we can put back into consumers' pockets makes a real difference in people's lives," CUB Executive Director David Kolata said.

Kolata said the General Assembly, Illinois Attorney General Lisa Madigan and Gov. Pat Quinn should be commended for working hard to overturn ComEd and Ameren's "self-serving reverse auction," which caused electric rates to skyrocket in 2007.

"By replacing that scheme with a new power-purchasing system that puts the needs of consumers first, Illinois has taken an important first step toward reshaping our energy future," Kolata said.

CUB will be pushing for companies like Ameren to make demand response and energy efficiency programs an integral part of future procurement plans, he said.

A 2007 state law created the Illinois Power Agency to procure electricity through a competitive process on behalf of all Illinois investor-owned utilities, including the Ameren Illinois Utilities. This new process operates under the oversight of the Illinois Commerce Commission.

Through the IPA procurement process, Ameren has contracted for an amount of electricity that represents approximately one-third of its total needs for the next 12 months. Electricity supply contracts run for three years, and about one-third of the total supply is procured annually to minimize the impact of possible wholesale price volatility.

The wholesale price of electricity is not regulated but is based on market conditions caused by supply and demand. The Ameren Illinois Utilities pass the cost of electricity on to customers without any mark-up in price through the Electric Supply charge. About two-thirds of a typical residential customer's bill is the actual cost of electricity.