

# What is Electricity Deregulation?

City of Chicago  
Electricity Aggregation



# City of Chicago Electricity Aggregation

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This is one of a series of presentations developed to provide Chicago residents with accurate information about Electricity Aggregation.

More information regarding the status of the Chicago Electricity Aggregation can be found at:

[www.cityofchicago.org/ElectricityAggregation](http://www.cityofchicago.org/ElectricityAggregation)

# What is Electricity Deregulation?

- **Starting in 1997, ComEd sold its fleet of power plants to private owners**
- **The new owners earn profits or lose money depending on the market for electricity**
- **ComEd now only delivers electricity for a regulated fee**
- **Consumers were given the opportunity to shop for their electricity supplier**

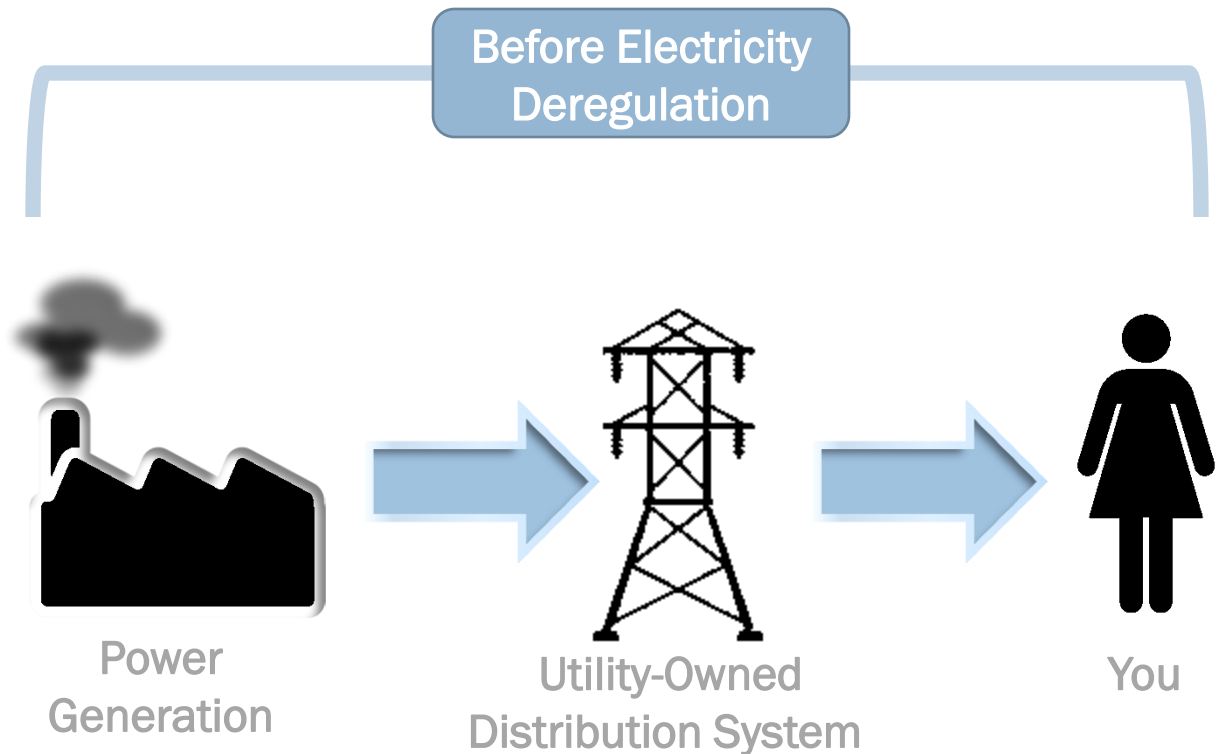
# Market Before Electricity Deregulation

## Before Deregulation

ComEd-Owned Power Plants were guaranteed a fixed rate of return to produce power

Power moved across ComEd-Owned Distribution wires which also received a fixed rate of return

Consumers did not have any options other than to buy from ComEd



# Why did we Deregulate Electricity?

- **Power generation was inefficient**
  - Expensive nuclear plants were operating only 70% of the time
- **Rates were high**
  - Costs were driving manufacturers out of the state
- **Consumers carried all of the risk**
  - Ratepayers were required to pay for the inefficiencies
- **The market was not innovative**
  - The market provided one-size-fits-all options because there were no other options besides the local utility

