



# **Competitive Market Status Report**

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# Overview

- Status of Wholesale Electricity Markets
  - FERC's SMD proposal
  - RTOs
- Retail Electricity Competition Report Card
  - Competition
  - Green Power Options
  - “Greening” the grid
- Expectations



# **Standard Market Design And RTO Report**



# FERC Standard Market Design Status

- FERC issued SMD NOPR in 2002.
- Backlash from SE and NW states delayed process.
- New language from FERC failed to quell political opposition. Congress drafted language barring implementation for at least 2 years.
- May 03 FERC Issued “Market Platform” White Paper and new schedule.
- June 03 DC Circuit Court ruling saying FERC has no authority to order utility to join/leave RTO, must be voluntary, is upheld. RTOs are key to SMD.
- STATUS: Essentially dead as policy, may be implemented piecemeal.



# Future of RTOs

- FERC White Paper documents value from allowing “cheap” power to flow to high-cost areas, even if RTO adds costs.
- DOE Paper shows similar advantages, although it recognizes customers in “cheap” states will pay more. However, overall cost of RTOs is marginal (no huge savings predicted).
- Absent SMD, RTO formation will be slow and non-uniform across the country.



# RTO Report

- **Only 2 Approved RTOs**
  - PJM (Penn, NJ, Maryland)
    - Nation's first fully functioning RTO in 2001
    - Serves 25 million people in 7 states and District of Columbia
  - MISO (Midwest Independent System Operator)
    - Nation's first approved RTO (2001)
    - Will begin Fall 2004
    - Serves 15 states and parts of Canada
- **4 Pending**
  - ISO New England
  - New York ISO
  - California ISO
  - Electric Reliability Council of Texas
- **4 dubious**
  - RTO West
  - West Connect
  - Crescent Moon
  - SE RTO



# **Retail Electricity Markets**

Competitive Supplies



# Summary Report Card

- 21 states with some sort of access
- 17 states with Provider of Last Resort service
- Transition Periods
  - 1 state with suspended transition
  - 4 states with completed transitions/no transition period
  - 7 states with transitions ending between 2003-2005
  - 8 states with transitions ending between 2006-2010
  - 1 state with transition ending after 2010
- All choice states offer green power options
- 8 choice states with an RPS
- 7 states with “double digit” C or I participation
- Most small customers still on default/SOS services



# Arizona

<b>Choice Start Date</b>  January 2001	<b>End of Transition</b>  1999-June 2003 (APS) 1999-2008 (TEP)	<b>POLR Service</b>  Yes
<b>Customer Participation</b>  Information Unavailable	<b>RPS</b>  0.2 in 2001, rising 0.2% per year to 1% in 2005, and to 1.05% in 2006, then to 1.1% in 2007 through 2012	<b>Green Power Option</b>  Yes



# California

<p><b>Choice Start Date</b></p> <p><b>March 1998</b>  <b>(Direct Access suspended beginning September 2001)</b></p>	<p><b>End of Transition</b></p> <p><b>Originally capped from 1998-2002</b></p>	<p><b>POLR Service</b></p> <p><b>Yes</b></p>
<p><b>Customer Participation*</b>          (as of May 31, 2003)</p> <p><b>Commercial &lt;20 kW: 1%</b>  <b>Commercial 20-500 kW: 5.5%</b>  <b>Industrial &gt;500 kW: 21.3%</b></p> <p>Source:  <a href="http://www.cpuc.ca.gov/static/industry/electric/electric+markets/direct+access/dasrs_present.htm">http://www.cpuc.ca.gov/static/industry/electric/electric+markets/direct+access/dasrs_present.htm</a></p>	<p><b>RPS</b></p> <p><b>Utilities must purchase 20% from renewable resources by 2017 (must increase use of renewables by 1% each year).</b></p>	<p><b>Green Power</b></p> <p><b>Yes</b></p>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Connecticut

<b>Choice Start Date</b>  July 2000	<b>End of Transition</b>  December 2006	<b>POLR Service</b>  Yes
<b>Customer Participation</b>  Information Unavailable	<b>RPS</b>  0.5% takes effect in July 2000, increasing to 1% by July 2002, 3% by 2006, and 6% by July 2009	<b>Green Power Option</b>  No



