



Electricity Competition IS the Public Interest



WATT's UP? February 2010 Newsletter

Innovation, Environmental Benefits of Competition Touted by Policy Leaders at DOE-NARUC Forum

A panel discussion dedicated to the question of whether a change in regulatory structure is needed to power a new clean energy economy helped kick off the National Electricity Forum, an annual conference co-sponsored by the U.S. Department of Energy and the National Association of Regulatory Utility Commissioners. Regulators, environmentalists, policy influencers and other panelists consistently pointed to market competition as the answer. Some notable highlights include:

- FERC Chairman John Wellinghoff said, "We need to start turning the conversation around to markets" to inspire innovation in the electricity industry and jumpstart a clean energy economy.
- Carl Pope, Executive Director of the Sierra Club, decried the traditional monopoly utility structure as a system structured "against innovation."
- Garry Brown, Chairman of the New York Public Service Commission, cited the value of dynamic pricing and the onset of demand response as a growth industry as "a really exciting thing."
- John Podesta, former Chief of Staff under President Clinton and CEO of the Center for American Progress, commented "when you have entrepreneurs and consumers and strong markets reacting to price signals (the result is) rapid diffusion of new technology."

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Democratic Think Tank Makes the Case for Competition to Spur Innovation in Energy Sector

Competition is the launching pad for innovation, smart grid technologies and greater development of renewable energy, according to a new report issued by NDN, an influential Democratic policy think tank, and the New Policy Institute. The report, *Electricity 2.0: Unlocking the Power of the Open Energy Network*, finds that monopoly protections and hybrid competition in a state-by-state patchwork thwart market entry of new clean energy generation and technologies. Instead, the report advocates an "Open Energy Network" that would allow competition to provide environmental, economic and technological benefits for the entire country.

The report advocates fully open and competitive markets to encourage development of clean energy, such as wind and solar, by sending price signals to potential investors. Greater competition would also facilitate efficiency innovation and help enable the smart grid and other innovations by stimulating new technology, demand response programs, and energy storage. The report also holds out the prospect that national positive competitive reforms can help bring

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America: Powered by
Competition

The COMPETE coalition represents more than 400 electricity stakeholders, employing nearly seven million American workers, including customers, suppliers, generators, transmission owners, trade associations, and economic development corporations - all of whom support well-structured competitive electricity markets for the benefit of consumers. For more information, please visit www.competecoalition.com.

lower electricity costs for consumers.

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Competition Drives Texas Energy Rates Down

Restructured electricity markets in Texas have encouraged competition that has led to lower electricity prices for residential consumers, according to a new study by the Texas Public Policy Foundation's Center for Economic Freedom. The study, *Prices, Reliability, and Consumer Choice in the Texas Electricity Market*, shows that past reliance on U.S. Energy Information Administration (EIA) state-level data has significantly understated the reduction of competitive residential electricity prices with retail restructuring.

[For more information >>](#)

California Takes Small Step Toward More Competition

A recent proposal by a California Administrative Law Judge (ALJ) would settle a dispute between utilities, competition supporters, and consumer advocates by raising the state's limit on retail power market shopping by 8,354 megawatts (MW). This compromise follows recent legislation that broadened the scope of retail power competition in California.

While a positive step, it falls far short of full competition for residents and businesses in the state. The proposed increase is only 6 percent of the entire load served, and is less than annual demand variations due to weather and economic swings. Competition is working in electricity markets across the country and, as the economy rebounds, California's businesses and homeowners should not be captive to monopoly utilities that don't provide the incentives that result in the best possible electricity choices for all consumers.

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COMPETE Passes 400 Member Milestone

In a clear demonstration of the widely diverse support for competitive electricity markets across the country, the COMPETE Coalition has surpassed 400 total members. COMPETE's membership, which saw a 43 percent increase in 2009, reveals broad recognition of the economic and environmental benefits provided by competition in organized regional electricity markets.

Renewable energy providers and innovative energy service companies make up the fastest-growing sector of COMPETE's membership. These coalition members are promoting innovative technologies and services in the areas of demand response, smart meter and smart grid technologies, and energy storage solutions, while also developing new sources of clean and renewable energy.

