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The future of electricity costs and savings in Pennsylvania

Through a better understanding of what's in store for Pennsylvania's electricity costs from examining deregulation, cap rate removal, energy-efficient solutions and more, we can not only find ways to lower out monthly bills, but also bring a valuable service to our current and prospective clients.

Generation, Transmission, and Distribution are the three general steps in the process of getting electricity from the plant to having the switch work the lights in a warehouse, office building, or home. Generation being the broad spectrum productivity through wind, solar, nuclear, and other types of power, Transmission being the high voltage movement of electricity from the plant to the distributor, and then the Distribution is to the end user. A common misconception is that all 3 phases would change with the decision to change "providers", when the reality is only the first component, the generation of your power, was opened to competition with the passing of the Pennsylvania Electric Generation Customer Choice & Competition Act in 1996. The hope was that competition, not regulation, would lower



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prices and increase service. The expiring rate caps were implemented to make sure that competition had time to take root; however, most Pennsylvanians will be faced higher bills because of the higher costs of production that have been hurting the electric company while their rates have been capped. Consumers are now searching for ways to ease the impending hit. Estimates vary, but for example when rate caps for PPL in Central PA in 2010, electricity costs may increase 40% or more, yet many think consumers still will not take the time to shop for alternate providers. Because of misinformation, or a lack of awareness, shopping for lower rates hasn't happened in other areas at the desired rate despite the

likelihood of mitigating the increase significantly. As consumers we should all be looking to competition over the generation and should be encouraging the Owners we represent to do the same. We should also keep an eye on the legislature discussing voluntary and involuntary limits on the electric companies' rate increases per year as well as any further governmental programs, laws, and/or incentives.

Importantly, the nine total electric companies in PA will still be broken up by their current regions to provide the last 2 regulated services in the electricity supply chain. In other words, changing your supplier won't mean new power lines, or crews digging up your yard. Depending on where the property is located, GPU Energy, Allegheny, PP&L, PECO, Citizen's Power, UGI, Duquesne, Penn Power, and Wellsboro will still be your contact and also required by Act 129 to be your default provider of power generation should you or your client not choose to shop for their power (though widely regarded as likely being the most expensive option).

As agents and consumers, researching options should

not only include pricing and reliability options of power providers through resources such as the Pennsylvania Utility Commission's Utility Choice Program and the Energy Association of Pennsylvania, but also to energy saving solutions within the property itself. Through EPACT, the federal government provides large, accelerated tax incentives for lighting upgrades that often lower lighting costs by 30-50%, more than paying for themselves in months. Sorting through the misinformation, options and solutions is a great value-add to your agent-client relationship. Through the help of Act 129, the utility companies' websites are great resources for helpful energy tips, and in warehousing and office buildings, electrical distribution companies and other consultants can help to audit your building and provide potential lighting options, LEED and Energy Star products, usage reductions, Green alternatives, and much more.

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