# Delaware

<b>Choice Start Date</b>	<b>End of Transition</b>	<b>POLR Service</b>
<b>April 2001</b>	<b>March 2005</b>	<b>No</b>
<b>Customer Participation*</b> (as of May 2003)	<b>RPS</b>	<b>Green Power Option</b>
<b>Non-residential: &lt;1%</b>	<b>No</b>	<b>Yes</b>
<b>Source:</b> <a href="http://www.state.de.us/delpsc/major/del%20elec%20enrollment6.htm">http://www.state.de.us/delpsc/major/del%20elec%20enrollment6.htm</a>		

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Illinois

<b>Choice Start Date</b>  May 2002	<b>End of Transition</b>  December 2006 (June 2003 for large C&I Com-Ed customers)	<b>POLR Service</b>  Yes
<b>Customer Participation*</b> (as of May/June, 2003)  Small C&I: 1.8% Large C&I: 20.27%  Source: <a href="http://www.icc.state.il.us/ec/switchstats.as">http://www.icc.state.il.us/ec/switchstats.as</a> PX	<b>RPS</b>  No	<b>Green Power Option</b>  Yes

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Maine

<b>Choice Start Date</b>  <b>March 2000</b>	<b>End of Transition</b>  <b>March 2005</b>	<b>POLR Service</b>  <b>Yes</b>
<b>Customer Participation*</b> (as of July 2003)  <b>Medium: 17.8%</b> <b>Large: 52.3%</b>  Source: <a href="http://www.state.me.us/mpuc/electric%20restructuring/Migration%20Rates%20Monthly.pdf">http://www.state.me.us/mpuc/electric%20restructuring/Migration%20Rates Monthly.pdf</a>	<b>RPS</b>  <b>30% of retail sales in 2000 and thereafter as a condition of licensing</b>	<b>Green Power Option</b>  <b>No</b>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Maryland

<b>Choice Start Date</b>  July 2002	<b>End of Transition</b>  December 2004	<b>POLR Service</b>  Yes
<b>Customer Participation*</b> (as of June 2003)  Non-residential: 5.1%  Source: <a href="http://www.psc.state.md.us/psc/electric/enrollmentrpt.htm">http://www.psc.state.md.us/psc/electric/enrollmentrpt.htm</a>	<b>RPS</b>  No	<b>Green Power Option</b>  Yes

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Massachusetts

Choice Start Date	End of Transition	POLR Service
March 1998	February 2005	Yes
<p data-bbox="304 727 630 885"><b>Customer Participation*</b> (as of May 2003)</p> <p data-bbox="262 950 672 1136"> <b>Small C&amp;I: 8.17%</b>  <b>Medium C&amp;I: 8.5%</b>  <b>Large C&amp;I: 20.6%</b> </p> <p data-bbox="252 1193 672 1307">           Source:  <a href="http://www.state.ma.us/doer/pub_info/migrate.htm">http://www.state.ma.us/doer/pub_info/migrate.htm</a> </p>	<p data-bbox="997 722 1102 771"><b>RPS</b></p> <p data-bbox="724 868 1386 1372"> <b>State Renewables Portfolio Standard Renewables Requirement 1% of sales in new renewables in 2003 or 1 year after any renewable is within 10% of average spot market price, and increasing by 0.5% per year to 4% by 2009 and 1% per year thereafter</b> </p>	<p data-bbox="1480 722 1785 836"><b>Green Power Option</b></p> <p data-bbox="1585 933 1669 982">Yes</p>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Michigan

<p><b>Choice Start Date</b></p> <p><b>January 2002</b></p>	<p><b>End of Transition</b></p> <p><b>Rate freeze ends 2004, but rate cap in place through 2013</b></p>	<p><b>POLR Service</b></p> <p><b>Yes</b></p>
<p><b>Customer Participation*</b> (as of May 2003)</p> <p><b>Commercial: 0.25 – 4.7%</b> <b>Industrial: 1.4 – 8.8%</b></p> <p>Source: <a href="http://www.cis.state.mi.us/mpsc/electric/restruct/reports/comprpt1stqtr2003.pdf">http://www.cis.state.mi.us/mpsc/electric/restruct/reports/comprpt1stqtr2003.pdf</a></p>	<p><b>RPS</b></p> <p><b>No</b></p>	<p><b>Green Power Option</b></p> <p><b>Yes</b></p>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Montana

