

# Electricity shopping becoming essential



Mid-sized businesses in Maine are looking at alternatives to the state's standard offer.

By **TUX TURKEL**  
Staff Writer

**SOUTH PORTLAND** — Add this task to the demands on the owner of a medium-sized business in Maine: energy-market day trader.

Until recently, most of the state's 12,000 offices, hotels, restaurants and small manufacturers didn't stay up nights worrying where their kilowatts originated, or what they would cost. Like homeowners, they had comfortably deferred those decisions to the state's standard offer, the backup program that picks an electricity supplier through a centralized bidding process.

Those days are becoming fond memories. The state's standard offer for mid-sized businesses is now being rebid every six months to reflect volatile energy prices. Rates can change monthly, and the trend — no surprise — has been up. Not paying attention to that trend, or relying on a state agency to negotiate the best rate, can cost businesses thousands of dollars in energy bills.

As it turns out, there are people who track electricity prices daily and sell supply contracts for a living. They say

## UPCOMING ENERGY SEMINARS

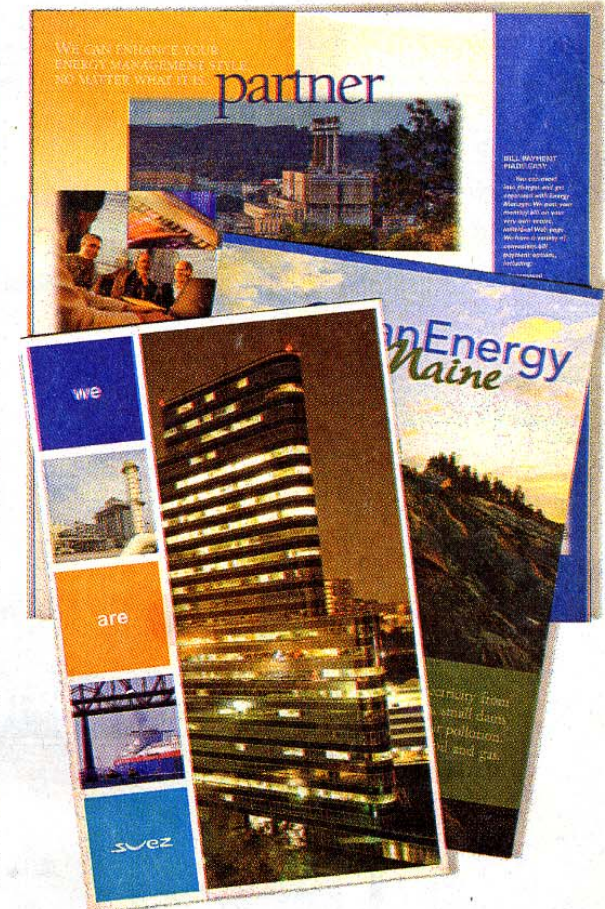
**KENNEBUNKPORT:** May 25 at Nonantum Resort. Registration deadline: May 18  
**ELLSWORTH:** June 8 at the Holiday Inn. Registration deadline: June 1  
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they can save Maine's mid-sized businesses money, or at least protect them from rude price spikes.

Some of them came to pitch their services Thursday to a gathering of southern Maine business owners and municipal officials, at an energy-market seminar sponsored by the Maine Public Utilities Commission. Two more seminars are coming up, in Kennebunkport and Ellsworth.

Maine's electricity industry was restructured in 2000, separating the companies that generate electricity from those that distribute it. Deregulation opened a competitive market in which customers can shop around for energy supply. The idea was that retail competition would lead to lower prices, compared to the regulated age.

Shopping is old news for major power users, such as paper mills and factories.



The Clean Energy Maine campaign and companies such as WPS Energy Services, of Green Bay, Wis., and Houston-based Suez Energy pitched their services at the energy market seminar in South Portland on Thursday.

**Malcolm Ticknor** and Michael Skinner of Suez Energy explain their services to Jay Allocca of Vessel Services Inc. and Kathy Lowery of CID Performance Tooling in Saco during Thursday's seminar.

Staff photo by Gordon Chibroski



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# ENERGY

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Roughly 90 percent of the load drawn by the largest customers served by Central Maine Power now comes from competitive suppliers.

But medium-sized businesses have been slower to make the transition. Only about a third of the power they use comes from competitive suppliers.

Buying the electricity consumed by a mid-sized business – as opposed to the distribution cost of that power – typically accounts for about half the total monthly bill. So, with thousands of dollars at stake, each businessperson who turned out Thursday had one overriding question: “Can I save money by leaving the standard offer and jumping into the market?”

The answer isn’t simple, or clear. It’s like asking a broker whether you can make money by taking cash out of the bank and putting it in the stock market. Similar variables apply – timing, risk, world events.

And for some businesses, predictability is almost as important as price.

Predictable energy prices are important to Kathy Lowery, co-owner of CID Performance Tooling in Saco. Her company helps fashion precision machine parts. Fourteen workers keep the equipment running two shifts, and Lowery was looking last month at a \$4,500 electric bill. A year ago, for roughly the same amount of energy, she was paying \$2,800.

“I’d like to lower the price,” she said, “but I also need something I can budget.”

Jim Collins, vice president for purchasing at Weathervane Seafoods in Kittery, had similar concerns. His company spends tens of thousands of dollars a year on energy for its six-chain restaurant. He’d like a way to manage energy costs over time, rather than being surprised by price spikes.

“We’d like some consistency, to take the peaks and valleys out of budgeting,” he said.

The energy companies that showed up Thursday said they could help.

Most of the suppliers doing business in Maine these days aren’t household names. Some – such as WPS Energy Services, Select Energy and Constellation New Energy – are unregulated

subsidiaries of out-of-state utility companies. The parent company of one, Suez Energy NA, helped build a canal in Egypt.

These suppliers had an overriding message: Buying electricity has become complicated, and many businesses could use professional help.

As with stocks, it’s hard to time the market. But companies that spend all day following energy trends can design contracts that help smooth rates over time and take the sting out of unexpected price shocks.

Other companies, such as Portland-based Competitive Energy Services, act like money managers for energy. They serve as middlemen for buying electricity, oil, natural gas and propane. They work with suppliers to find the best deals and contract terms for clients.

For mid-sized businesses, the standard offer was a bargain until recently, the PUC says. Lucky timing resulted in relatively low bid prices, and that helped insulate businesses from the high cost of the natural gas that fuels many New England power plants.

The luck isn’t expected to hold this summer, though, when the PUC seeks new bids on the expiring six-month contract. Conventional wisdom says standard-offer prices will be closer to the market price, making it worthwhile for mid-sized businesses to do some electricity shopping.

That’s what Kathryn Weare, owner of The Cliff House Resort & Spa in Ogunquit, has been doing. A supply contract for part of her complex runs out this July. It was a good deal, she said, saving thousands of dollars over the standard offer.

Now, Weare is considering a three-year contract. It’s like investing in a bank’s certificate of deposit, which has a fixed interest rate while market conditions change other interest rates around it.

With electricity, you look for the best rate you can get. Then you take a gamble that rates won’t drop while you’re locked in, and some comfort knowing your rates can’t rise during the period.

“You have to get used to buying electricity as a commodity,” Weare said, “just like you buy everything else for your business.”

Staff Writer Tux Turkel can be contacted at 791-6462 or at:

[tturkel@pressherald.com](mailto:tturkel@pressherald.com)