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EPGA AND EPSA POINT TO RESULTS OF NEW REPORT SHOWING BENEFITS OF COMPETITIVE ELECTRICITY MARKET IN PENNSYLVANIA

Bates White: "…[T]he competitive model holds the best promise for meeting future energy needs at lowest cost."

HARRISBURG, PENN. – The Electric Power Generation Association (EPGA) and the Electric Power Supply Association (EPSA) today applauded the results of a new study conducted by Bates White, LLC, *The Pennsylvania Electricity Restructuring Act: Economic Benefits and Regional Comparisons,* showing that the creation of competitive electricity markets in Pennsylvania, with the 1996 passage of the Pennsylvania Electric Generation Customer Choice and Competition Act (Competition Act), has resulted in a number of benefits for Pennsylvania consumers and businesses ranging from lower costs to the construction of new generation and more efficient operation of already existing power plants.

"EPGA's members now operate in the largest and one of the most competitive wholesale electricity markets in the world – PJM – where every plant must compete against one another for running time on the basis of cost. The Bates White report documents the tremendous efficiencies in operating performance that this market has produced and how those efficiencies have benefited consumers in Pennsylvania and throughout the mid-Atlantic region," Douglas L. Biden, EPGA's President said.

"The results of the Bates White review of Pennsylvania's competitive power market clearly demonstrate the success of competition, even as it continues to evolve, and helps cast significant doubt on what competition's detractors have been saying in support of rolling back restructuring and returning to cost-plus regulation," said John E. Shelk, EPSA's President and CEO.

The Bates White report highlights a number of consumer benefits resulting from electricity restructuring with the passage of the Competition Act in 1996:

- Today, Pennsylvania's consumers are paying 12 percent less for electricity than they were paying in 1996 (inflation-adjusted).

- Greater efficiency benefits have been a key result of restructuring. For example, nuclear power plants in Pennsylvania are generating 1.7 million MW/h more electricity today than they were a decade ago.

- Restructuring has encouraged the construction of significant new generation. Capacity has increased by roughly 23 percent between 1998 and 2005, while usage has increased 15 percent.

- Bates White reviewed "price differentials between Pennsylvania and neighboring regions that have not restructured, and conclude that price differences are not caused by restructuring, but result from other cost drivers, such as the primary fuel used for generation and other macroeconomic factors."

- The authors also "argue that the competitive model holds the best promise for meeting future energy needs at lowest cost."

To view the entire Bates White report click here.

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The EPGA, based in Harrisburg, Penn., is a regional trade association of major electric generating companies that supply wholesale power in Pennsylvania and surrounding states. Collectively, our companies own and operate more than 122,000 megawatts of generating capacity, more than half of which is located in the mid-Atlantic region. The EPGA is also a member of EPSA.

EPSA, based in Washington, D.C., is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for nearly 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers.