

# The Philadelphia Inquirer

WEDNESDAY, JUNE 16, 2010

Business

WWW.PHILLY.COM

## Businesses go shopping for electricity



TOM GRALISH / Staff Photographer

**James Cawley, chairman** of the Pennsylvania Public Utility Commission, told business people that they'd be "silly" to settle for the default rates that will be offered.

**By Andrew Maykuth**

INQUIRER STAFF WRITER

Brace yourself for power shopping — and we're not talking about a marathon outing at the mall.

Nearly two dozen energy companies are scrambling to sign up Peco Energy Co.'s biggest, most lucrative customers — the commercial and industrial users — in preparation for electric deregulation at the end of this year.

About 110 customers of the Philadelphia utility attended a seminar Tuesday at the Union League to learn more about the implications of electric choice. The bottom line: Large customers should shop around for power, because their competitors are, too.

"This is a wonderful opportunity for you to save money," James H. Cawley, chairman of the Pennsylvania Public Utility Commission, told the seminar, sponsored by one supplier, GDF Suez Energy Resources.

The PUC is promoting energy choice as an option for customers to fashion a deal specific to their needs. A school district, for example, might bargain for a lower price because its facilities are closed in the summer, when power costs more. A business promoting its green image might buy from renewable suppliers that generate from wind, solar, or hydroelectric plants.

"You have a choice to get your electricity from somebody else who can be much more attentive to your individual needs, your own risk tolerance, your own environmental desires," Cawley said.

Under the Electricity Generation Choice and Competition Act, utilities hived off their power-generation units and will now make their money strictly by distributing power on their lines.

The utilities' rates were capped at 1996 levels to allow them to ease the transition to competitive markets.

For Peco, the rate caps will be lifted

at the end of this year. Customers who don't want to shop around can stay with the utility's "default rate."

For large customers, Cawley said, the default rate is likely not the best deal because it contains a significant "risk premium" for Peco to lock in prices now. Alternative suppliers are more nimble in fashioning rates to suit the needs of specific users.

"Don't sit there and take the default rates," he said, without endorsing any specific alternative supplier. "You're silly to do that."

Cawley said many customers were still confused over the roles played by the traditional utility that distributes power and those companies that generate it. Peco, as a distribution company, will still provide customer service and billing for most users.

"People don't understand this distinction between distribution and generation," he said. "Your electric-distribution company does not care if you shop. ... In fact, they'd like you to shop."



**Marianne Bomentre**, an analyst with Johnson Controls in Philadelphia, examines informational material before the GDF Suez seminar, which was attended by about 110 Peco Energy customers.

Since the rate caps came off on Jan. 1 for customers of PPL Electric Utilities, the Allentown company reported that 32 percent of its total customers have switched to alternative suppliers, according to the PUC.

But nearly 80 percent of its large commercial and industrial customers have switched. All told, 75 percent of PPL's load — the number of kilowatt hours transmitted through its wires — is now supplied by alternative companies.

Marketing efforts aimed at Peco's residential customers are not expected to materialize until late in the year — and officials expect only a small percentage of customers will be inclined to switch.

The reason: Though PPL's default rate went up more than 30 percent this year, Peco's is expected to increase only about 10 percent from current rates, Peco president Denis O'Brien said in a recent interview.

But commercial and industrial customers — who represent about 10 percent of Peco's 1.6 million customers — are a different story.

Even a small percentage of savings is attractive to a big customer whose annual electric bill might total millions of dollars.

"The larger customers are keyed into this because it's such a big part of their costs," said Tom Petrella, regional sales manager for Hess Energy Marketing, which also had a Center City educational seminar Tuesday.

Many of the 21 suppliers registered with the PUC to supply electricity to large Peco customers are the marketing arms of other utilities with familiar names: Con Edison Solutions, First Energy Solutions, UGI Energy Services, and Allegheny Energy Supply Co.

Exelon Energy Co. is among the competitors selling power directly to



TOM GRALISH / Staff Photographer

**Walter L. Horigan, president of Vortechs Automation in Huntingdon Valley,**

prepares to ask a question at an information session at the Union League Tuesday sponsored by GDF Suez Energy Resources, a supplier of electric power.

### Power Shopping

■ Pennsylvania's Public Utility Commission explains electrical choice and lists alternative suppliers at

<http://www.papowerswitch.com>

■ Peco Energy Co. responds to customer questions at

<http://www.pecoanswers.com>

■ Peco commercial and industrial customers can access their account histories at

<http://www.peco.com/myusage>

Peco customers — both companies are owned by Exelon Corp.

Some suppliers have adopted more public marketing campaigns: PPL

Energy Choice, a sister company of PPL Electric, bought the naming rights to the new professional soccer stadium in Chester this year to help raise its profile.

GDF Suez, the company that held the Union League seminar Tuesday, bills itself as the "biggest company you've never heard of."

The \$109 billion French company is the world's largest utility, has 200,000 employees, according to Forbes magazine, and is among the largest suppliers of power in the United States.

Like many suppliers, it has opened an office in the Philadelphia area.

Contact staff writer Andrew Maykuth at 215-854-2947 or [amaykuth@phillynews.com](mailto:amaykuth@phillynews.com).

**GDF SUEZ**

REDISCOVERING ENERGY

[www.rediscoverenergypa.com](http://www.rediscoverenergypa.com)