

Columbia Gas will offer fixed-price deals

By Peter Bacque | TIMES-DISPATCH STAFF WRITER

Columbia Gas of Virginia customers soon will be able to buy their natural gas from another company.

With the service's start expected before Jan. 1, Ohio-based IGS Energy, trading as Columbia Retail Energy, will provide residential and small commercial customers a choice about how they buy their natural gas.

The price consumers pay for natural gas now fluctuates with short-term changes in the market, but Columbia Retail Energy will offer fixed prices for longer periods, said Larry Friedeman, IGS Energy's vice president for choice markets.

"We would be talking about fixed-price offers of different lengths, generally six to 12 months," Friedeman said. "The comfort rests in knowing the rate won't go up."

Other competitors likely will enter the deregulated retail natural gas market, Friedeman said. "It encourages more competition."

While competition in the retail natural gas market is new for Virginians, he said, the process will be relatively transparent for consumers.

Columbia Gas customers will continue to pay their gas bill through the utility, which will remit gas commodity payments to marketer Columbia Retail Energy.

By law, utilities like Columbia are required to pass on the costs they pay for natural gas to the consumer on a dollar-for-dollar basis without markup.

This month, Columbia Retail Energy should begin advertising the new program and contacting Columbia Gas of Virginia customers to offer the service to them, Friedeman said.

Columbia Gas serves nearly 243,000 customers in parts of suburban Richmond, central Virginia, Northern Virginia, Hampton Roads, the Shenandoah Valley, the Lynchburg region and western Virginia.

Columbia Gas still will provide the service and infrastructure for customers' gas supply, Friedeman said.

IGS Energy will use the Columbia Retail Energy name and starburst design under a license agreement with NiSource Retail Services. IGS Energy is not affiliated with Columbia Gas or NiSource Inc., Columbia Gas' parent company.

Based in suburban Columbus, Ohio, IGS Energy serves about 800,000 retail and small-business customers in seven states.

Columbia Retail Energy is what the Virginia State Corporation Commission terms a competitive service provider.

To be licensed, a competitive service provider must demonstrate to the SCC that it has the technical and financial capability to provide service to Virginia consumers and access to an energy supply.

During the 1980s and 1990s, federal and state legislation deregulated the natural gas industry, leaving development of competitive access programs to the states.

Natural gas choice allows consumers and businesses to pick their natural gas provider instead of being limited to their local gas utility.

The gas marketers, like Columbia Retail Energy, buy gas from a variety of sources and then arrange for its supply to local utilities that, in turn, deliver the fuel to homes and businesses.

Of Virginia's eight regulated gas distribution companies, only Columbia Gas and Washington Gas Light Co. so far have decided to give their customers the option of buying gas from a different provider.

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