

DEREGULATION 2010

Education, differentiation help energy suppliers get noticed

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With more than a hundred firms competing to supply electricity to industrial and commercial customers, it's easy for the names to get lost in the crowd.

The different suppliers each say they have to work hard to set themselves apart from the others by promoting who they are and what they do best.

Hess Energy Marketing said it hit the ground running before the rate caps came off in the PPL utility territory by reaching out to its existing customer base in the fuel market. Hess Corp., the firm's parent company, owns retail gas stations in Pennsylvania among its global energy services.

UGI Energy Services Inc, Wyomissing, also has a well-known name to get it in the door. The supplier does sometimes get confused with UGI Utilities of Valley Forge, though, said Bob Libutti, director of marketing for the firm.

He said having those well-known letters in their name is a bit of a double-edged sword.

On the one hand, he said, it is a challenge sometimes, getting people to differentiate what UGI Energy Services does from UGI Utilities. Both come under the umbrella of UGI Corp. but are separate corporations. "We offer a lot of different products," said Libutti.

On the other hand, UGI gives the energy supplier instant name recognition in Pennsylvania as it tries to compete with a wide range of other energy suppliers trying to tap into the demand created when electricity rate caps expired in PPL territory in January 2010 and when similar caps expire in PECO and Met-Ed territories in January 2011.

Name recognition is a problem Kip Hartman, an independent sales rep for Viridian Energy, would like to have.

Launched in Connecticut in July 2009, the firm began offering its services in the

Pennsylvania market within the past few months.

Although the company may have an uphill challenge getting known, it's using a different approach to market itself.

The company, which promotes the use of green energy, uses independent sales representatives, like Hartman, to sell contracts. The reason he said is to save money.

"A network marketing approach eliminates a lot of the overhead," he explained.

Hartman said the reason the Viridian works to cut cost in sales and marketing is so it can offer customers the two things the firm thinks its potential customers want most — green energy and cost savings.

But what do customers want?

Electricity choice is relatively new in Pennsylvania, and many of the suppliers said they're hearing from potential clients that they don't know what they want or need. That's why many said education is the most important component of their marketing plan.

GDF Suez Energy Resources said it has frequent consumer education seminars.

For example, the firm is sponsoring a seminar June 15 in Philadelphia to educate PECO customers on what to expect when that territory's rate caps expire in January.

"We think the best way to get customers is to educate customers," said David Braun, regional vice president.

Libutti at UGI agreed.

"We have a professional consulting sales force," said Libutti. He said that way the firm can help its customers find the options that are best for them. "We don't just offer a commodity," he said.

Jay Kooper, director of regulatory affairs for Hess Energy Marketing, said he thinks suppliers like Hess and the others have done a good job in educating the business consumer. "There are choices and products they never knew existed before," said Kooper. He said the key has been making sure potential customers understand which option is best for their situation.

Jennifer Kats, manager of marketing and business development for ConEdison Solutions, said part of that education isn't just about navigating the complex offerings of competitive power supply plans; it is also about helping companies find their own cost savings.

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~ Jay Kooper
Director of regulatory affairs
Hess Energy Marketing

She said ConEdison has consultants that can meet with commercial and industrial clients to discuss ways they can save energy on lighting, HVAC and other major power users.

"We can help a company meet its environmental responsibility goals," she said.

Of course, part of the education process is letting consumers know exactly what each supplier has to offer to differentiate itself from the competition.

For GDF Suez, the main marketing message is stability, said Braun.

He noted that his firm is the second largest energy supplier by volume and is one of the oldest firms in the energy supply market.

He said the firm's parent company has been around since the 1820s.

"This company dug the Suez Canal," he said.

But why should a potential customer care that the firm has been around a long time?

Braun said the firm's longevity lets customers know it's a stable firm that is going to be around to fulfill its contracts.

"We've seen a number of suppliers have to leave the business because of the fiscal crisis. They ran into financial trouble, while we've been growing," said Braun.

Kats said ConEdison also is a large, experienced firm that can offer customers stability.

"We certainly want people to know we are experts in energy and that we have a whole host of energy solutions," she said. "Energy is our business."

UGI said it lets customers know it can be a sort of one-stop shop for all of a firm's power needs. In addition to being an electricity supplier, the firm also sells propane, oil and natural gas to its commercial and industrial clients.

The company also has its own power generation capability, which can help make sure it can meet demand and keep prices stable.

At Hess Energy, Kooper said he believes the variety of options are a big selling point for the firm's services. He said the company offers enough options that potential customers can find a plan that best suits their needs or goals whether it's using more green energy or saving the most money.

While Viridian may be smaller and newer than some of the others, Hartman said he still thinks it has something to offer because of the way the firm is set up.

"Normally when you try to do something good for the environment, there's a premium to pay," said Hartman.

He said some green energy suppliers can cost more than what traditional utilities charge, making it hard for some companies and individuals who want green power to afford it.

By economizing, Viridian can promote itself as both a green and a lower cost power supplier, Hartman said.

While Viridian may not offer the lowest price available, he said the firm can offer pricing lower than what utilities are charging, while still offering green options. That way, Hartman said he can tell customers they don't have to choose between green energy and cost savings.