

Understanding NOPEC's Decision to Temporarily Return Electric Customers to Utility Default Service

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The Northeast Ohio Public Energy Council (NOPEC) is the largest nonprofit governmental energy aggregator in Ohio, providing electricity and natural gas aggregation services for more than 20 years to about 1 million residential and small business accounts in 242 communities and 19 counties. NOPEC is regulated by the PUCO, but as a nonprofit council of governments, it does not answer to shareholders and is not driven by profit.

NOPEC has always been a consumer-focused organization that operates and advocates for what's best for our member communities and customers. For 20-plus years, NOPEC's aggregation programs have resulted in competitive pricing to the benefit of our customers. Unfortunately, this year, worldwide events created an unpredictable and unprecedented energy price spike. This resulted in our customers experiencing much higher rates.

A year ago at this time, NOPEC's rate was competitive in the Ohio retail markets and with the default offer rates offered by utilities -- also called SSO rates (traditionally, only about 15% of customers in NOPEC's service area are on the SSO rate). Then, like everyone in the energy industry, we watched as the cost of energy began to rise globally driven by prices in Europe, the war in Ukraine, supply chain issues and other forces outside of NOPEC's control. By July 2022, NOPEC prices were nearly double the utility's default SSO rate, driven up additionally by the hotter weather across the country this summer.

We proactively informed the PUCO of market developments and our response plan and then moved as quickly as possible to return our electric customers to the SSO. We acted in compliance with Ohio law and rules in returning our electric customers swiftly and decisively to the lower utility rate so our customers would pay less for their electric supply through Spring 2023.

This action is proof that NOPEC's aggregation program works. We took action that lowered customers' rates, even when our rates were temporarily higher due to events clearly out of our control. No for-profit company is incentivized to help its consumers obtain lower rates even if it means transitioning them to another supplier.

NOPEC is not alone in taking this step. Across Ohio, approximately 40 other aggregations have made the same move, returning about 100,000 customers to the SSO this year. Nonprofit governmental electric aggregation can provide the ability to put consumers first. Not everyone in the energy industry shares those values.

NOPEC intends to resume electric aggregation service in June 2023, pending PUCO approval. The current locked-in SSO rate will be reset in mid-2023 and is likely to closely reflect current market rates, meaning NOPEC's electric rates are likely again to be competitive with the utility rate.

Recently, a competitor of NOPEC filed a complaint with the PUCO claiming, among other things, that moving customers to lower-rate utility SSO service disrupts the Ohio energy markets and asked the PUCO to revoke NOPEC's electric aggregation certificate. Revoking our certificate would effectively put NOPEC out of the electric aggregation business -- and ensure that our customers would not have access to our service in the future. Be clear - this complaint is based on NOPEC's decision to put our consumers first. NOPEC did the right thing in doing so, in compliance with Ohio law. We are vigorously fighting this attack.

Don't be fooled by what competitors claim: NOPEC is a nonprofit governed by an unpaid Board of Directors. We are focused on the consumer, not on profit, and we will continue fighting for consumers and defending our 20+ year excellent track record.