



[Back to News](#)

Attorneys Siegel and Douglass Successfully Resolve a Multi-Million Dollar Claim for an Alternative Retail Electricity Supplier

APRIL 22ND, 2011

Novack and Macey LLP partner Stephen Siegel and senior associate Richard Douglass successfully resolved a multi-million dollar claim on behalf of an Alternative Retail Electricity Supplier (“ARES”) against a large industrial customer of the ARES under a Fixed Price electricity supply contract. The ARES, Novack and Macey’s client, supplies electricity to commercial, industrial and governmental customers that seek alternatives to obtaining their electricity supply from local distribution companies like Commonwealth Edison and Ameren.

The ARES and its customer had entered into a Fixed Price supply contract based on the customer’s projection of its electricity usage over the contract’s two-year term. To provide the Fixed Price, the ARES acquired rights to electricity for the entire term of the contract. After signing the contract, however, the customer failed to consume large portions of the electricity it projected it would purchase. This caused substantial losses to the ARES, resulting in several million dollars in underutilization charges owed by the customer to the ARES.

The customer refused to pay and discussions between the parties proved fruitless. The ARES then retained Novack and Macey. Siegel and Douglass filed suit on the ARES’ behalf and quickly resolved the matter through a settlement and new four-year supply agreement. The agreements required the customer to make settlement payments to the ARES totaling \$5 million, a substantial portion of that amount upfront and the remainder over time as an additional charge on the price of electricity under the new supply agreement. The settlement payments are secured by a \$6 million consent judgment.

For more information, please contact Steve Siegel at (312) 419-6900.