



FirstEnergy Solutions billing customers for reserve power during arctic weather

John Funk, The Plain Dealer

March 25, 2014 at 7:05 AM, updated March 26, 2014 at 8:02 AM

Residential and small business customers whose electricity bills show FirstEnergy Solutions as the supplier will see a one-time charge of \$5 to \$15 between May and July.



FirstEnergy Solutions wants its customers to help pay surcharges for high-voltage power supplies during arctic weather

AKRON, Ohio -- January's arctic weather drove up heating bills. Now it's about to increase electric bills for some consumers and businesses.

FirstEnergy Solutions is preparing to bill about 2 million of its 2.7 million retail customers a surcharge for expenses the

company will soon have to pay for reserve power it needed when temperatures plummeted below zero.

Residential and small business customers whose electricity bills show FirstEnergy Solutions as the supplier will see a one-time charge of \$5 to \$15 between May and July.

The 500,000 residents and small businesses that buy from FirstEnergy Solutions through the Northeast Ohio Public Energy Council, or NOPEC, will not face the extra charge, said Diane Francis, FES spokeswoman, because the NOPEC contract prohibits it.

Nor will consumers who have continued to buy power directly from the Illuminating Co., Ohio Edison or Toledo Edison have to pay the fee, said Todd Schneider, FirstEnergy spokesman.

But non-NOPEC residential customers and many of the commercial and industrial customers who contract with FirstEnergy Solutions for their power will see the extra charges, depending on how their contracts with the power company are worded, said Francis.

The large power users are facing a one-time charge this summer amounting to 1 percent to 3 percent of what they pay for electricity annually, according to letters the company has mailed to them.

That has some Ohio businesses fuming and they have reached out to the Ohio Manufacturing Association. The OMA is questioning the charge, On Monday the OMA notified its members who have FirstEnergy Solutions contracts that it is researching the matter and may challenge the FirstEnergy Solutions' assertion that it can pass the extra charges to its customers.

The Public Utility Commission of Ohio is also investigating FirstEnergy's decision to add the surcharge to customer bills.

"The Commission is very concerned and is interested in determining the appropriateness of this unprecedented attempt to pass on such charges to the customer," said PUCO Chairman Todd Snitchler. "I expect to see movement on the investigation and want to assure Ohio electric customers that the Commission is working to ensure consumer protection rules are being followed and strictly enforced."

PJM Interconnection, the non-profit company responsible for managing the high-voltage grid in 13 states, including Ohio, had to order extra reserve power during January's subzero weather at a cost of about \$500 million.

PJM has billed every power company in its 13-state region for whatever extra power it required during the arctic weather, said spokesman Ray Dotter.

To put that \$500 million in perspective, Dotter noted that the cost of the power generated and distributed throughout the PJM grid is about \$30 billion annually. Dotter was unsure whether other power companies were passing on the charges to customers as FirstEnergy Solutions is doing. Some analysts in Ohio said they think it is unprecedented. Francis of FirstEnergy Solutions declined to say how much her company has been billed by PJM, except to describe the amount as unprecedented. She said the company is passing on only a portion of the charge to customers.

Dotter explained the extra charges this way:

When the arctic blast hit the region in early January, demand for electricity spiked - and simultaneously dozens of power plants failed because of the weather, mechanical problems or because of fuel problems. About 20 percent of the PJM region's power plant capacity went down, he said, threatening the stability of grid. And because the cold was widespread and lasted many days, PJM grid operators found that they could not import power from other areas.

Wholesale power prices then skyrocketed. PJM reduced voltages by 5 percent, asked for voluntary conservation and even briefly considered rolling brownouts to avoid a grid collapse and blackout. But PJM also ordered more expensive power plants to begin generating, just to keep the system stable, he said FirstEnergy Solutions has created two special websites to explain the charges.