# Market After Electricity Deregulation?

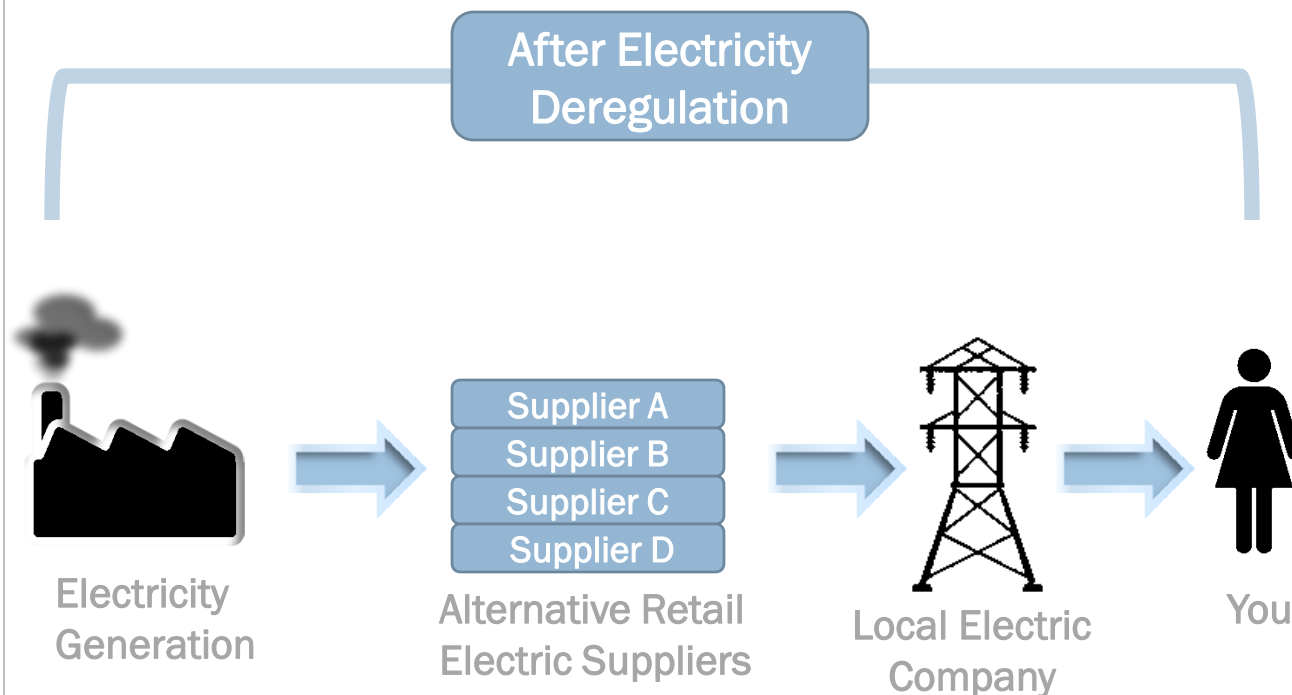
## After Deregulation

Private operators own the power plants and sell to Alternative Retail Electric Suppliers (ARES) at competitive prices.

ARES sell energy to consumers via a power supply contract.

Local Electric Companies deliver the energy to consumers for a set rate.

Consumers can switch suppliers, but will always have the same Local Electric Company.



# What are the results of Electricity Deregulation?

- **Competition has forced efficiency**
  - Nuclear plants now operate more than 90% of the time
- **Rates have fallen**
  - Costs are lower today than in the 1990's
- **Developers are now at-risk for development**
  - New power plants must be needed before they are built
- **The market is starting to innovate**
  - Cleaner energy or energy efficiency options are now available

# Deregulation and Chicago

- **Consumers can already shop for lower electricity prices, but most do not**
- **The City could help residents with Electricity Aggregation**
  - Electricity Aggregation would allow the City to negotiate lower electricity prices on behalf of residential and small commercial consumers
- **What needs to be done?**
  - A referendum on November 6, 2012 must be passed



# For more information on Chicago's Electricity Aggregation

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[www.cityofchicago.org/ElectricityAggregation](http://www.cityofchicago.org/ElectricityAggregation)

**Remember to vote on the Electricity Referendum  
Question on November 6, 2012**