As we now move toward the 500-member mark, we ask each of you to discuss COMPETE with colleagues around the country and encourage them to join our ranks. The best and easiest way to join the coalition is through our [Web site](#).

[For more information >>](#)

RECENT BLOG POSTS:

[Competitive Electricity Markets Stimulate Innovation and "Energy Miracles" Everyday](#)

[Poll Reveals Marylanders Favor Competition Over a Return to Monopoly Service](#)

[Technological Innovation, Electricity Market Competition Headline National Electricity Forum](#)

COMPETE In the News

On February 4, COMPETE Co-Chair Federico Peña participated in a panel discussion exploring the future of renewable energy at the RETECH 2010 conference and exhibition. Secretary Peña talked about how competitive markets stimulate renewable energy by providing real-time pricing and well functioning markets and a wide geographic market that create flexibility to address variable output. His attendance was covered by energy policy blog The Energy Collective.

On February 18, COMPETE Executive Director Joel Malina participated in a press conference convened by Marylanders for Competitive Electricity Choice in Annapolis, MD, to tout the results of a poll showing Marylanders prefer competition two-to-one over a monopoly service. Covering the press conference was local NBC affiliate, WBAL-TV. In a lead in to the story, reporter David Collins remarked: "The good news is that competition does exist. The bad news, of course, is that few consumers are aware of that."

Rate Decreases in Competitive Markets

Residents in Maryland will see their electricity rates decrease this summer as a result of Delmarva Power's ability to secure lower-priced contracts with energy suppliers through the state's competitive market. For the average residential customer, summer monthly bills will decrease by 2.3 percent, resulting in a savings of \$3.78 per month. Additionally, summer monthly bills for the company's small business customers in Maryland will decrease about 3.8 percent, on average, resulting in a savings of \$18.78 per month.

"The declining wholesale market price for fuels used to produce electricity is certainly good news for our customers, particularly during these tough economic times," said Delmarva Power President Gary R. Stockbridge in recent press reports. "We would also encourage our customers to conserve energy to help further reduce their monthly bills."

Rate Increases in Vertically Integrated Markets

The 818,000 Oregon customers in PGE's territory will see their electricity bills increase if the utility's request is approved by state regulators. The impact of the request varies widely by and within customer classes, ranging from 8.8 percent for residential customers to 8.2 percent for small businesses, 9.3 percent for large commercial customers and 2.2 percent for large industrial customers.

And Dominion North Carolina Power wants the state's Utility Commission's permission to increase the cost of electricity to thousands of North Carolina homes by 9 percent. If approved, the increase would likely take effect in January 2011.

Membership Update - COMPETE at 410

COMPETE membership continues to grow, having reached 410 this month. We would like to welcome and extend our thanks to Alternative Energy Technologies Corp. (Austin, TX); Bandgap Engineering (Waltham, MA); Every Offset (New York, NY); Langan Engineering & Environmental Services (Elmwood Park, NJ); One World Clean Energy (Louisville, KY); UtiliTech, Inc. (West Lawn, PA) and Wind Coalition (Austin, TX) who have joined since our last newsletter.

[For more information >>](#)

Membership Call to Action

COMPETE needs your help telling the coalition's story. If you're a COMPETE member who would like to share why you believe in competitive markets, or a competition success story, we'd love to hear from you. Email us at info@competecoalition.com and we will get back to you promptly.

COMPETE New Member Profile

The [Wind Coalition](#) is a non-profit association of wind developers, manufacturers and other entities interested in the development and promotion of wind energy as a clean, reliable, affordable, and infinite resource in the [Southwest Power Pool](#) and [ERCOT](#) regions of the United States. The Wind Coalition's members include many of the largest wind developers active in Texas, Oklahoma, Kansas, New Mexico, Missouri, and Arkansas, major component suppliers such as wind turbine and tower manufacturers, as well as a number of the nation's leading environmental and consumer groups.

Did You Know?

According to the U.S. Energy Information Administration's [Short Term Energy Outlook](#) report, the estimated November 2009 U.S. residential electricity price was 11.2 cents per kWh, 2.4 percent lower than November 2008. EIA projects U.S. residential electricity prices will fall by 1.0 percent in 2010, followed by an increase of 1.9 percent in 2011 resulting primarily from higher natural gas generation fuel costs.

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