



Electricity Competition IS the Public Interest



## WATT's UP? March 2010 Newsletter

### Competitive Electricity Markets Allow Innovation to Thrive

Unique characteristics of competitive electricity markets encourage innovative energy solutions to meet America's economic and environmental needs. This was the theme explored during an expert panel discussion sponsored by COMPETE at the National Press Club on March 24 in Washington, D.C.

Moderated by William Massey, former FERC Commissioner and COMPETE Counsel, panelists discussed how competitive electricity markets are driving innovation in the energy sector, particularly in the areas of clean energy, energy efficiency, demand response and smart grid technologies.

"Government needs to set goals for clean energy and energy efficiency and let markets meet the challenge," said [Dick Munson](#), Senior Vice President of [Recycled Energy Development](#), a COMPETE member. "America is based on [the spirit of competition](#). If markets were opened, we would see a flood of innovation."

"Quite simply, unless we upgrade to '[Electricity 2.0](#)' and create a new open, plug-and-play architecture for electricity, there will be no clean energy revolution. While creating the right balance between security, transparency, and access will not be easy, empowering the American people is critical to unleashing the potential of renewables," said [Michael Moynihan](#), Green Project Director, [NDN](#).

"Our nation was not created on the premise of central control, but decentralized opportunity," said [Kurt Yeager](#), Executive Director of the [Galvin Electricity Initiative](#), a COMPETE member. "Consumers must raise their voices and demand their right to choose from a variety of electricity products and services in an open, competitive marketplace, thus establishing a truly consumer-driven electric power system."

The event was covered by several trade publications, including [E&E TV](#).

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PJM State of the Market Report

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America: Powered by  
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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](http://www.competecoalition.com).

For the 11th year in a row, the PJM markets were found to have produced competitive results for 51 million consumers in 13 states and the District of Columbia.

The 2009 State of the Market Report for PJM, released by the RTO's independent Market Monitoring Unit (MMU), Monitoring Analytics, analyzed extensive market data to ensure competitive outcomes for consumers in the PJM market. Such independent oversight and analysis of the marketplace only exists in the organized competitive electricity markets that serve over two-thirds of the country.

Meanwhile, new data from the organized markets, including PJM, New York and New England, reflect continued price decreases. [In the NYISO](#), the average price in 2009 - the lowest in its 10-year history - was 49 percent lower than in 2008. The [ISO New England](#) also set a new lowest average price in 2009, which was 48 percent lower than in 2008. And [PJM's average price](#) fell over 44 percent in 2009.

[For more information >>](#)

## Cheryl LaFleur Tapped for FERC; Moeller Re-Nominated

President Obama has nominated Cheryl A. LaFleur to the Federal Energy Regulatory Commission (FERC). The White House also renominated Commissioner Philip D. Moeller to a new five-year term.

Ms. LaFleur retired in 2007 as Executive Vice President and acting CEO of National Grid USA responsible for the delivery of electricity to 3.4 million customers in the Northeast. Her previous positions at National Grid USA and its predecessor New England Electric System included Chief Operating Officer, President of the New England distribution companies, General Counsel, Senior Vice President of Retail Marketing, and Vice President of Demand-Side Management. She has been an active leader in the growth of energy efficiency and demand response programs for customers, the introduction of competitive energy markets, and efforts to strengthen service reliability and employee and public safety.

Ms. LaFleur would be the only Easterner on the five-member commission. The Senate Energy and Natural Resources Committee has not yet scheduled confirmation hearings for Ms. LaFleur and Commissioner Moeller.

[For more information >>](#)

## COMPETE Co-Chair Nickles Keynotes KEMA Forum

KEMA, a leading global energy and utility industry consultancy and a COMPETE member, will examine key business and policy issues facing retail energy markets at a two-day forum March 30-31 near Dallas, Texas. [KEMA's 21st Executive Forum: Change Through Choice](#) is focused on the current state of retail energy competition and where it is headed in the future.

The program includes a keynote speech by COMPETE Co-Chairman and former U.S. Senator [Don Nickles](#) addressing important electricity policies that preserve competition and foster innovation, efficiency, reliability and environmental benefits to meet our nation's energy and climate needs. The conference agenda also features several state public utility commissioners and a number of COMPETE member representatives.

