

# **RETAIL ELECTRIC CHOICE: PROVEN, GROWING, SUSTAINABLE**

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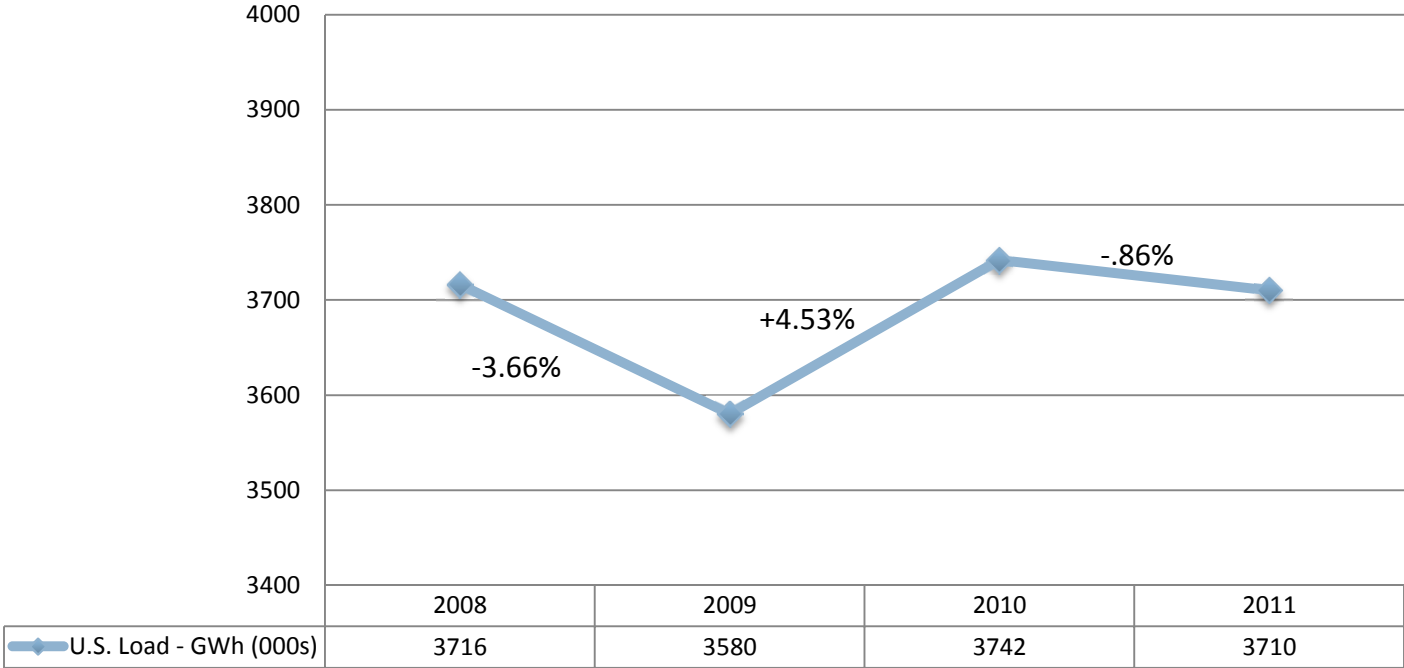
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# **THE ELECTRIC CHOICE SURGE: IN 18 CHOICE STATES -- 2008-2011**

- During the economic slowdown overall U.S. electricity use in 2011 no greater than 2008
- Yet electric choice volumes have grown 40%
- Competitive retail load has grown by 200 million MWh – 488mm MWh to 685mm MWh
- Competitive customer accounts have grow 53% - from 8.7 million to 13.3 million
- 18% of all U.S. load served competitively.

