

Sunday, December 12, 2021

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# Pa. electricity prices will be rising by as much as 50% this week. Here's how you can save.

Energy charges are set to increase on Dec. 1, reflecting the higher cost to produce electricity. There are ways to save. But beware the risks.

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The West Deptford Energy LLC power station, fueled by natural gas, is viewed behind a field of sola ... **Read more**  
TYGER WILLIAMS / Staff Photographer

by Andrew Maykuth  
Updated Nov 28, 2021

Energy costs for electric customers are going up by as much as 50% across Pennsylvania next week, the latest manifestation of [across-the-board energy price increases](#) impacting gasoline, heating oil, propane, and natural gas.

Eight Pennsylvania electric utilities are [set to increase their energy prices on Dec. 1](#), reflecting the higher cost to produce electricity. Peco Energy, which serves Philadelphia and its suburbs, will boost its energy charge by 6.4% on Dec. 1, from 6.6 cents per kilowatt hour to about 7 cents per kWh. Energy charges account for about half of a residential bill.

[PPL Electric Utilities](#), the Allentown company that serves a large swath of Pennsylvania including parts of Bucks, Montgomery and Chester Counties. will

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Pennsylvania, will increase energy charges by 50%, according to the Pennsylvania Public Utility Commission.

“All electric distribution companies face the same market forces as PPL Electric Utilities,” PPL said in a statement. Each Pennsylvania utility follows a different PUC-regulated plan for procuring energy from power generators, which explains why some customers are absorbing the hit sooner rather than later, it said.

There are ways customers can mitigate the impact. Utilities offer a [host of programs](#) and grants to support low-income customers, and they encourage anyone struggling to pay their bills to call the utility for help. Customers can also control their costs by conserving energy. It may be time to put on a sweater and weatherize the house.

Peco recently introduced [time-of-use rates](#) that include steep discounts for customers who can shift electric usage to late night hours — that’s you, electric vehicle owners.

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## happening?

But first, how did we get here?

Energy charges are rising for a simple reason: Fuel prices for power generators are increasing, and that's driven mostly by natural gas. It's pushing up electricity prices in wholesale power markets.

"It's all market forces right now," said Nils Hagen-Frederiksen, PUC spokesperson. Energy charges are strictly a pass-through cost for utilities. Utilities aren't allowed to mark them up.

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stay in place for 12 months. The current energy market fluctuations will be reflected in new rates that take effect next summer, said Lauren Ugorji, a spokesperson for Public Service Electric & Gas Co., New Jersey's largest utility.

## For each utility, its own plan

Pennsylvania has a different system for setting utility energy charges, which are also known as the “default rate,” because that’s the price a customer gets by default if they don’t shop for power. The default rate is also the same thing as the “price to compare,” a term the PUC has adopted so

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semi-annual auction in October, when energy prices were rising sharply.

Most utilities buy power from suppliers under contracts of varying durations, both long-term and short-term. The contracts are staggered so market price fluctuations are smoothed out. One utility, Pike County Power & Light, buys all its power on the spot market, which explains why its energy charge will surge by 50% on Dec. 1. Pike County's energy charge will also be quicker to decline when wholesale prices subside, as they are expected to

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energy distribution charges, which pay for the upkeep of the distribution grid and are assessed on all customers, regardless of who supplies their power. Peco was recently granted an increase in its distribution charge, which will go into effect on Jan. 1, which will boost monthly bills about 6.6%. That's in addition to the Dec. 1 increase in the energy charge.)

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from turning down the thermostat and  
using energy-efficient devices?

Many customers buy their power from  
third-party suppliers, whose robocalls



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