

Shopping for Deals To Trim Utility Bills

By João-Pierre Ruth

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As prices continue to rise for natural gas and electricity, businesses are scrambling to try and ease the pain of their utility bills. Finding ways to trim energy consumption can shrink some costs while shopping around among third-party providers for the best rates can bring additional savings. With autumn looming and natural gas rates due to rise as much as 20 percent for some users, now may be the best time to plan energy changes, experts say.

Businesses can tighten their utility costs by first looking for ways to be more energy efficient, says **Vivek Bhatnagar**, president of electrical engineering company **Ampericon** in Princeton. "A typical contemporary facility loses anywhere from 30 to 40 percent in inefficiencies in their electrical distribution circuits and temperature control," Bhatnagar says. For example, a 100-watt light bulb could in fact consume up to 140 watts of energy because of inefficient electrical wiring.

Bhatnagar helps clients cut costs through upgrading light fixtures and ventilation systems to drain less power from the grid. Installing new controllers designed to reduce energy consumed by light fixtures is one way of tackling costs. "If I gained 8 or 9 percent efficiency on a utility bill, that is like having a free month's worth of utility," he says.

Upgrading equipment and infrastructure is an often overlooked way of controlling costs, says **Isaac G. Lilienfield**, owner of consulting engineering firm **Integrity Engineering** based in Margate. Businesses do not always consider switching to more energy- and heat-efficient models when replacing equipment, Lilienfield says. "They've been using the same type of lighting, heating and air conditioning for years," he says.

But cutting back on consumption alone may not be enough.

The state's Board of Public Utilities in Newark offers information and guidance about shopping around for the best energy rates on its Web site: www.newjersey.gov/bpu. (See box for more information.)

Currently, few energy consumers in the state are taking advantage of the third-party suppliers, says **Ron Reisman**, manager of business outreach in the Office of the Business Energy Ombudsperson with the BPU. He says most electric buyers in the state get power through local utilities rather than third-party suppliers. "Out of 3.8 million accounts in the state, less than 3,500 are buying from third-party suppliers," Reisman says.

Of those buying electricity from a third party as of July 31, he says 11 were residential energy customers and 3,427 were commercial and industrial customers.

About 1,400 commercial and industrial customers had energy demands of 1,000 kilowatts and up, which represents large-scale energy consumption. "We're really talking about the large manufacturers and commercial customers," Reisman says. "[Those 1,400 customers] represent 13 percent of the electric load in the state."

Shopping for a third-party energy supplier must be done carefully to secure true savings, says **Catherine Luthin**, president of energy management consulting firm **Luthin Associates Inc.** in Avon-by-the-Sea. Businesses suffering sticker shock from escalating bills might be quick to sign with a provider promising to slash prices, but Luthin says the energy market as a whole is coping with higher costs.

On May 30, **Elizabethtown Gas** in Union, **Public Service Electric and Gas Co.** in Newark and **New Jersey Natural Gas** in Wall requested leeway from the BPU to increase natural-gas rates to their customers starting in the fall. The utilities cited escalating wholesale prices for natural gas and said they would not garner profits from the increases. New Jersey Natural Gas requested approval for an 18 percent rate increase for small commercial and residential customers. PSE&G asked for a 20 percent increase for residential customers and then scaled back the request to 14.3 percent on Aug. 27. Elizabethtown asked to raise its rates about 22 percent.

"The utilities that are raising prices 20 percent are doing that in response to fossil fuel prices going up considerably in the past year," she says. "There is no secret that fuel oil and natural gas have gone up considerably."

Luthin says smart buyers may be able to find savings up to 10 percent off their current utility rates. "That has a lot to do with timing," she says. Late August and early September are a good time to buy, she says, because the use of electricity abates as air conditioners begin to be switched off but heating demand has not yet increased.

She cautions customers to vet competitive suppliers before signing up for service. The higher price of energy creates

risk for third-party suppliers. "You want to make sure they have enough equity to be in business," says Luthin. "In Texas, smaller third-party suppliers went bankrupt when energy prices skyrocketed."

She recommends reviewing a supplier's financial statements to gauge its solvency. Some suppliers offer fixed pricing for customers who want to secure consistent rates while others offer bargains compared to current prices, Luthin says.

She recommends seeking suppliers who clearly explain their pricing structure. Unforeseen expenses within the billing may cause purported savings to evaporate. "A lot of suppliers may give a price but there may be additional costs," Luthin says. "That is something that happens fairly often to more naïve customers."

If doubt persists, Luthin recommends consulting with an attorney or expert familiar with energy law before signing hard-to-decipher contracts. "They all have very sneaky provisions in them," she says. "You could have a great deal but a contract could unwind the savings."

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