# ELECTRICITY USE FLATLINED DURING THE ECONOMIC SLOWDOWN

**Chart 1: No Growth in Total Continental U.S. Electricity Load 2008-2011**

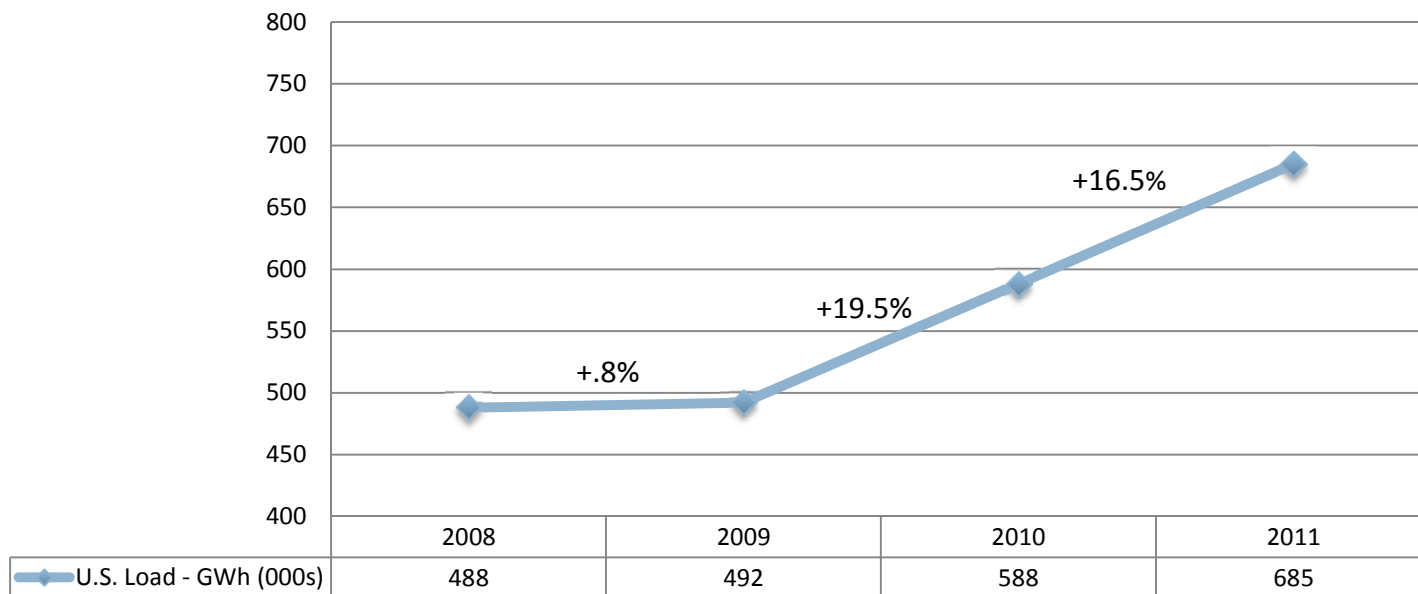


Source: U.S. Energy Information Administration (EIA)



# ELECTRICITY CHOICE LOAD HAS SURGED 200 MILLION MWH – 40%

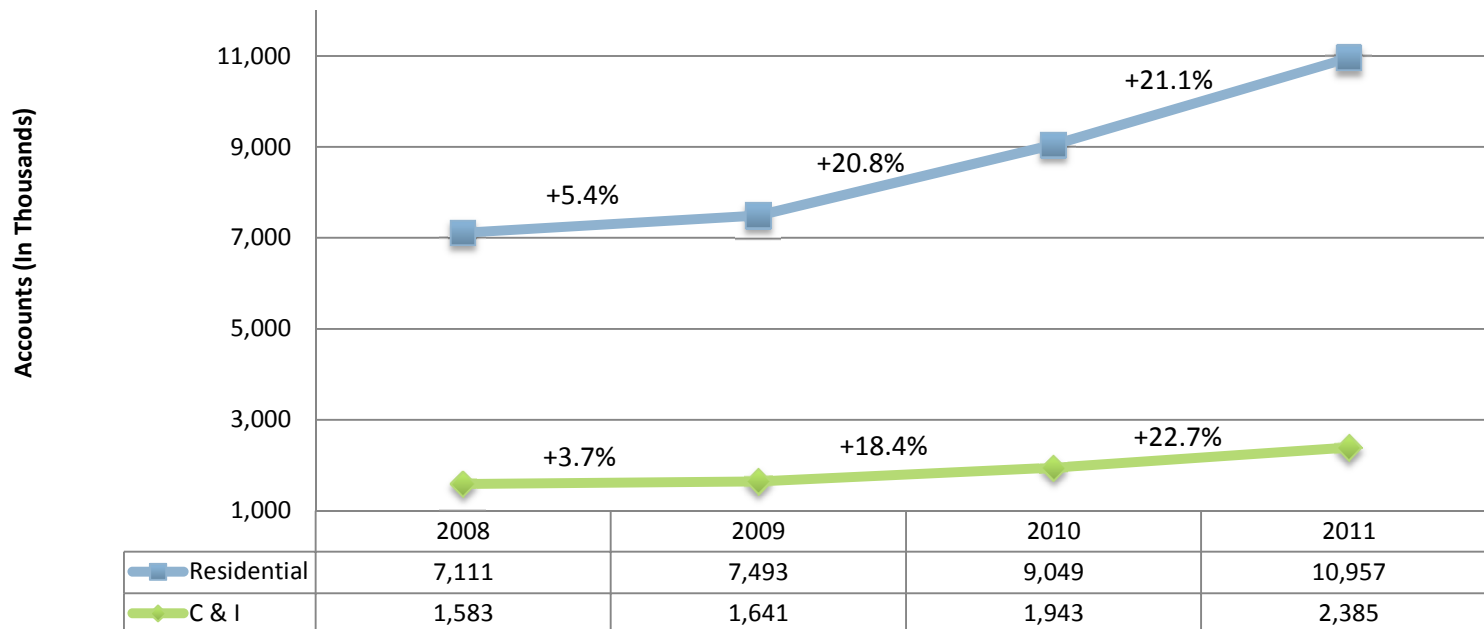
**Chart 2: 40% Growth in Retail Competitive Electricity Load (18 Jurisdictions) 2008-2011  
(% year over year)**



