



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

Choice Start Date	End of Transition	POLR Service
January 2001	1999-June 2003 (APS) 1999-2008 (TEP)	Yes
Customer Participation	RPS	Green Power Option
Information Unavailable	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	Yes



California

Choice Start Date	End of Transition	POLR Service
March 1998 (Direct Access suspended beginning September 2001)	Originally capped from 1998-2002	Yes
Customer Participation* (as of May 31, 2003)	RPS	Green Power
Commercial <20 kW: 1% Commercial 20-500 kW: 5.5% Industrial >500 kW: 21.3%	Utilities must purchase 20% from renewable resources by 2017 (must increase use of renewables by 1% each year).	Yes

Source:
http://www.cpuc.ca.gov/static/industry/electric/electric-markets/direct-access/diars_presentation.htm

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



Connecticut

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



Delaware

Choice Start Date	End of Transition	POLR Service
April 2001	March 2005	No
Customer Participation* (as of May 2003)	RPS	Green Power Option
Non-residential: <1%	No	Yes

Source:
<http://www.state.de.us/delinc/major/del%20elec%20development.htm>

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



Illinois

Choice Start Date	End of Transition	POLR Service
May 2002	December 2006 (June 2003 for large C&I Com-Ed customers)	Yes
Customer Participation* (as of May/June, 2003)	RPS	Green Power Option
Small C&I: 1.8% Large C&I: 20.27%	No	Yes

Source:
<http://www.icc.state.il.us/icc/switchstat.asp>

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



Maine

Choice Start Date	End of Transition	POLR Service
March 2000	March 2005	Yes
Customer Participation* (as of July 2003)	RPS	Green Power Option
Medium: 17.8% Large: 52.3%	30% of retail sales in 2000 and thereafter as a condition of licensing	No

Source:
http://www.state.me.us/immuc/electric%20restructuring/Migration%20Rates_Main%20by.pdf

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



Maryland

Choice Start Date	End of Transition	POLR Service
July 2002	December 2004	Yes
Customer Participation* (as of June 2003)	RPS	Green Power Option
Non-residential: 5.1%	No	Yes

Source:
<http://www.psc.state.md.us/psc/electric/central/central.htm>

*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
Customer Participation* (as of May 2003)	RPS	Green Power Option
Small C&I: 8.17% Medium C&I: 8.5% Large C&I: 20.6%	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	Yes

Source:
http://www.state.ma.us/daer/riab_info/migrate.htm

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



Michigan

Choice Start Date	End of Transition	POLR Service
January 2002	Rate freeze ends 2004, but rate cap in place through 2013	Yes
Customer Participation* (as of May 2003)	RPS	Green Power Option
Commercial: 0.25 – 4.7% Industrial: 1.4 – 8.8%	No	Yes

Source:
<http://www.cic.state.mi.us/micp/electric/rstruc/reports/comparat/Jan02/2003.pdf>

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



Montana

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



New Hampshire

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



New Jersey

Choice Start Date	End of Transition	POLR Service
November 1999	August 2003	Yes
Customer Participation* (as of June 2003)	RPS 0.5% took effect in 2001, increasing to 1% by 2006, then increases by 0.5% per year to 4% by 2012	Green Power Option
Non-residential: <1%		Yes

Source:
<http://www.bm.state.nj.us/energy/elecStatichData.shtml>

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



New York

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

Source:
http://www.dps.state.ny.us/Electric_RA_Migration.htm

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



Ohio

Choice Start Date	End of Transition	POLR Service
January 2001	December 2005	Yes
Customer Participation* (as of March 2003)	RPS	Green Power Option
Commercial: 18.85% Industrial: 6.14%	No	Yes

Source:
http://www.pucso.ohio.gov/emp/library/files/URL/MS/MonitoringElecCustSwitchRates/Summary_of_Switch_Rates_CUS_102003_03-06-13.pdf

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



Oregon

Choice Start Date	End of Transition	POLR Service
March 2002	N/A	Yes
Customer Participation* (as of July 2003)	RPS	Green Power Option
No Direct Access Customers	No	Yes

Source:
<http://www.puc.state.or.us/erestruc/statrpt/2003M703rpt.pdf>

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



Pennsylvania

Choice Start Date	End of Transition	POLR Service																								
2000	2010 (depending on utility)	Yes																								
Customer Participation* (as of July 2003)	RPS	Green Power Option																								
<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>		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	For PECO, West Penn, and PP&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	Yes
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*Customer Participation measured as percent of customers switched to third-party suppliers.

Source:
<http://www.puc.state.pa.us/cinfo/stat03/703.pdf>



Rhode Island

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



Texas

Choice Start Date	End of Transition	POLR Service
January 2002	January 2002	Yes
Customer Participation*	RPS	Green Power Option
(as of July 2003) Non-Residential: nearly 50%	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%)	Yes

Source:
http://www.powerchoices.org/media/press_releases/03-12-28_mwcd.html

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



Washington

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



Washington D.C.

Choice Start Date	End of Transition	POLR Service
January 2001	February 2005 (2007 for low-income)	No
Customer Participation*	RPS	Green Power Option
(as of June 2003) Non-Residential: 16.7%	No	Yes

Source:
http://www.dpsdc.org/ci/cch/dcc/bumstats_no.com.PDF

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



Virginia

Choice Start Date	End of Transition	POLR Service
January 2003 January 2004 for Kentucky Utilities and Co-ops/Munis	July 2007	Yes
Customer Participation*	RPS	Green Power Option
(as of August 2003) Small C&I: <1% Large C&I: 0%	No	Yes

Source:
<http://www.dem.com/customer/vapower/choicechoices/dashboard.jsp>

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



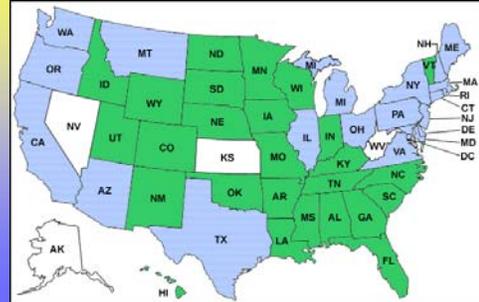
Choice States & Participation Rates



2003 Energy Customer Choice & RPS



2003 Energy Green Power "Choice"



2003 Energy End of Transition Period