<b>Choice Start Date</b>  July 2007 (since 1998 for large customers - over 1 MW)	<b>End of Transition</b>  July 2007	<b>POLR Service</b>  Yes
<b>Customer Participation</b>  Information Unavailable	<b>RPS</b>  No	<b>Green Power Option</b>  Yes



# New Hampshire

<b>Choice Start Date</b>	<b>End of Transition</b>	<b>POLR Service</b>
May 2001 (for PSNH, 1998-2003 for other utilities)	February 2006 (for PSNH)	Yes
<b>Customer Participation</b>	<b>RPS</b>	<b>Green Power Option</b>
Information Unavailable	No	Yes



# New Jersey

<b>Choice Start Date</b>  November 1999	<b>End of Transition</b>  August 2003	<b>POLR Service</b>  Yes
<b>Customer Participation*</b> (as of June 2003)  Non-residential: <1%  Source: <a href="http://www.bpu.state.nj.us/energy/elecSwitchData.shtml">http://www.bpu.state.nj.us/energy/elecSwitchData.shtml</a>	<b>RPS</b>  0.5% took effect in 2001, increasing to 1% by 2006, then increases by 0.5% per year to 4% by 2012	<b>Green Power Option</b>  Yes

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# New York

<b>Choice Start Date</b>  2002	<b>End of Transition</b>  January 2002	<b>POLR Service</b>  No
<b>Customer Participation*</b> (as of May 2003)  Non-Residential: 7.8%	<b>RPS</b>  No	<b>Green Power Option</b>  Yes

Source:  
[http://www.dps.state.ny.us/Electric\\_RA\\_Migration.htm](http://www.dps.state.ny.us/Electric_RA_Migration.htm)

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Ohio

<b>Choice Start Date</b>	<b>End of Transition</b>	<b>POLR Service</b>
<b>January 2001</b>	<b>December 2005</b>	<b>Yes</b>
<b>Customer Participation*</b> (as of March 2003)  <b>Commercial: 18.85%</b> <b>Industrial: 6.14%</b>  Source: <a href="http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/Summary%20of%20Switch%20Rates%20CUS%201Q2003%2003-06-13.pdf">http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/Summary of Switch Rates CUS 1Q2003 03-06-13.pdf</a>	<b>RPS</b>  <b>No</b>	<b>Green Power Option</b>  <b>Yes</b>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Oregon

<b>Choice Start Date</b>	<b>End of Transition</b>	<b>POLR Service</b>
<b>March 2002</b>	<b>N/A</b>	<b>Yes</b>
<b>Customer Participation*</b> (as of July 2003)	<b>RPS</b>	<b>Green Power Option</b>
<b>No Direct Access Customers</b>	<b>No</b>	<b>Yes</b>
<b>Source:</b> <a href="http://www.puc.state.or.us/erestruc/statrpt/2003/0703rpt.pdf">http://www.puc.state.or.us/erestruc/statrpt/2003/0703rpt.pdf</a>		

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Pennsylvania

\*Customer Participation measured as percent of customers switched to third-party suppliers.

