



# CUBFacts

## The facts about BlueStar Energy

### What is BlueStar Energy?

BlueStar Energy is an unregulated electricity supplier for residential customers and small businesses in Illinois, Pennsylvania, Maryland, and Washington DC. The company markets plans that promise to beat ComEd's electricity prices, at least through May of 2011.



### Will BlueStar replace my utility company?

No. If you choose BlueStar, the company will sell you the electricity you use, but ComEd will still deliver that electricity to your home. That's because ComEd owns the lines, power stations, and infrastructure that make up the electricity system. No matter who you buy your electricity from, you'll always pay the traditional, regulated utility these "delivery charges" to get the power to your home.

### If I go with BlueStar, will I be immune from utility rate hikes?

No. While BlueStar is offering a price to beat ComEd's "Electricity Supply Charge" through May of 2011, there are other charges on the electric bill that your regulated utility, ComEd, can raise and you can't avoid. Utility rate hikes affect "delivery charges," the costs associated with delivering power to your home. Every time the utility wants to raise rates, it must get permission from the Illinois Commerce Commission (ICC) in 11-month rate cases. CUB's legal team is currently fighting to protect consumers from a \$396 million ComEd rate-hike proposal, which would hit BlueStar customers as well. Again, even if you buy your electricity from an alternative company, like BlueStar, you'll still pay the utility to deliver it, meaning you won't be immune from utility rate hikes.

Unlike with ComEd, BlueStar's energy rates are not subject to any type of oversight. It can charge whatever it wants.

### What part of my bill would be affected by BlueStar?

Look at your current ComEd bill. There are two main sections: "Electricity Supply Services" and "Delivery Services." If you went with BlueStar, you would pay the company the "Electricity Supply Services" portion of your charges. The rest of the charges would go to ComEd. You would get a single bill from BlueStar that would include ComEd's distribution charges and you would pay an Electricity Supply Charge at BlueStar's rates. You also would pay a Transmission Services Charge to BlueStar—but at the same rate ComEd charges. The BlueStar bill would not include the Purchased Electricity Adjustment, which is a ComEd credit or a debit, from month to month. The adjustment is meant to eliminate any discrepancies between what ComEd paid for electricity and what it charges customers.



## **What is BlueStar offering?**

BlueStar is currently offering two 12-month plans:

- 1) A "Traditional Energy Fixed Rate" of 6.80 cents per kilowatt-hours
- 2) A "Renewable Energy Fixed Rate" of 7.27 cents per kilowatt-hours.

This compares to ComEd's "Electricity Supply Charge," which from January through May of 2011 is 7.600 cents per kWh. In June, ComEd rates are expected to drop sharply, potentially below BlueStar's current offer.

## **Will I save money with BlueStar?**

The jury is still out. It appears you would save money with BlueStar through May of 2011, but there's no telling if the company's rate will be lower than ComEd's come June, when customers begin to run their air conditioners. If ComEd's rates drop below BlueStar's in June, you could lose money over the course of the 12-month contract. You won't be able to exit your BlueStar contract without paying an early termination fee.

BlueStar estimates that consumers could save 4 percent with the "Renewable Energy Fixed Rate" and 10 percent with a Traditional Energy Fixed Rate, compared to ComEd's prices through May of 2011. But beyond that, there's no telling whether customers will save or lose money.

## **What happens when the 12-month contract expires?**

At least 30 days before the end of the contract BlueStar promises to notify customers in writing of the new terms it is offering. You then have 10 days to accept the terms or notify the company in writing that you don't want to continue. It's important that you analyze the company's new offer and notify it within that 10-day period; otherwise you will be automatically renewed. Once that happens, you will have to pay an exit fee to get out of the new contract.

## **What else should I know of BlueStar's offers?**

Here's what CUB found in the fine print:

- The company charges a termination fee of \$10 for every month remaining on the contract. So, if you have 10 months left, it'll cost you \$100 to cancel.
- BlueStar reserves the right to change a customer's price if there are changes in laws, rules or regulations, utility tariffs, defaults by the company's suppliers, transporters or utilities, or acts of God. The company must give the customer 30 days notice before making any changes.
- BlueStar reserves the right to charge a deposit of \$150 for apartments, and \$300 for single family homes.

