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## Green Scene: Power2Switch lets users comparison-shop for electricity

Posted by Ann D. at 12/2/2010 10:37 AM CST

By Judith Nemes

A local energy-broker startup is making it easier for small businesses to compare electricity rates in Illinois and switch to the cheapest — or the greenest — supplier if a better deal comes along.



*Power2Switch LLC is like the travel website Expedia, except the focus is on electricity. It offers a one-stop online price comparison service for small businesses in Illinois looking for better rates than what they get from Commonwealth Edison Co. Customers also have the option to switch to a renewable energy source if that's on their shopping list.*



Seyi Fabode

**Seyi Fabode** started the company last January as part of a student competition while he was getting his MBA at the University of Chicago's Booth School of Business. Instead of pursuing an internship, Mr. Fabode, 34, used that time to test an idea he developed after being inspired by a professor who was researching consumer electricity rates.

The Chicago-based company took off in earnest last summer. Mr. Fabode and a fellow student co-founder plowed their own savings and family loans into the venture, created an easy-to-use web portal and signed up 10 electricity suppliers to participate. Seven of those 10 providers also offer a renewable energy option, typically wind energy. The suppliers most active in promoting their green products include MC Squared Energy Services, Nordic Energy Services, Commerce Energy and Integrys Energy Services.

About 100 small Illinois businesses have agreed to let Power2Switch scout for better rates and services on their behalf. To date, 12 of them, including Bobtail Ice Cream Co. and Sangria restaurant and night club in Chicago, have moved to new electricity providers after the startup found them more competitive contracts.

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Companies typically achieve a 10% to 15% savings when they switch, Mr. Fabode says. The service is free to the small business owner and Power2Switch collects a commission from the energy supplier when a business converts to a new provider.

Mr. Fabode isn't new to the energy sector. Before moving to Chicago to pursue his MBA, the Nigerian native studied at Warwick University in England and worked several years there for a diesel and natural gas power generation plant as an operations/commercial analyst. In this new venture, he intends to give businesses better information about clean energy in the hope that they'll go for it.

Crain's recently met with Mr. Fabode. He talked about the opportunities of Illinois' deregulated energy environment and how small businesses can be among the early adopters of wind energy.

**Crain's: If Illinois has deregulated electricity providers, why do business owners need your services when they can shop around for better rates on their own?**

**Mr. Fabode:** There is choice of electricity supply in Illinois, but it's very hard to access them. You can find the information about the suppliers on the ICC (Illinois Commerce Commission) website. Then you have to call or visit the individual suppliers. You can't just do it on their websites. It's a long, convoluted process, and it's even harder to get renewable energy from them.

Seven of the 10 suppliers we work with provide flexible products. On our website you can select interest in information about renewable energy or you can just choose to look for only cost savings. When a small business signs up with us, they can get information about the cheapest rates possible, a mixture of fossil and renewable energy, or just renewables. We're constantly tracking information from the suppliers and we ping the businesses when we find a rate we think they might like.

**Wind farms are popping up all over the Midwest. Are you seeing electricity providers jumping on the bandwagon to add renewable energy sources for the end user?**

The industry is not that embracing of change, but some of the providers are starting to come around. Most of the 10 suppliers we're working with — and two more large ones we're about to sign on — are providing alternative energy. Some have bought wind farms because it's supposed to be part of their renewable energy portfolio, but they're not really pushing it. The real problem the utilities have is this feeling that customers don't care about renewables. We're trying to change that.

Right now coal is cheaper because the infrastructure is set up for coal and the subsidies the industry gets for coal aren't factored into the price. The more we integrate renewables into the mix, the quicker we'll get to the point where prices are level. Consumers will then get to decide if they want to buy power from a wind farm or from coal-generated energy.

**Are your small business customers really interested in switching to electricity that comes from renewable sources or are they focused primarily on saving cash?**

Our customers tell us they want renewables but they don't want to pay the increased premium you tend to get from that selection. We're doing a lot of analysis on the back end to find out what the optimal points are for the suppliers so they can put that in their pricing model in a way that customers will begin to buy it but not pay through the teeth for it. We're slowly seeing a move in that direction and I believe sharing more data will help because it will increase awareness and adoption of renewable energy.

Even if most of our clients aren't choosing renewable energy right now, we have dedicated some of our own revenues to sustainable initiatives. At the end of the year, we'll donate 2% of our revenues to [blueEnergy](#), which pursues localized alternative energy initiatives in many parts of

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which people recognize alternative energy initiatives in many parts of the world, and to [EarthDay](#), to help spread the word about environmentalism.

#### Do you plan to expand your operation beyond small-business clients in Illinois?

There are 15 other deregulated states, mostly in the Northeast, but the most logical expansion would be first to offer our services to residential customers in Illinois. Then we'd move to offering gas in the state. In about two years, we'll make a decision about going to other states. To

scale things, we'll have to raise some money at some point. We expect to get angel investors for this.



*Judith Nemes is a Chicago-based freelance writer who specializes in green issues and urban sustainability. Her weekly column for Crain's, "Green Scene," focuses on the local green economy.*

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