Source: KEMA Retail Energy Outlook, January 2012

# 4.6 MILLION MORE COMPETITIVE CHOICE CUSTOMERS 2008-2011

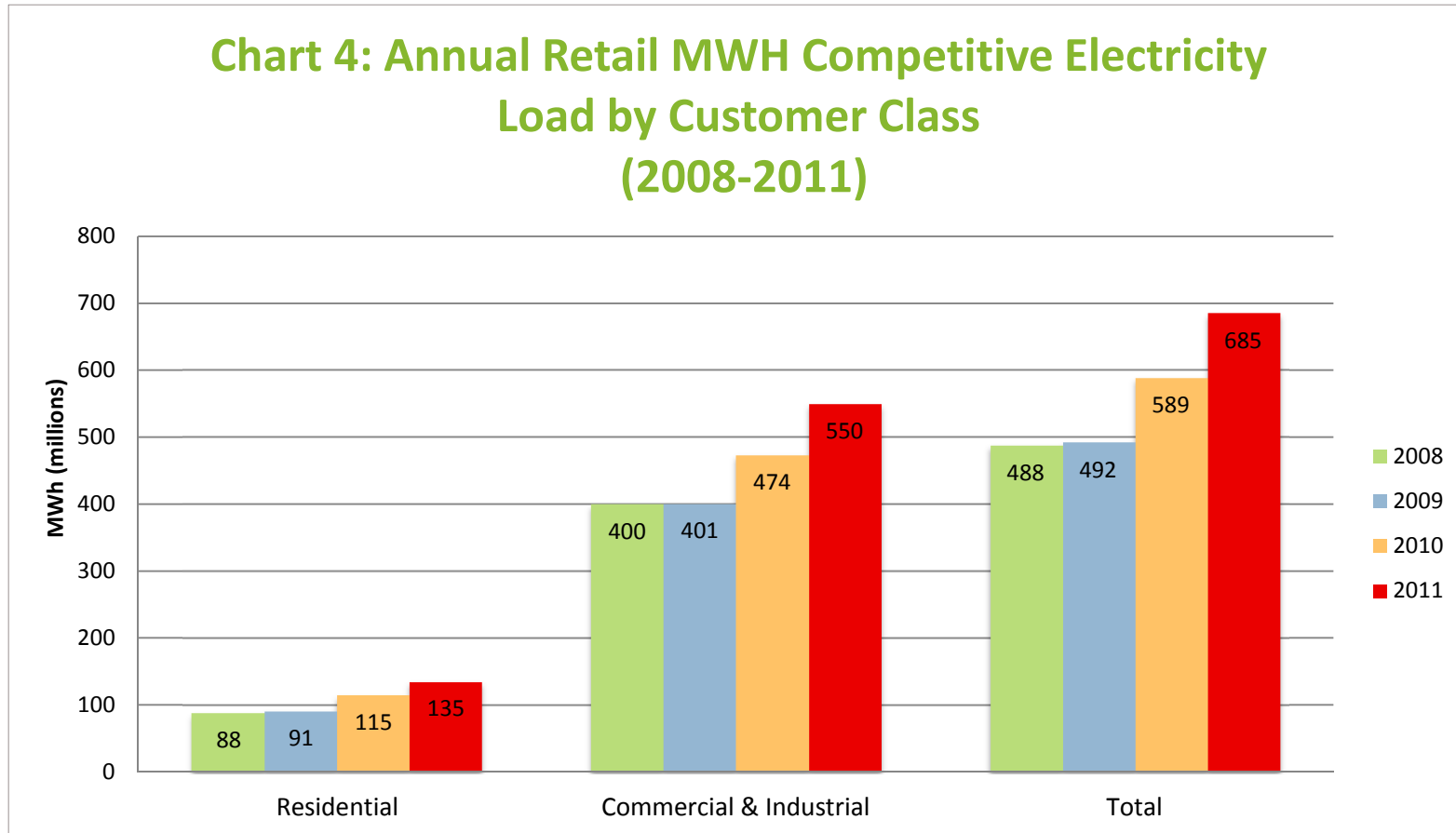
**Chart 3: 53% Growth in Competitive Retail Electricity Customer Accounts 2008-2011 (% year over year)**