If you are attending KEMA, be sure to stop by our booth.

[For more information >>](#)

### RECENT BLOG POSTS:

[Forbes: Competitive Markets Yielding Innovation, Lower Rates](#)

[Competition Creates "Flood" of Innovation](#)

[Investing In Innovation Moves Us Forward, Markets Move New Innovations Forward](#)

## Competition Thriving in Pennsylvania

Consumers in Pennsylvania have benefited from the removal of artificial rate caps in the state with more than 550,000 customers switching power suppliers in less than three months. There are 28 competing suppliers serving customers in PPL Electric Utilities' service area, including nine suppliers for residential customers.

"Consumers have saved money under the competitive model when compared to the traditional monopoly model," said James Cawley, Pennsylvania Public Utility Commission (PAPUC) Chairman, at a recent State Senate hearing. "It's been a great success."

Furthermore, electric rates in the Commonwealth are now 4.3 percent below the national average. When prices are adjusted for inflation, residential consumers pay 12 percent less for power now than they did in 1996, based on the latest figures from the U.S. Energy Information Administration. In the 13-state market managed by the PJM Interconnection, which includes Pennsylvania, electricity prices adjusted for the cost of fuel are 23 percent lower than they were a decade ago, and have fallen roughly 50 percent in the last year.

[For more information >>](#)

## COMPETE Members In the News

COMPETE member Jake Smeltz of the Harrisburg-based Electric Power Generation Association and Pennsylvania Public Utility Commission Chairman James Cawley penned letters (March 18 and March 16, respectively) in response to an op-ed by State Representative Bud George in the Pennsylvania Patriot News.

### **Setting facts straight about electric rates**

Rep. Camille "Bud" George said electric rates are cheaper in states that do not have electric choice. Facts: According to EIA, Pennsylvania's residential average is 11.7 cents/kWh while the average for our bordering states is 13.68 cents/kWh.

Rather than being negative about federally regulated wholesale electricity costs, let's encourage customers to save what money they can by choosing a competitive supplier and adopting energy efficiency and conservation measures.

*James H. Cawley, **Public Utility Commission** chairman*

### **Electric restructuring is providing benefits**

In his recent opinion piece ("All signs point to deregulation failure," March 7), Rep. Camille "Bud" George opines that all signs point to the fact that electric restructuring has failed. I respectfully suggest that he is misreading the signs.

Under the former monopoly regime, customers were "captive ratepayers" forced to absorb steady rate increases resulting from generation construction cost overruns, operational inefficiencies and imprudent investment decisions. Electric restructuring shifted all those risks to private investors where they belong. In return, customers have received real and measurable benefits.

*Jake Smeltz, **Electric Power Generation Association**, Harrisburg*

COMPETE membership continues to grow, having reached 416 this month. We would like to welcome and extend our thanks to [Atlantis Energy Systems Inc.](#) (Poughkeepsie, NY); [DynGlobal LLC](#) (Newport Beach, CA); [Electric Advisors, Inc.](#) (Bethesda, MD); [EUCI - Electric Utility Consultants](#) (Denver, CO); [National Energy Brokers Organization](#) (Bethlehem, PA) 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](mailto:info@competecoalition.com) and we will get back to you promptly.

## COMPETE New Member Profile

[DynGlobal](#) provides clean, safe drinking water and renewable energy solutions to those facing environmental challenges, including disaster recovery, in communities around the world. DynGlobal has partnered with the world's leading suppliers - GE, Dow Chemicals and GenPro Energy - to implement leading water purification and renewable energy solutions. It is focused on developing innovative, cost-effective solutions that ensure the availability, affordability and quality of water and energy resources for all its customers.

## Did You Know?

A rebate program designed to encourage Americans to make their homes more energy efficient was approved by a U.S. House of Representatives subcommittee March 24, taking it one step closer to becoming reality. Known as "[HomeStar](#)," or "Cash for Caulkers," the program would provide rebates ranging from \$50 to \$3,000 for homeowners to hire firms to install new heating and air conditioning systems, and to replace old windows and doors.

The Obama Administration applauded the effort as a step toward energy-conservation and decreased dependence on foreign energy. It also noted the program's potential for creating new jobs. "It is a common-sense approach that will help jump-start job creation while making our economy stronger," President Obama said in recent press reports.

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