<p><b>Choice Start Date</b></p> <p><b>2000</b></p>	<p><b>End of Transition</b></p> <p><b>2010 (depending on utility)</b></p>	<p><b>POLR Service</b></p> <p><b>Yes</b></p>																								
<p><b>Customer Participation*</b> (as of July 2003)</p> <table border="1"> <thead> <tr> <th></th> <th>Commercial</th> <th>Industrial</th> </tr> </thead> <tbody> <tr> <td>Allegheny Power</td> <td>0.1</td> <td>0.0</td> </tr> <tr> <td>Duquesne Light</td> <td>18.9</td> <td>36.6</td> </tr> <tr> <td>MetEd/Penelec</td> <td>0.1</td> <td>2.5</td> </tr> <tr> <td>PECO Energy</td> <td>43.9</td> <td>5.3</td> </tr> <tr> <td>Penn Power</td> <td>0.2</td> <td>0.0</td> </tr> <tr> <td>PPL</td> <td>1.2</td> <td>1.9</td> </tr> <tr> <td>UGI</td> <td>0.0</td> <td>0.0</td> </tr> </tbody> </table> <p>Source: <a href="http://www.oca.state.pa.us/cinfo/stats0703.pdf">http://www.oca.state.pa.us/cinfo/stats0703.pdf</a></p>		Commercial	Industrial	Allegheny Power	0.1	0.0	Duquesne Light	18.9	36.6	MetEd/Penelec	0.1	2.5	PECO Energy	43.9	5.3	Penn Power	0.2	0.0	PPL	1.2	1.9	UGI	0.0	0.0	<p><b>RPS</b></p> <p><b>For PECO, West Penn, and PP&amp;L, 20% of residential customers served by competitive default provider: 2% in 2001, increasing 0.5% per year; for GPU, 0.2% in 2001 for 20% of customers, increasing to 80% in 2004</b></p>	<p><b>Green Power Option</b></p> <p><b>Yes</b></p>
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# Rhode Island

<b>Choice Start Date</b>  July 1998	<b>End of Transition</b>  December 2009	<b>POLR Service</b>  Yes
<b>Customer Participation</b>  Information Unavailable	<b>RPS</b>  No	<b>Green Power Option</b>  Yes



# Texas

<p><b>Choice Start Date</b></p> <p><b>January 2002</b></p>	<p><b>End of Transition</b></p> <p><b>January 2002</b></p>	<p><b>POLR Service</b></p> <p><b>Yes</b></p>
<p><b>Customer Participation*</b> (as of July 2003)</p> <p><b>Non-Residential: nearly 50%</b></p> <p>Source: <a href="http://www.powertochoose.org/media/press.asp?aid=128f&amp;pageid=1">http://www.powertochoose.org/media/press.asp?aid=128f&amp;pageid=1</a></p>	<p><b>RPS</b></p> <p><b>1280 MW of generating capacity from renewable technologies by January 2003; increasing to 1730 MW by January 2005, 2280 MW by January 2007, and 2880 MW by January 2009 (equal to 3%)</b></p>	<p><b>Green Power Option</b></p> <p><b>Yes</b></p>

\*Customer Participation measured as percent of customers switched to third-party suppliers.



# Washington

<b>Choice Start Date</b>	<b>End of Transition</b>	<b>POLR Service</b>
<b>April 2001</b> <b>(only for PSE customers</b> <b>with &gt;10 MW loads)</b>	<b>N/A</b>	<b>N/A</b>
<b>Customer Participation</b>	<b>RPS</b>	<b>Green Power Option</b>
<b>Information Unavailable</b>	<b>No</b>	<b>Yes</b>



# Washington D.C.

<b>Choice Start Date</b>  January 2001	<b>End of Transition</b>  February 2005 (2007 for low-income)	<b>POLR Service</b>  No
<b>Customer Participation*</b> (as of June 2003)  Non-Residential: 16.7%  Source: <a href="http://www.dcpsc.org/ci/cch/elec/sumstats_no_cons.PDF">http://www.dcpsc.org/ci/cch/elec/sumstats_no_cons.PDF</a>	<b>RPS</b>  No	<b>Green Power Option</b>  Yes

\*Customer Participation measured as percent of customers switched to third-party suppliers.