Source: KEMA Retail Energy Outlook, January 2012

# THE CHOICE SURGE IS IN C&I AND RESIDENTIAL 2008-2011

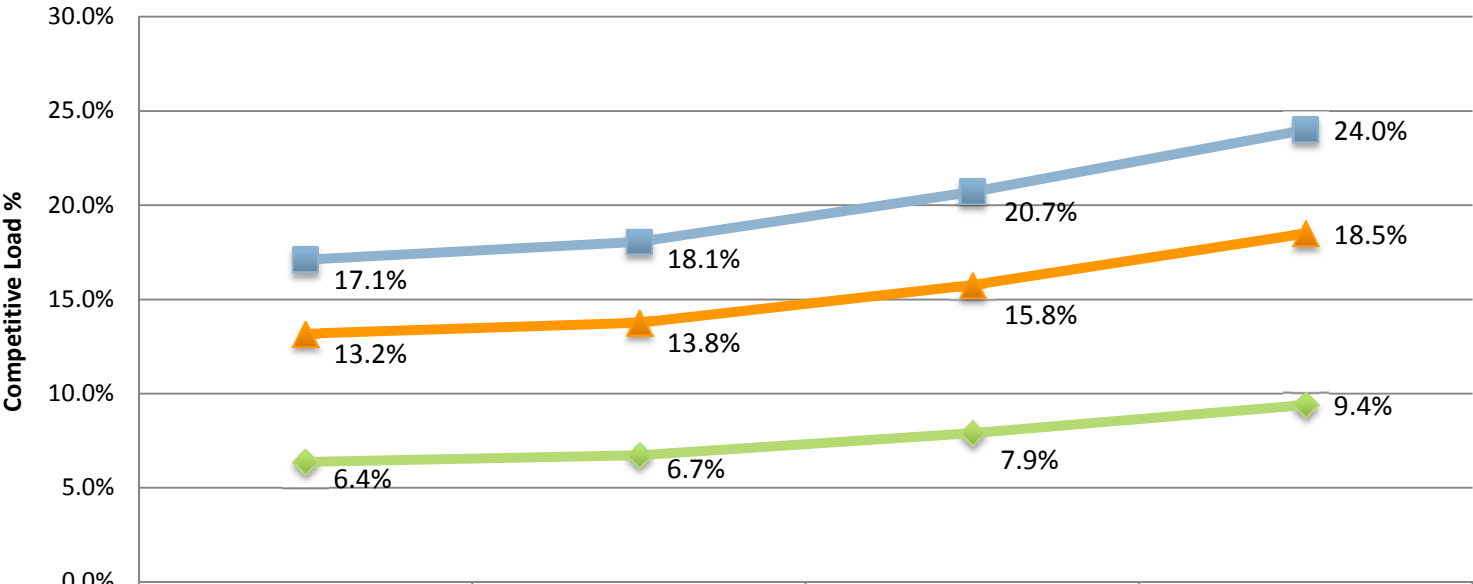
Chart 4: Annual Retail MWh Competitive Electricity Load by Customer Class (2008-2011)



Source: KEMA Retail Energy Outlook, January 2012

# 18% OF U.S. LOAD SERVED COMPETITIVELY

Chart 5: Competitive Load as a % of Total Continental U.S. (2008-2011)



	2008	2009	2010	2011
C & I	17.1%	18.1%	20.7%	24.0%
Total	13.2%	13.8%	15.8%	18.5%
Residential	6.4%	6.7%	7.9%	9.4%

