

The Columbus Dispatch

Power vendor takes on AEP

Rival electricity provider, marketer team up, offer region's small businesses discounted rate

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American Electric Power has new competition on its home turf.

Volunteer Energy of Pickerington is joining forces with FirstEnergy Solutions of Akron to sell electricity at a discount to small businesses in central Ohio.

The new program is probably the most-substantial alternative to Columbus-based AEP since Ohio deregulated its electricity market in 1999, said Tom Arnold, director of energy-management services for Volunteer.

"This is an opportunity to hit a segment of the business class that has never had the opportunity to save on its electric bill," he said.

Eligible companies would pay 6.35 cents to 7.29 cents per kilowatt hour, which Volunteer said is 10 percent to 40 percent less than AEP's current price for small to medium-size businesses.

The range of prices and potential savings is difficult to pin down because of the complicated way that businesses pay for power, which varies based on the quantity and timing of use.

Terri Flora, an AEP Ohio spokeswoman, said the utility recognizes that competitors are active in the market, but she was not familiar with this new option and had no comment.

About 10 companies offer electricity options under Ohio's deregulated system. But the service is not widely available, particularly in AEP territory, where a history of low rates has discouraged competitors.

"To AEP's credit, they have been a low-cost provider for quite some time," Arnold said.

Two things have changed, however, and have created an opening for competition, he said. The economic downturn has led to a drop in the price of wholesale electricity, and AEP's rates have steadily risen in recent years.

"You've got all this power out there, and it's looking for a place to be sold," said Dave Rinebolt, executive director of the nonprofit group Ohio Partners for Affordable Energy.

This new option is limited to businesses that use 700,000 kilowatt-hours per year or less, which is about as much as two fast-food restaurants. The service is available only in areas served by AEP's Columbus Southern operating company, which covers most of central Ohio.

Businesses can sign up for a price that will stay the same until May 2013. AEP's prices are expected to rise over that time. AEP's prices beyond the current year have not been set, although regulators have said the price can rise no more than 6 percent next year.

FirstEnergy Solutions, an unregulated subsidiary of the Akron-based utility, will provide the electricity to customers of the new service using AEP's distribution system. Volunteer, an unregulated energy marketer, is handling sales.

The program had a quiet start in early August, and the first solicitation was sent by mail last week. About 500 businesses have signed up, Arnold said. That is a fraction of 1 percent of AEP's customer base.

He had no estimate of how large he expects the program to become.

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