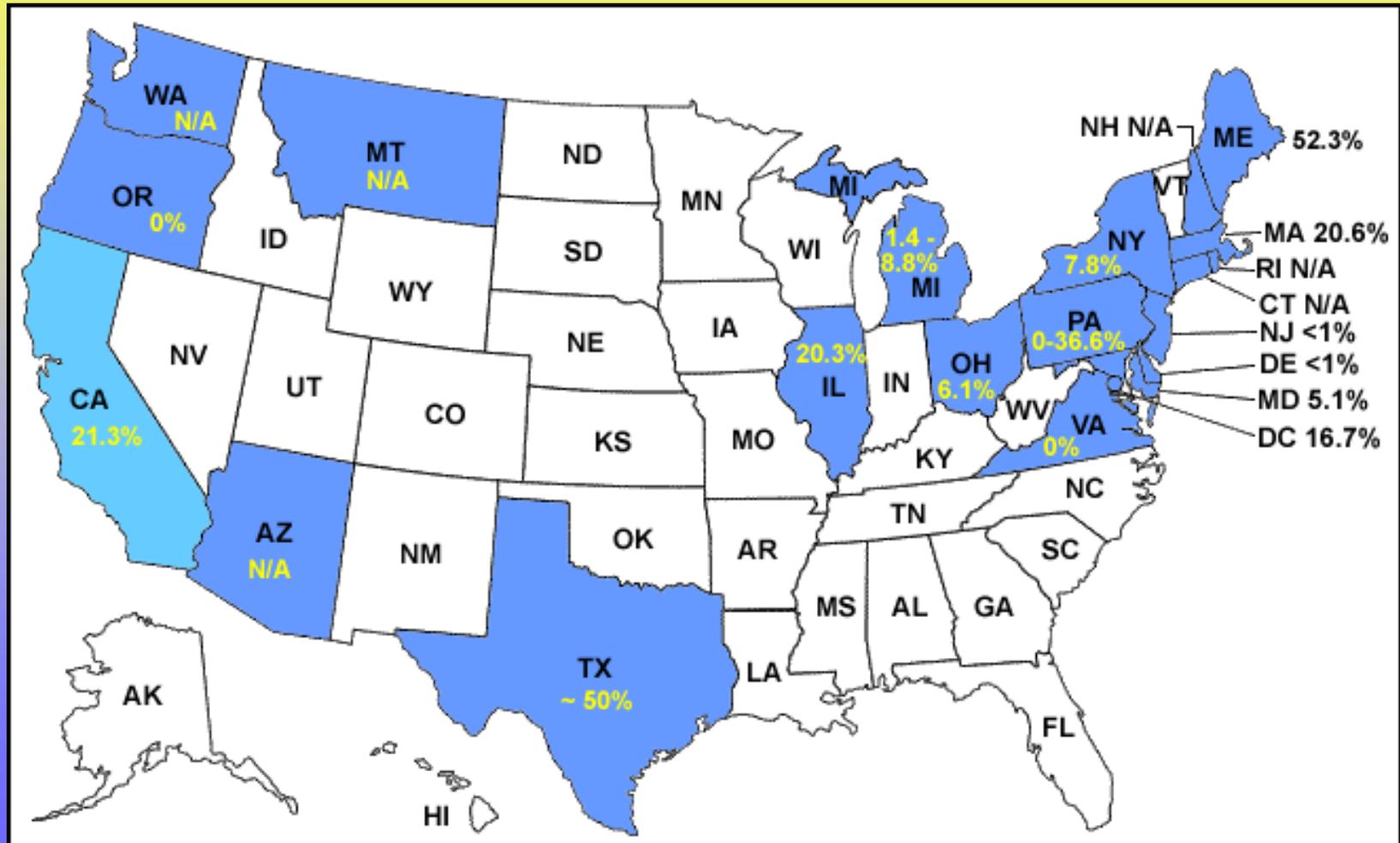
# Virginia

<p><b>Choice Start Date</b></p> <p><b>January 2003</b>  <b>January 2004 for Kentucky Utilities and Co-ops/Munis</b></p>	<p><b>End of Transition</b></p> <p><b>July 2007</b></p>	<p><b>POLR Service</b></p> <p><b>Yes</b></p>
<p><b>Customer Participation*</b>          (as of August 2003)</p> <p><b>Small C&amp;I: &lt;1%</b>  <b>Large C&amp;I: 0%</b></p> <p>Source:  <a href="http://www.dom.com/customer/vapower/energychoice/dashboard.jsp">http://www.dom.com/customer/vapower/energychoice/dashboard.jsp</a></p>	<p><b>RPS</b></p> <p><b>No</b></p>	<p><b>Green Power Option</b></p> <p><b>Yes</b></p>

\*Customer Participation measured as percent of customers switched to third-party suppliers.

