

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2006-234

April 19, 2006

MAINE PUBLIC UTILITIES COMMISSION
Market Risk Disclosure Language
(Chapter 305)

ORDER ON MARKET
RISK DISCLOSURE

ADAMS, Chairman; DIAMOND and REISHUS, Commissioners

On March 9, 2006, the Commission adopted amendments to its licensing and consumer protection rules for the provision of competitive electricity service (Chapter 305). *Order Adopting Rule and Statement of Factual and Policy Basis, Docket No. 2005-608* (Mar. 9, 2006). These amendments became effective on March 19, 2006. Among the amendments, the Commission adopted a market risk disclosure requirement applicable to Competitive Electricity Providers (CEPs) (including electricity suppliers, brokers and aggregators) who offer an electricity product in which the price varies with energy prices or an energy price index (often referred to as real-time electricity products). Ch. 305 § 4(D). The disclosure must be included in the contract for service with the customer acknowledging the disclosure by signature or initials, or on a separate document provided to the customer before or at the time of contracting.

The rule does not include the language to be included in the disclosure, but states that the Commission or its Director of Technical Analysis shall by order specify the market risk disclosure language. Through this Order, the required market risk disclosure language is specified. Pursuant to the rule, CEPs may request approval to use alternative language. The required market risk disclosure is attached to this Order.

BY ORDER OF THE DIRECTOR OF TECHNICAL ANALYSIS

Faith Huntington

Disclosure of Risks and Costs Associated With Real-Time or Indexed Electricity Products

Maine regulations require that electricity suppliers, brokers and aggregators provide the following disclosure to customers regarding electricity products in which the prices paid by consumers vary with changes in wholesale electricity prices, other energy prices, or an energy price index.

Volatility Risk: Electricity prices may be subject to substantial volatility based on economic conditions, fuel prices, seasonal electricity demands, generator outages, weather and other factors.

Future Performance: Past results regarding particular electricity products are not necessarily an indication of future results.

Additional Costs: Electricity supplied directly through the ISO-NE administered day-ahead and real-time energy markets can involve substantial direct and indirect costs, including but not limited to capacity and ancillary service costs, credit assurances, and NEPOOL and ISO expense assessments. In addition, participation in these markets may require processes such as load forecasting, scheduling, and settlement in accordance with ISO-NE market rules.¹

¹ Provision is required only if applicable to the electricity product.