

Overview of Cape Light Compact's Power Supply Procurement

Cape Light Compact selects its all-requirements electricity suppliers through a competitive Request for Proposal (RFP) process. The Compact's Chief Procurement Officer works with Compact staff, several Compact Board members, the Compact's energy market consultant, and Compact legal counsel to review each of the electric supplier responses. Each supplier proposes a price or pricing strategy that is unique to that company and responsive to the RFP. It is the responsibility of the Chief Procurement Officer's team to review these prices and/or pricing strategies and to select the supplier(s) proposing the best terms and conditions for the Compact's residential, commercial, and industrial power supply customers. The term of the contract between the Compact and the selected supplier(s) varies and usually includes options to extend for an additional number of years.

Over the term of the supply contract, the Compact and its selected supplier(s) will set the energy price, typically for a six-month period (or three months for large commercial and industrial customers), to reflect pricing movements in the very volatile energy market. For residential customers, new energy prices usually go into effect following June and December meter reads. Once the Compact's electricity supply price has been published for the pricing period, the price will not change during that period. This is unlike the practice of many other competitive suppliers, whose terms of service include language giving them the ability to change their "fixed" price for various reasons. The Compact and its suppliers are able to provide this pricing stability by procuring electricity in advance to meet anticipated usage, which insulates the Compact's customers from volatile changes in the real-time electricity market. The Compact will publish the rate for the upcoming pricing period during the month before it goes into effect. The Compact cannot publish the rate any earlier than that because the price you pay depends on movements in energy market prices.