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Taking hassle out of electricity shopping

Baltimore startup makes it simple for customers to switch

BY GUS G. SENTEMENTES
The Baltimore Sun

Whenever Allyn Simon thought she needed to get a better deal on her electricity bill, she would visit various Maryland energy suppliers' websites, take notes and sometimes call customer service. The process could take hours.

But the 56-year-old North Baltimore homemaker's bargain-hunting was made easier with one website: PointClickSwitch.com. The site allows residential and commercial energy customers to do what its name implies -- compare prices between energy providers and switch their bill over the Internet.

"I used to periodically sit down and go through every company's rates, and it takes a lot of time," said Simon, whose winter electric heating bill used to top \$1,700 a month and now hovers around \$1,200 a month. "With PointClick Switch, all I have to do is look at what they've done."

As Marylanders brace for winter, many soon will start hunting for ways to save on their energy bills -- and that includes looking closely at the cost per kilowatt hour on their electric bill. Across the country, online energy clearinghouses such as PointClickSwitch, Save On Energy and Power 2 Switch have emerged to help people choose providers and to make a little money.

PointClickSwitch was founded two years ago by a trio of real estate development professionals in Baltimore who saw a need to offer a website that allows easy price comparison -- and bill-switching -- for Maryland residents after the market was deregulated.

"I thought to myself: 'This is awesome. Everyone needs electricity. How do people go about finding the best rate?'" said co-founder Phil Croskey.

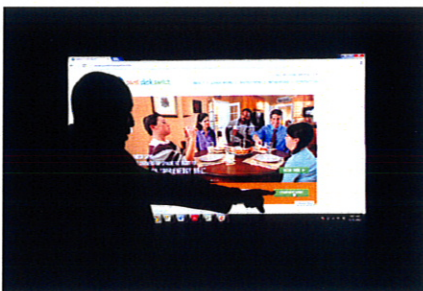
Thanks to Maryland's deregulated energy market, residents can find cheaper energy suppliers on the Internet, though consumer advocacy experts caution that people should read the fine print of any contracts they sign.

The Maryland Public Service Commission licenses companies such as Point ClickSwitch.com as brokers, and requires them to post an insurance bond. Brokers have come and gone over the years



BARBARA HADDOCK TAYLOR/BALTIMORE SUN PHOTO

From left, Jason Schwartzberg, president of PointClickSwitch.com; Paul Clary, co-founder; Phil Croskey, co-founder and CEO.



Phil Croskey stands in front of a screen showing PointClickSwitch.com's Web page. The Baltimore-based startup helps consumers shop for the best electricity rates.

and the energy industry has had its share of poor practices, such as "cramming" -- adding extra charges -- and "slamming" -- switching customers to a company's service involuntarily, according to Maryland regulatory officials.

But PointClickSwitch does none of that, Croskey said. His site, he said, helps people compare prices and switch energy suppliers.

"So many markets are just starting to be unleashed," Croskey said. "Now you're beginning to see true choice in the marketplace."

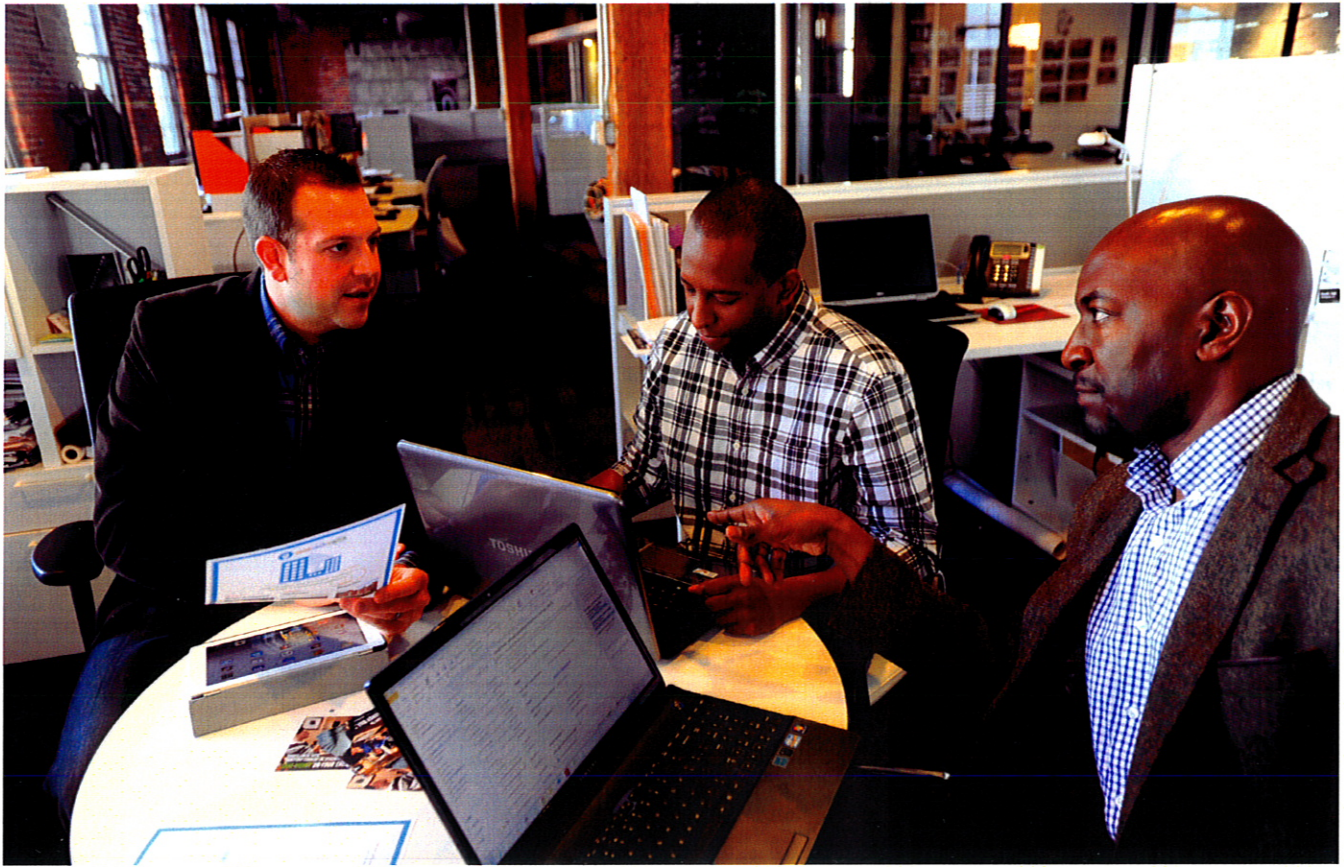
Such a site is a step beyond what Baltimore Gas and Electric Co. and the Maryland Public Service Commission currently offer consumers. BGE offers a site that links to all the licensed energy suppliers, while the PSC offers price listings from the suppliers.