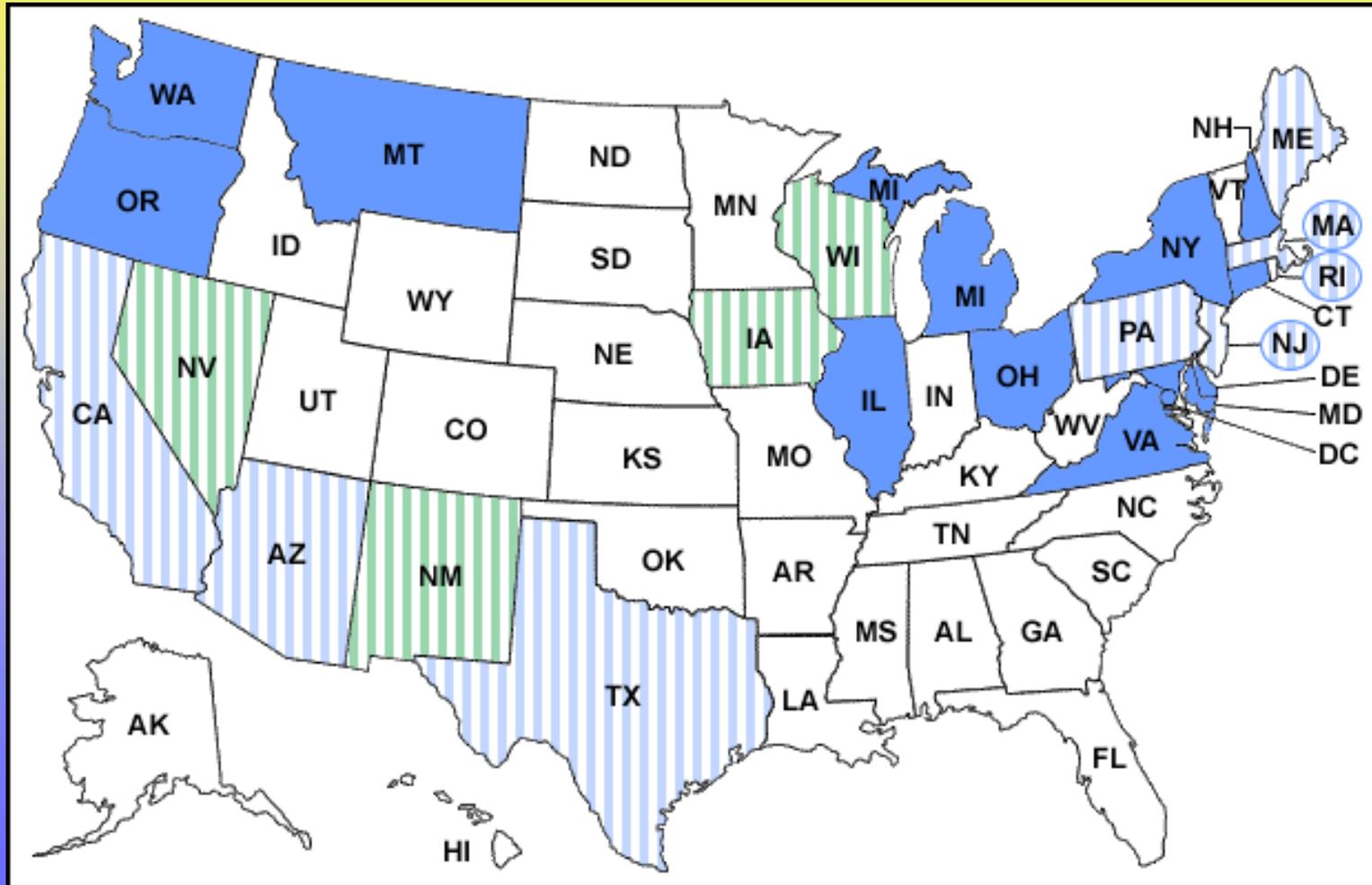


# Choice States & Participation Rates





# Customer Choice & RPS







# End of Transition Period