Source: KEMA Retail Energy Outlook, January 2012 and EIA



# **RULES OF THE GAME**

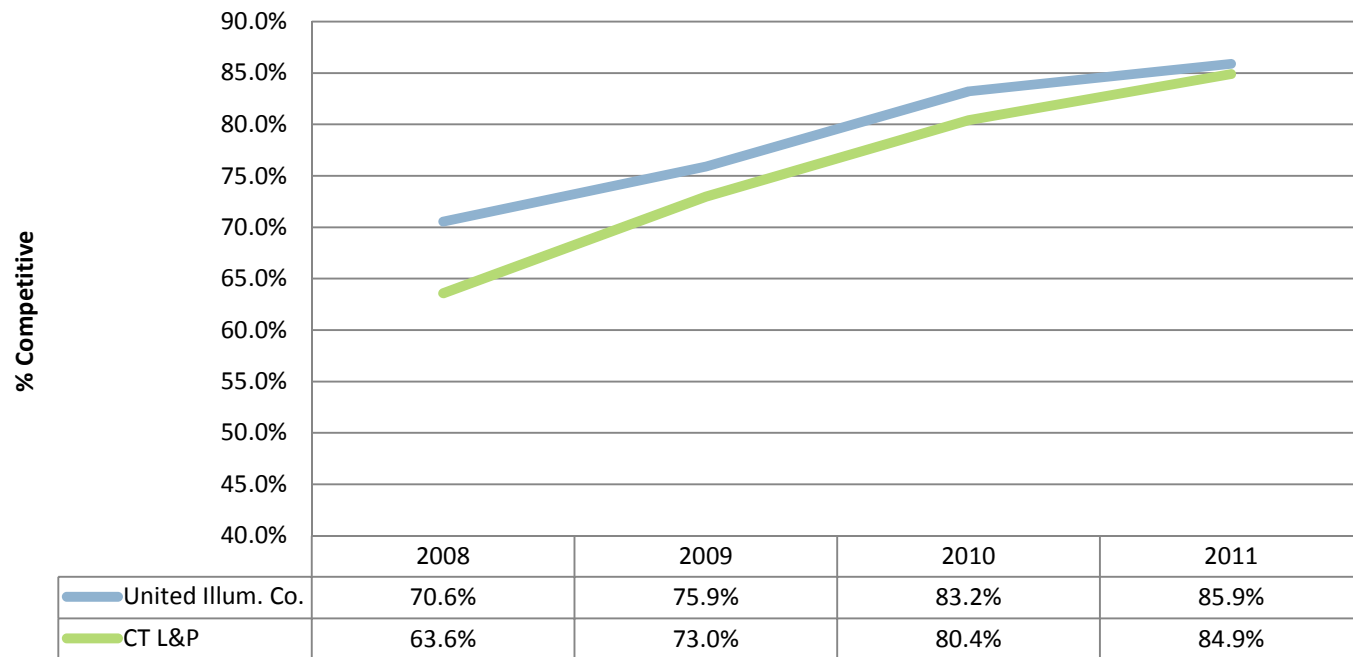
## **MAKE THE DIFFERENCE**

- **State and Federal Regulators have been harmonizing rules and achieving consistency**
- Stable regulation and clear rules
- Wholesale competition & open access
- Cost-based delivery rates (no cross-subsidies)
- Market-based default service
- Customer Data & Electronic Data Interchange
- Utility Consolidated Billing (UCB) and Purchase of Receivables (POR)
- Customer Education & Promotion of Choice