"We have a long history of trying to make it easy for consumers to compare prices," said Douglas R.M. Nazarian, the commission chairman. "The concept has been out there for a long time and is pretty central to the whole notion that you have an opportunity to buy from wherever you want."

PointClickSwitch makes switching as easy as a few steps on the Web. The company, formally known as Maryland Energy Advisors LLC, aims to become the "PriceLine of energy," said Croskey, referring to a popular consumer website that allows people to comparison shop for airline flights. Croskey said that 16 states have energy deregulation, with more likely to come in the future.

Maryland's energy market was deregulated in 1999, which allowed consumers and businesses to choose their energy supplier, but not their distributor.

By law, utilities, which distribute electricity to homes, are required to offer a baseline level of



BARBARA HADDOCK TAYLOR/BALTIMORE SUN PHOTO

Jason Schwartzberg, left, Paul Clary, center, and Phil Croskey were working in real estate when they saw an opportunity in Maryland's deregulated energy market.

service and pricing to customers, and can act as both supplier and distributor of the energy.

Most consumers still pay for the supply and distribution of their energy from these so-called "standard offer service" providers, namely BGE in the Baltimore area and Pepco Energy Services in the Washington area.

For years, consumers were slow to switch to a different supplier. But the pace appears to be quickening.

Since 2009, the proportion of households that have switched energy suppliers has climbed from 3 percent to 22 percent this year, said Paula Carmody, head of the Maryland Office of People's Counsel, an independent state agency that acts as a consumer watchdog.

Carmody cautioned customers to watch the fine print in energy contracts, such as the length of the contract, extra monthly fees or high cancellation fees if the consumer wishes to switch early.

"We do recommend people check out our website as a guide, even if they are checking out these other websites, like PointClickSwitch," Carmody said. "There are other websites they can use for guidance."

Croskey and his partners, Jason Schwartzberg and Paul Clary -- who met while working at the Baltimore Development Corp. -- have invested \$30,000 in the business, which is profitable and has thousands of customers, including dozens of commercial building customers.

Croskey's business makes money by charging

the energy suppliers who wish to make their rates available on the site either an upfront marketing fee or a small percentage of the customer's monthly bill.

In effect, PointClickSwitch has positioned itself as another marketing tool for energy suppliers, who rely on such tactics as direct mail, telephone solicitation and door-to-door marketing to reach customers.

Croskey and his co-founders built a website that allows a consumer to comparison-shop Maryland energy suppliers, choose a new provider, fill out a web form and make the switch entirely online.

Consumers can do their own homework by visiting the Public Service Commission's website, which lists energy suppliers and their prices. But Croskey said his company screens the suppliers it features on its site, and favors those with a good reputation for customer service and prices.

Croskey said PointClickSwitch stays away from multilevel marketing companies, or firms that use salespeople who recruit other salespeople in what's sometimes referred to as a pyramid-selling approach.

On a recent day, the site offered Maryland residents who use BGE for energy delivery to their homes a range of prices, from \$0.0760 to \$0.0910 per kilowatt hour. It offered five suppliers to choose from: ConEdison Solutions, Castlebridge, Constellation, Spark Energy and Clean Currents.

Simon, the North Baltimore homemaker, said she



A laptop screen shows the logo for PointClickSwitch.com.

checks PointClickSwitch at the beginning of every month, when the rates typically change. She's used the site to change her suppliers three times.

This fall, Croskey quit his job to run PointClickSwitch full time. Croskey and his partners have expanded the site to Illinois and plan to expand to other U.S. markets. Recently, the company landed Torrey Smith, a wide receiver for the Baltimore Ravens, as its spokesman.

Croskey said Wasabi Ventures, a Silicon Valley-based venture capital firm, is advising his business but has not invested in it yet.

"When you think of energy, we want people to think of PointClickSwitch.com," Croskey said. "And that they could save a couple hundred bucks a year."

gus.sentementes@baltsun.com
twitter.com/gussent