## **Can all ComEd customers sign up for BlueStar?**

No. BlueStar's offers are not open to:

- Customers who are on a deferred-payment arrangement with ComEd.
- Customers who get Low Income Home Energy Assistance Program (LIHEAP) funding.
- Customers of electric cooperatives or municipal utilities, even if they reside in ComEd's overall service territory.
- Customers who have been disconnected. ("You need to be a customer in good standing with ComEd in order to become a BlueStar customer," the company's website says.)

The following customers can sign up with BlueStar, but CANNOT save money:

- Customers who use electricity as their primary heating source (space heat customers).
- Customers who are enrolled in ComEd's Real-time Pricing Program.

## Can I still participate in demand-response programs and other money-saving programs?

No. BlueStar customers cannot participate in ComEd's Central Air Conditioning Cycling program, which gives you a \$5 to \$10 monthly credit during the summer in exchange for the ability to cycle your central air conditioner on and off during some of the summer's hottest days. Customers also won't be able to participate in ComEd's Real-Time Pricing program, which allows customers to pay the hourly market price for electricity. Consumers who aren't home during the day or who can switch high-energy activities, like running the dishwasher, to off-peak hours, are likely to save money with the program. In 2009, the average Real-Time Pricing customer saved 15 percent. Those savings could be greater than any savings realized with BlueStar.

## Would I receive two bills or one?

You would receive one monthly bill, from BlueStar. The bill will be e-mailed to you, as BlueStar only offers online billing.

## Can I get on a budget-billing plan with BlueStar?

No, the company currently doesn't offer that option. Budget-billing attempts to even out your monthly bills to prevent drastic month-to-month jumps.

## How does the "Renewable Energy" plan work?

For a price that's about 6 percent higher than BlueStar's standard fixed rate, consumers can participate in the company's "Renewable Energy" plan, which claims to rely "solely on wind power." However, such programs have been a common source of customer confusion. BlueStar admits on its website, "It is not physically possible to route electrons from a specific generation source to a specific physical address." So enrolling in BlueStar's renewable program doesn't mean that the actual power you use is coming from a wind farm. Rather, people who participate in this program are paying more to have BlueStar buy "renewable energy certificates," or RECs, from a company that produces wind power. That ensures that the wind company will deliver an amount of renewable energy to somewhere in the electricity system that is equal to the amount you consume.

Although RECs are a legitimate option for consumers, there are other ways to help the environment without paying extra for your electricity. For example, practicing energy efficiency at home (see below) can be even more effective. Also CUB sees Illinois' renewable portfolio standard, requiring state utilities to use a certain percentage of renewable energy, as a much more effective way to make the electricity system cleaner and more stable.

## What else can I do to cut my electric bill and make my home more efficient?

CUB's latest tool, CUB Energy Saver ([www.CUBEnergySaver.com](http://www.CUBEnergySaver.com)), will help you design a personalized energy-saving plan for your home. Choose from hundreds of customized actions to cut your energy bill, and get a free money-saving Compact Fluorescent Light bulb (CFL) just for signing up. Plus, ComEd customers who input their billing information and save energy can earn rewards redeemable at local business, restaurants, and national retailers. In 2010, consumers cut their ComEd bills by \$114,000 and 877,000 kWh—enough to power the average Illinois home for a century.

The screenshot shows the CUB Energy Saver website interface. At the top, there's a navigation bar with 'Home', 'FAQ', 'About Us', and 'Contact Us'. The main heading is 'Get rewards for lowering your electric bill' with a 'Join Now' button and 'EFL Free!'. Below this, a section titled 'How does it work?' lists three steps: 1. Join the CUB Energy Saver program, 2. Learn the best ways to save, and 3. Cash in your savings for rewards. To the right, a section titled 'Everyone saves' lists several energy-saving actions with their associated savings: Replacing an old dryer (\$40), Switching to CFL lightbulbs (\$26), Turning coffee maker off after brewing (\$65), Reducing light use (\$11), and Unplugging entertainment system (\$26). At the bottom, it lists 'CUB Energy Saver Partners' including Citizens Utility Board, EFFICIENT, and RecycleBank.