

What Is the Market Priced Power Charge?

The Market Priced Power Charge is a Michigan Public Service Commission (MPSC)-approved customer charge designed to accommodate customers who need to return to Detroit Edison Full Service, temporarily. Customers may require short-term Full Service for various reasons, including the following:

- They prefer the utility’s pricing over offerings of Alternative Electric Suppliers (AESs) in the marketplace.
- They have terminated service from an AES and have not yet reached an agreement with a new AES.
- Their current AES has exited the business or terminated the customer without adequate time for the customer to line up a new AES.

The Market Priced Power Charge represents Detroit Edison’s incremental cost to serve these returning customers.

When Is the Market Priced Power Charge Applied?

The Market Priced Power Charge may be applied when a customer, who has returned to Detroit Edison Full Service, switches back to Electric Choice before 12 months have elapsed.

The Market Priced Power Charge is a one-time charge that is assessed on the customer’s first distribution bill after returning to Electric Choice.

Market Priced Power may be either higher or lower than the energy portion of Detroit Edison regulated rates. A charge is only applied if it is higher.

What Is the Reason for this Charge?

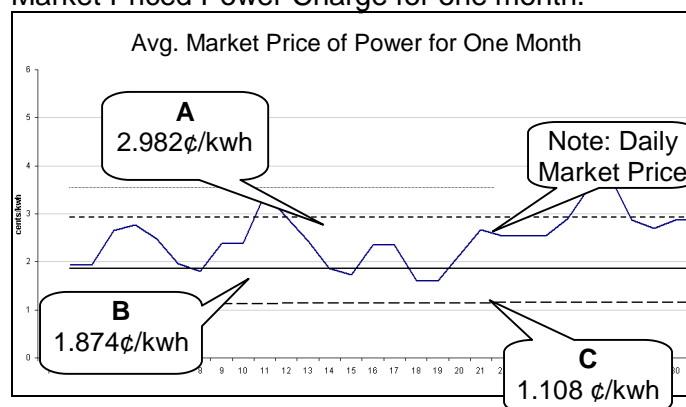
An unanticipated need for power is created when a large number of customers (or a few large customers) return to Detroit Edison Full Service without adequate time to plan for securing power to serve them.

The Market Priced Power Charge fairly and effectively accommodates those customers who need to return to Detroit Edison Full Service, temporarily. Further, this policy ensures that a customer’s return does not unduly affect customer reliability by placing excessive demands on the Detroit Edison system.

How Is the Market Priced Power Charge Calculated?

The Market Priced Power Charge is calculated on

an after-the-fact basis, using published daily market indexes, which vary by season. For any short-term Full Service bill period where the average market price of power (in ¢/kWh) is greater than the energy portion of the Full Service rates, the customer pays the difference, for all kWh used in that period. The sample graph below depicts the calculation of the Market Priced Power Charge for one month.



Sample calculation: $A - B = C$
A = Average market price
B = Detroit Edison energy cost
C = Market Priced Power Charge

That is, the average market price for the period (A), minus the Detroit Edison energy cost for Full Service rates (B), equals the billable Market Priced Power Charge.

If you have additional questions about Return to Full Service and the Market Priced Power Charge, call the Electric Choice Customer Center at 1.888.235.3535.