# CONNECTICUT: C&I AND RESIDENTIAL CHOICE GROWING IN TANDEM

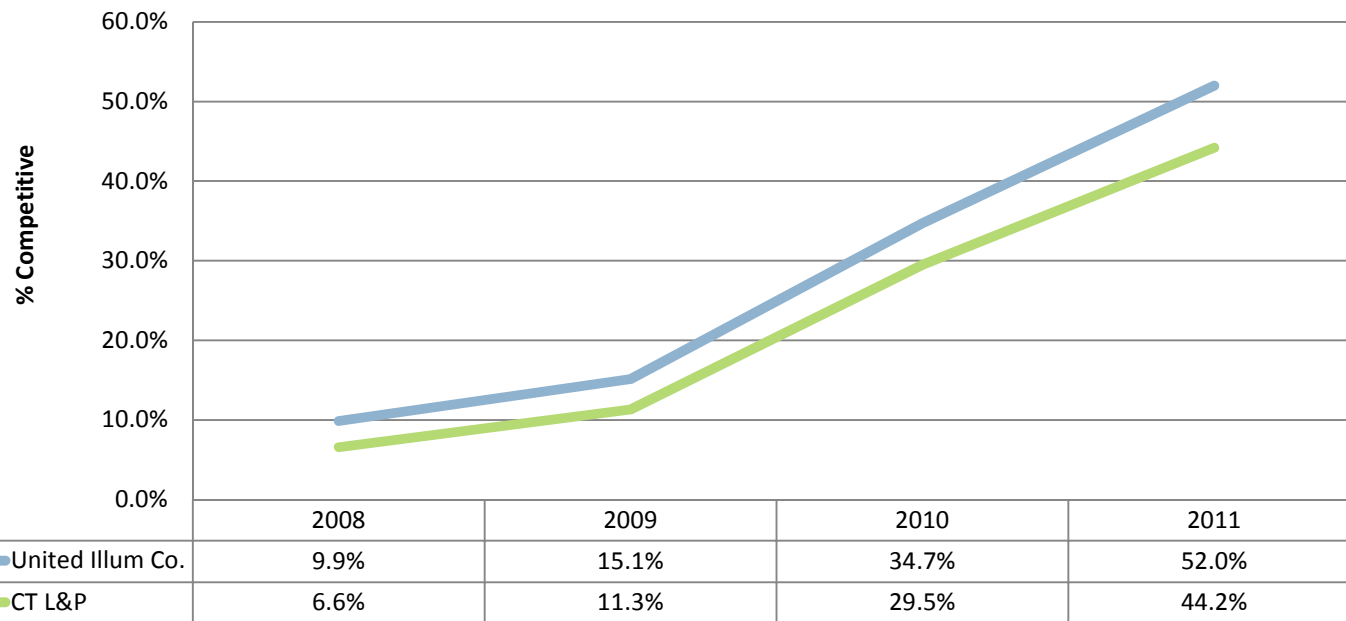
**Chart 6: Connecticut  
% of Eligible C & I Load Served Competitively (2008-2011)**



Source: KEMA Retail Energy Outlook, January 2012

# CONNECTICUT: MARKET-BASED DEFAULT & EASY SHOPPING

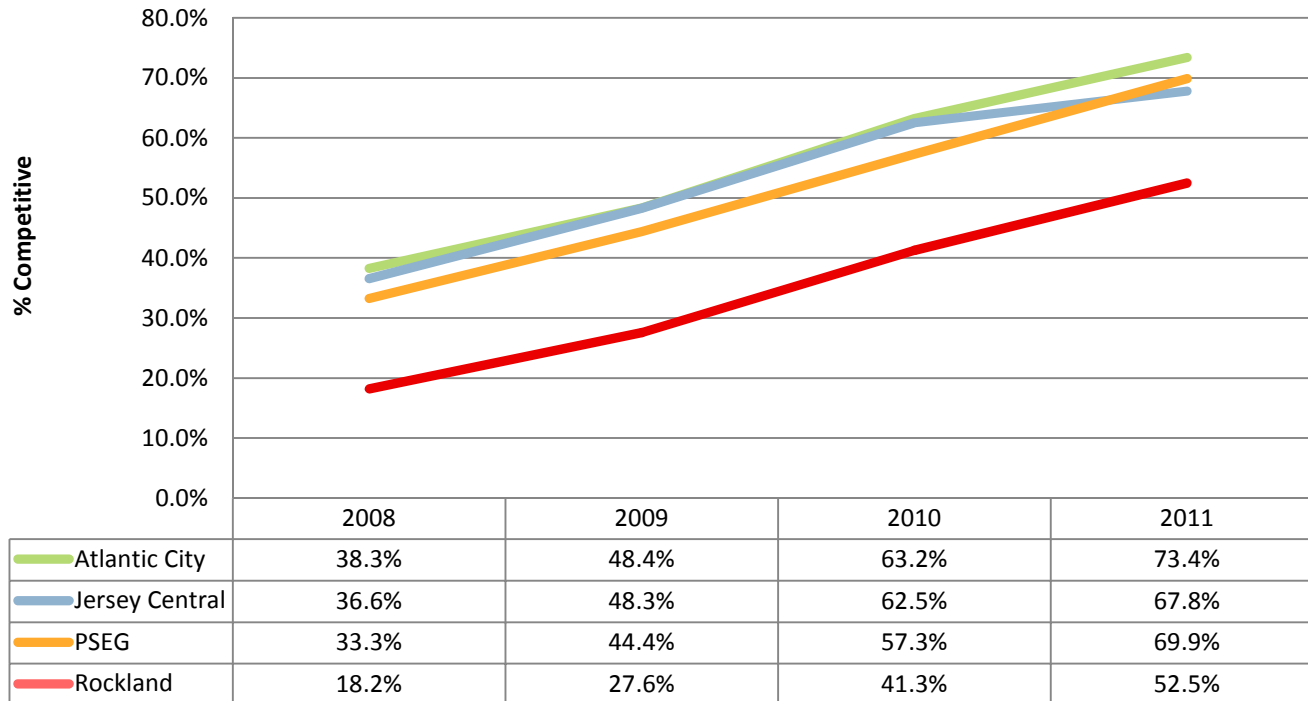
**Chart 7: Connecticut**  
**% of Eligible Residential Load Served Competitively**  
**(2008-2011)**



