
Executive Insights



Interview with Steven Maslak, President and CEO, Gateway Energy Services Corporation

Led by President and CEO Steven Maslak, Gateway Energy Services Company has embarked upon an aggressive expansion mode, with expanded sales initiatives underway in Ohio, New Jersey, and Pennsylvania. Gateway Energy Services Corporation is a privately held retail energy marketer supplying natural gas and electricity to residential and commercial customers in 27 deregulated markets across New York, New Jersey, Texas, Ohio, Maryland, Virginia, the District of Columbia and Ontario, Canada.

In this interview, Mr. Maslak shares his insights on the opportunities in the retail business going forward, particularly driven by smart grid initiatives.

Steve Maslak has more than 35 years of experience in the electric and gas utility industry. Prior to joining the Gateway team, Mr. Maslak spent 14 years at Applied Energy Group (AEG), a management consulting firm specializing in the energy industry, where he was Senior Vice President. Mr. Maslak focused on strategic planning, process redesign and implementation, as well as energy-efficiency program design, implementation and evaluation.

Prior to joining AEG, Mr. Maslak held several senior management positions in the customer-service sector of the Long Island Lighting Company (LILCO), including customer and regulatory relations, demand-side management and distribution system operations.

Can you offer an overview of Gateway Energy Services' key initiatives? How has your retail power and gas business been doing over the past year? How do you view Gateway Energy Services as standing apart from your competition?

Gateway is in an aggressive expansion mode. We have begun a new sales initiative offering natural gas in multiple LDC territories in Ohio. We have entered the gas market in Kentucky. Very shortly, we will expand our longstanding marketing and gas sales efforts in New Jersey to include electricity. We are planning our imminent entrance into both the gas and electricity markets in Pennsylvania where we are, by the way, presently in the process of opening our second regional call center.

The Company has experienced excellent growth, particularly in the New York marketplace where regulation is especially supportive of competition. Our Company builds relationships with its customers rather than merely trying to sell them a product, then never to be seen again. Our sales representatives are local people who are also employees and who are neighbors of those to whom they sell.

What competitive power markets do you see as growth areas for you in the next year? Are there specific policies which you view as being barriers (or opportunities) for competition?

Gateway views both New Jersey and Pennsylvania (and potentially Maryland in the relatively near future) as solid opportunities for competition, particularly with the growing acceptance and implementation of purchase of receivable (POR) programs by more and more LDCs. POR programs remove barriers to competition by making it possible for retail choice providers to reach more customers that, in the absence of such programs, might represent excessive risk to an energy services company.

On the negative side, the inability of an LDC to accept "bill ready" transactions, or EDI transactions in general, from the retailer materially limits the flexibility of the retailer to dynamically modify prices and process add and drop transactions in a timely and efficient manner. Simply stated, to the extent that an LDC can modify its billing software to accept "bill ready" transactions (in contrast to "rate ready" transactions wherein the utility versus the retailer calculates the bill), the customer profits and is more likely to benefit from new price structures.

How do you view the competitive opportunities and benefits to residential and small-commercial customers in Pennsylvania's PPL territory in the coming year?

Gateway's targeted market segments are first, the residential consumer and secondly, the small-commercial energy consumer. I think that it is important to take the long view on Pennsylvania, i.e., it isn't just the coming year that is important when you look at how retail choice providers can serve the customer, but rather, the Pennsylvania market will grow over the coming years as the rate caps come off. As far as benefits for our target segments are concerned, the best thing that could happen to them is energy competition, and the regulators understand this and support the concept of competition.

What has been your customers' level of interest and demand for renewable energy and energy-efficiency services? Can you share your experience to date providing these services?

Gateway offers renewable energy products, but frankly has not seen any significant level of interest in our target markets over the past few years, principally because of the higher cost relative to energy from non-renewable sources.

In our view, an attractive approach to our customers will come from the Smart Grid initiative and the installation of interval or advanced metering on a large scale across all customer classes. Once this becomes reality, retail choice providers will be able to offer rate plans that incorporate time-of-use strategies and opportunities heretofore impossible with existing power meters. Coupled with this are the opportunities to offer meaningful education to customers on ways to truly save money but varying their energy consumption habits, as well as to provide them with devices to help them monitor and control their energy use.

With the exceptions of Texas and New York, residential choice markets have been slow to develop. How do you address policymakers who advocate re-regulating the mass markets?

Truly, there is strength in numbers. Groups such as the National Energy Marketers Association represent large segments of the retail choice industry and do not miss opportunities to constructively participate in dialogues on the state and national levels regarding the benefits of competition.

Additionally, there are a number of industry representatives that work closely with state regulatory bodies to pro-actively put forth the position of retail choice providers in LDC rate case deliberations and regulatory proceedings. I think that much of the anti-competition “noise” that one reads about is the product of individuals rather than widespread acceptance of the concept of re-regulation. This is not to say that the industry can afford to be lax in defending itself, but there is a need to address such challenges in a manner that, in the end, helps to heighten the public’s awareness of the benefits, rather than the alleged failings of competition.