



Thank you Chairman Nesbitt, Representative Shirkey and Committee Members for letting us talk today.

My name is Jim Williams and I am a Senior Agent with Michigan-based EnerCom. With me is Doug Boyce, EnerCom's Vice President of Sales. I have been representing EnerCom for 8 years; and EnerCom has been around since 1998. EnerCom works with over 30 alternative suppliers of natural gas and electricity bringing the best in "Choice" and savings to its customers. EnerCom is here today representing over 1,200 accounts that are in the "Queue" awaiting the elimination of the electricity participation cap.

EnerCom appreciates the opportunity to share some points for consideration stemming from questions raised at the March 18 hearing:

**Can a customer switch suppliers anytime and how much will it cost?**

A customer may switch from one supplier to another, and they can switch to electric choice service for a period of time and then return to service from the regulated utility company. The customer's contract with an Alternative Electric Supplier (AES) may include terms and conditions covering the duration of the contract term, termination of the contract and requirements for switching to another AES. There may be a regulated utility company fee, if approved by the MPSC, to switch a customer from one electric supplier to another. Details regarding switching suppliers are included in the utilities' retail open access service tariffs.

**Deregulated Energy Contracts and Pricing**

EnerCom, and the Suppliers we represent, provide fixed rate and adjustable rate options for its customers' electric and natural gas supply needs, to allow companies to lock in their rates, savings and energy expenses for a set period of time, or to select an adjustable rate tied to the commodity markets.

**What is a fixed price energy contract?**

Fixed price energy contracts allow businesses the benefit of fixing their rate for an agreed-upon period of time. During this period of time, the rates will not increase. Fixed price energy contracts can help businesses plan their budget



projections more accurately and protect its bottom line from rising energy costs or the threat of impending inflation.

The fixed price agreements from EnerCom's suppliers range from 6 months to 60 months. The terms and conditions of the contract may vary based on regional legislation and the individual customer's usage profile.

### **What is a variable price energy contract?**

This rate is based off a margin or index and moves up and down as the market fluctuates. Customers that anticipate a poor or troubled economy usually choose a variable rate in the belief that the market may move towards a more favorable position. Variable rates are typically offered on a month-to-month agreement. Sophisticated customers often use a blend of fixed and variable pricing to try to take advantage of the best parts of both offerings.

### **A Customer Example:**

I'd like to next tell you about one of my customers waiting in the Electric Choice Queue. I have personally enrolled several customers into the Queue and this is just one example. I have a customer in the Queue with a factory that uses 38 million kilowatt-hours each year. If this customer could participate in Choice they could be realizing savings of about \$750,000 each year! As this customer has told me, that level of savings would allow them to bring back laid off workers or hire new employees. This is only 1 factory. Envision all of Michigan's factories being able to take advantage of Choice and how that savings would positively impact Michigan's economy and Michigan's communities.

At this point, I'd like to introduce Doug Boyce, EnerCom's Vice President of Sales.

Thank you again for allowing us to share our comments regarding HB 5184.

### **Electric Choice is Active in 16 States and the District of Columbia**

Electric Choice allows a customer to choose their supplier. They can stay with the utility or they can shop the many suppliers out there that are competing to get their business. EnerCom is based in Michigan and has agents in Ohio and Illinois. We are also licensed to do business in Pennsylvania and Maryland and are working



on expanding even more. Despite the efforts of Michigan's primary utilities, and the efforts of the non-profit organizations they support, to retain a monopoly environment here in Michigan both utilities have unregulated subsidiaries competing in some of these deregulated states for electricity and natural gas.

Consumers Energy's parent company is CMS Energy and their unregulated subsidiary, CMS Enterprises, according to the CMS Energy website, will concentrate its business on independent power generation in the United States, and principally the Midwest. Currently the company has an ownership interest in seven generating plants in Michigan and North Carolina.

DTE Energy Services is the unregulated subsidiary of DTE Energy. According to the DTE Energy Services website, they have been in business since 1994, are headquartered in Ann Arbor and serve customers in 13 states. In fact, EnerCom receives a commission check each month from DTE Energy Services for customers we enrolled with them outside the State of Michigan.

Electric Choice – if Consumers and DTE see Electricity Choice as being acceptable enough to participate in other states, how can they be against it here in Michigan?

### **Michigan Voters' Respond**

Results from a recent poll conducted by Public Opinion Strategies indicate that 58 percent of likely Michigan voters support legislation to eliminate the 10% electric choice cap, while only 20% oppose it.

This was in response to the poll question: "Now, as you may know, there's a proposal being debated in the State Legislature that would deregulate Michigan's electric market by eliminating the ten percent cap on competition and give consumers a competitive choice of who to buy their electricity from. Generally speaking, do you support or oppose this proposal?"

Public Opinion Strategies further said that even after Michigan voters hear top arguments from both sides, support for electric choice remains strong.

In closing, Choice embraces competition resulting in savings to end users, both business and residential customers. Choice encourages innovation and job creation. We are strong supporters of HB 5184. Thank You.



Respectfully submitted,

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**EnerCom, Inc.** was founded in Michigan in 1998 and has rapidly grown into a leading alternative energy savings provider for its customers.