Source: KEMA Retail Energy Outlook, January 2012

# NEW JERSEY: TEXTBOOK CASE OF C&I ELECTRICITY CHOICE

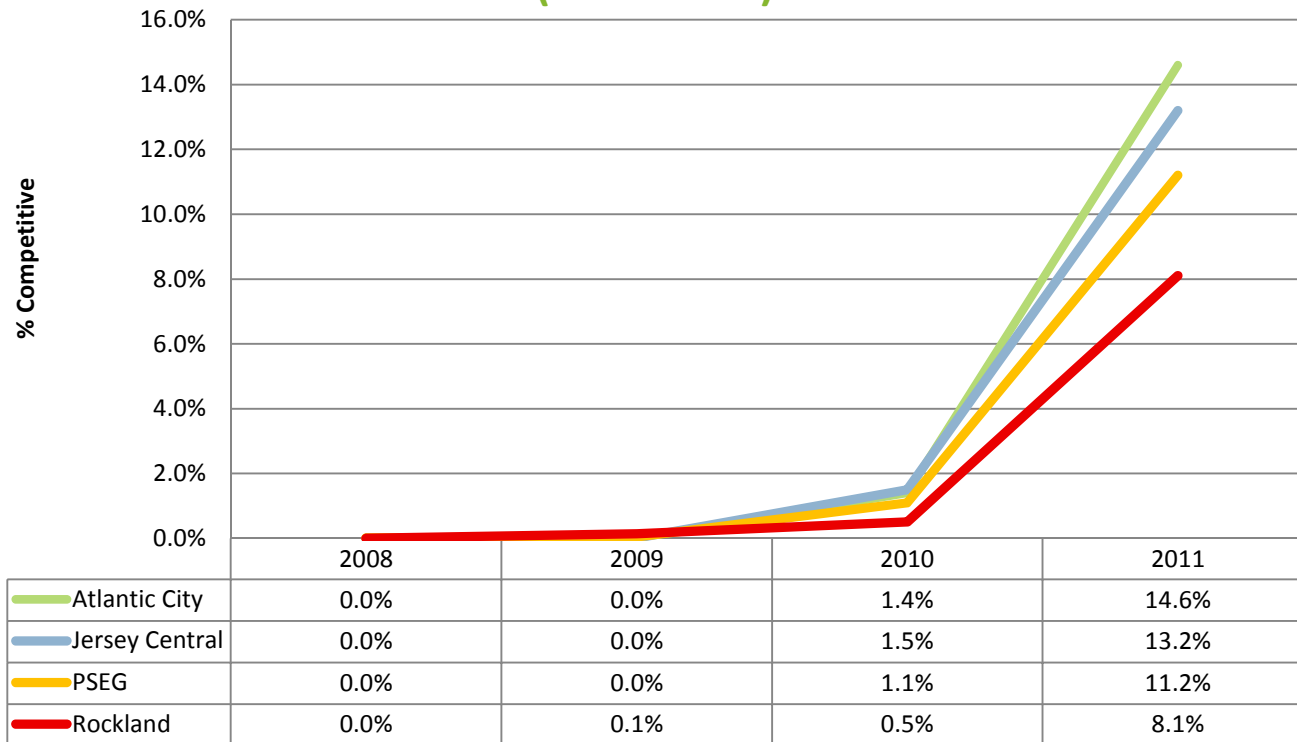
Chart 8: New Jersey  
% of Eligible C & I Load Served Competitively  
(2008-2011)



