



Residential Energy Rates in Alberta: What to Do?

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“SEASON’S GREETINGS”

Lots of news in the electricity world, as TransAlta has just made announcements with respect to timing coal to gas plant conversions. This has led to an uptick in forward market electricity rates, which are now in the 5.5 cent per kWh range for 2018. With that in mind, we are recommending a more conservative approach moving forward. The fixed electricity rates are looking attractive for a January start.



WE RECOMMEND:

- ATCOenergy is offering free energy for January and February 2018 (sign up both gas and electricity by Dec 28; new customers). We recommend their fixed electricity rate of 5.39 cents/kWh and the floating gas rate of index plus \$0.89/GJ. The fixed rate is stable for 1 year. \$5.00/month admin. Free termination.

NEXT BEST OPTIONS:

- Gas onto Direct Energy REGULATED Services. DERS. This is the default, no retailer rate.
- Electricity: We think it is time to make a change towards a fixed rate product.
 - o Don’t want the risk or fluctuations, here are the best fixed rate options:
 - Peace Power has a 1 year rate option at 4.95 cents per kWh. \$5.75/month admin. Free termination.
 - ATCOenergy has a 5.39 cents/kWh option. Rates stable for 1 year. \$5.00/month admin. Free termination.
 - Encor by EPCOR has a 5.49 cents/kWh option. Rates stable for 2 years. \$7.00/month admin. Free termination.
 - o Floating rates options:
 - Best option is ENRG Power, as their floating rate is spot plus 0.55 cents/kWh. Monthly admin fee of \$6.50/month.
 - Next best is UTILITYnet at spot plus 0.60 cents/kWh. Monthly admin fee of \$5.95/month.



AT MY HOUSE – a change at last!

I like the idea of ATCOenergy and their free energy offer for January and February. Unfortunately, the offer seems to be available to new customers only. However, if you are an ATCOenergy customer currently, give them a call, and they will give you the free energy deal, but you will most likely have to sign their updated agreement and lose your anniversary credit (\$50).

It should be worthwhile to do this, so long as your use is high enough. I expect to

use about 27 GJ (at about \$2/GJ) and 1,600 kWh (at 5.39 cents/kWh), so free energy saves me over \$140. I would suggest their fixed rate plan for electricity and the floating plan for gas.

Note that this option might just be the best for these two months only – not long term. Come March, the best options might be to go with gas with Direct Energy REGULATED Services and electricity with Peace Power.

NATURAL GAS:

For gas, we are not seeing any exciting residential fixed rate offers. Most offers are higher than \$3.50/GJ. The shorter term forward market is under \$2.00/GJ for December and January. Longer term pricing

is well below \$2.00/GJ into 2020. So for gas, we recommend going with Direct Energy REGULATED Services (DERS)... remember “Regulated Service”. If you aren’t with these guys now, you will automatically go there if you terminate your current gas contract. Make sure there are no termination fees! There may also be a small enrollment fee to get on with DERS.

For December, the DERS rate is \$2.303 /GJ. For January, we are now expecting a DERS gas rate

around \$2.00/GJ. Looking at the longer view, we still recommend DERS. Index offers from most retailers add around \$0.70/GJ or more for fees to the floating rate. As DERS fees are closer to \$0.06/GJ, we recommend residents stay on the default gas rate.

ELECTRICITY:

As noted above, I will be looking to swap over to a fixed rate product. I am a bit risk averse, and don’t really want big swings on my bills if I can avoid it. Plus, the forward market is suggesting rates similar to the offers available – so the fixed offers are pretty decent.

December and January forward pricing suggests index residential rates will come in around 3.5 cents/kWh and 4.5 cents/kWh respectively. 2018 as a whole, is expected to average around 5.5 cents/kWh. November 2017 averaged about 3.4 cents/kWh.

ATCOenergy is likely the best option for a January 1, 2018 start – due to the free energy offer – we would recommend floating the gas (at index plus \$0.89/

GJ) and fixing the electricity (at 5.39 cents/kWh for 1 year). Peace Power has a 1 year rate option at 4.95 cents/kWh. For longer term stability, Encor by EPCOR has a 5.49 cents/kWh 2 year plan, which is also pretty reasonable.



If you are still keen to float, generally speaking, the best option is ENRG Power. They offer spot plus 0.55 cents/kWh.

Just to help put things into perspective, all that we are talking about here is the commodity rates and costs, not the delivery and other regulated charges. An average house might use around 9,000 kWh and 100 GJ over a year.

COMMERCIAL USERS:

And for those of you who are not residential users, and maybe a bit bigger, give us a call. We are seeing even better pricing for commercial users so get in touch and we can help.