

Power “Trips” Worth Taking

As this column is being written, the State of Maryland is preparing for its first Internet-based “reverse energy” auction, gaining bids from energy suppliers for more than \$70 million dollars or three-quarters of the State’s total energy needs in the BGE and PEPCO-served territories. Boyd Rutherford, Secretary of the Department of General Services and his team are doing exactly what a prudent manager should do: use the marketplace and competition in combination with buying “power” to effect stable rates over a longer term.

The problem is that come the meter read date of June, 2004 (effectively July 1, 2004), all businesses, schools, institutions and other commercial customers in the BGE and PEPCO areas will have to select an energy supplier or be appointed to a class with the wonderful acronym of “POLR” or “provider of last resort.” Although the delivery of the electricity will still be made through the regulated utility (BGE or PEPCO) and a portion of your bill dedicated to paying for the “pipes and wires,” the larger portion of your bill will be dedicated to buying the “generated electricity,” and that’s the decision every business owner must make.

Many businesses have not had this important issue on their radar screens and the reasons are numerous. Business people have their hands full with making payroll and doing the myriad of tasks inherent in every business operation. In addition, when the deregulation statute was passed in 2000, the electric rates were “capped” and thus these artificially lowered rates have not kept pace with the market. A close (and equally painful) comparison may be this: Suppose you were paying the same rate for a gallon of gasoline today as you were, say in 2001, when the average retail price was \$1.42. And then this week you were told, “Starting today you will pay the prevailing market rate of \$1.75—a 23 percent increase!”

A recent *Miami Herald* article described the newly deregulated markets as places “where prices can change from one day to the next and the overall trend is typically upward -- **an average of 33 percent....**” The actual POLR rate will not be released until later in April, but most predictions are that the rate will be substantially higher than it is now. Rising gasoline and natural gas prices, coupled with a turbulent Middle East, means that the market has been horrible for electric pricing. Even without political crises, July is the worst month in which to purchase electricity!

The Baltimore/Washington Corridor Chamber of Commerce is one of only a few in Maryland to put together a purchasing cooperative for its members. Using a consultant who has worked with large corporations, municipalities and school districts in electric energy procurement, we have already prepared and sent out requests for proposals to companies licensed to sell electricity in Maryland. The size of our aggregated purchasing power will help us to assist our member firms in securing the best price over the most prudent term of contract. For those companies that missed this bidding round, we’re staring another “class” to bid for a September delivery of electricity.

Need more information about the electric cooperative as well as a chance to talk with hundreds of other business owners? Why not join us at our Annual Business & Trade Show, to be held at Laurel Race Course on April 20, 2004 from 10:00 a.m. until 5:00 p.m. Held in conjunction with the Howard County, Greater Bowie and West Anne Arundel Chambers of Commerce, the Trade Show is one of the largest in the region,

drawing well over 1200 business owners and managers during the course of the day. Office Depot is the principal sponsor, and the ribbon-cutting will include elected officials and other dignitaries. Why not plan on joining us at the Power Networking Breakfast that takes place right before the Show from 7:30 – 9:30 a.m., and held at the Ruffian Room at Laurel Park? Last year 140 business people were in attendance and lots of business leads were generated.

If you are not involved in a progressive, entrepreneurial business association that looks out for your needs and interests, we encourage you to join the Baltimore/Washington Corridor Chamber of Commerce. From electric purchasing, to transportation, human resources and general business information and resources, we are viewed as a leading force for the business community. Come visit us at the trade show, speak with our energy consultant and electric cooperative leadership, and make some business contacts at the same time. The admission for the Trade Show is free—as long as you have your business card. There is, however, a separate charge for the Networking Breakfast. Call the BWCC at 301-725-4000 or 410-792-9714, or visit us online to register at www.baltwashchamber.org.

There is power in business associations. Let us help mitigate the “shock” of rising energy rates, and a whole lot more.

Walt Townshend is President & CEO of the Baltimore/Washington Corridor Chamber of Commerce, managing executive of the Corridor Transportation Corporation and Vice President of the Corridor Chamber Foundation. Formed in 1947, the Corridor Chamber serves more than 600 members from the business, education, government and non-profit communities. The Corridor Chamber is the only chamber in America to manage a fixed route bus system, carrying more than 1.7 million passengers. For more information, go to www.baltwashchamber.org.