Source: KEMA Retail Energy Outlook, January 2012

# NEW JERSEY RESIDENTIAL SURGE: MARKET-BASED PROCURMENT

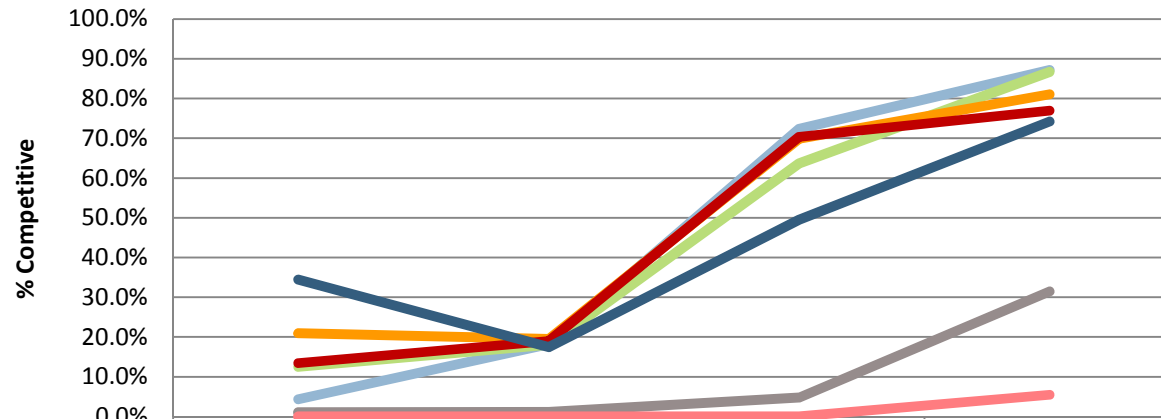
**Chart 9: New Jersey  
% of Eligible Residential Load Served Competitively  
(2008-2011)**



Source: KEMA Retail Energy Outlook, January 2012

# OHIO: UTILITY-BY-UTILITY DEVELOPMENT OF C&I CHOICE

Chart 10: Ohio  
% of Eligible C & I Load Served Competitively  
2008-2011

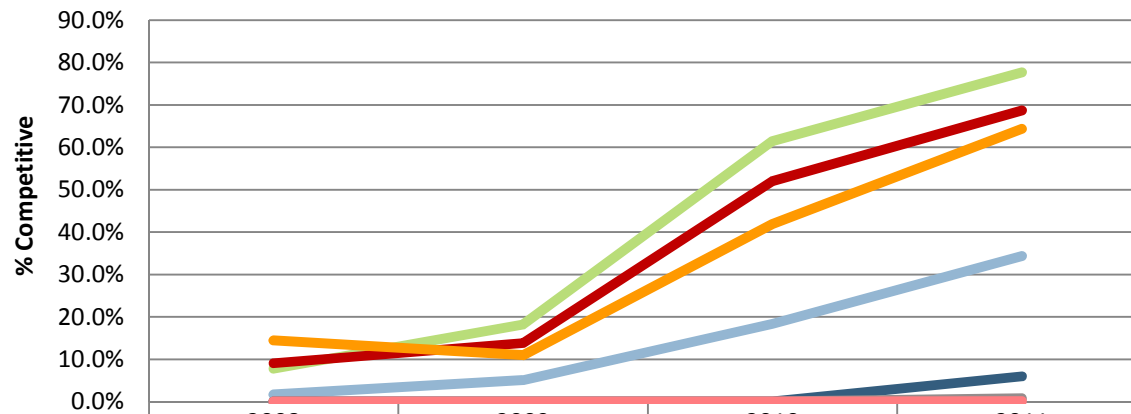


	2008	2009	2010	2011
CG&E	4.3%	18.2%	72.4%	87.2%
Cleveland	12.5%	18.0%	63.7%	86.7%
Ohio Edison	20.9%	19.5%	69.9%	81.1%
Toledo Edison	13.5%	19.0%	70.4%	77.0%
Dayton P & L	34.4%	17.4%	49.5%	74.2%
Columbus & So.	1.0%	1.1%	4.7%	31.5%
Ohio Power	0.0%	0.0%	0.0%	5.5%

Source: KEMA Retail Energy Outlook, January 2012

# OHIO: THE RESIDENTIAL CHOICE MUNICIPAL AGGREGATION MODEL

Chart 11: Ohio  
% of Residential Load Served Competitively  
2008-2011

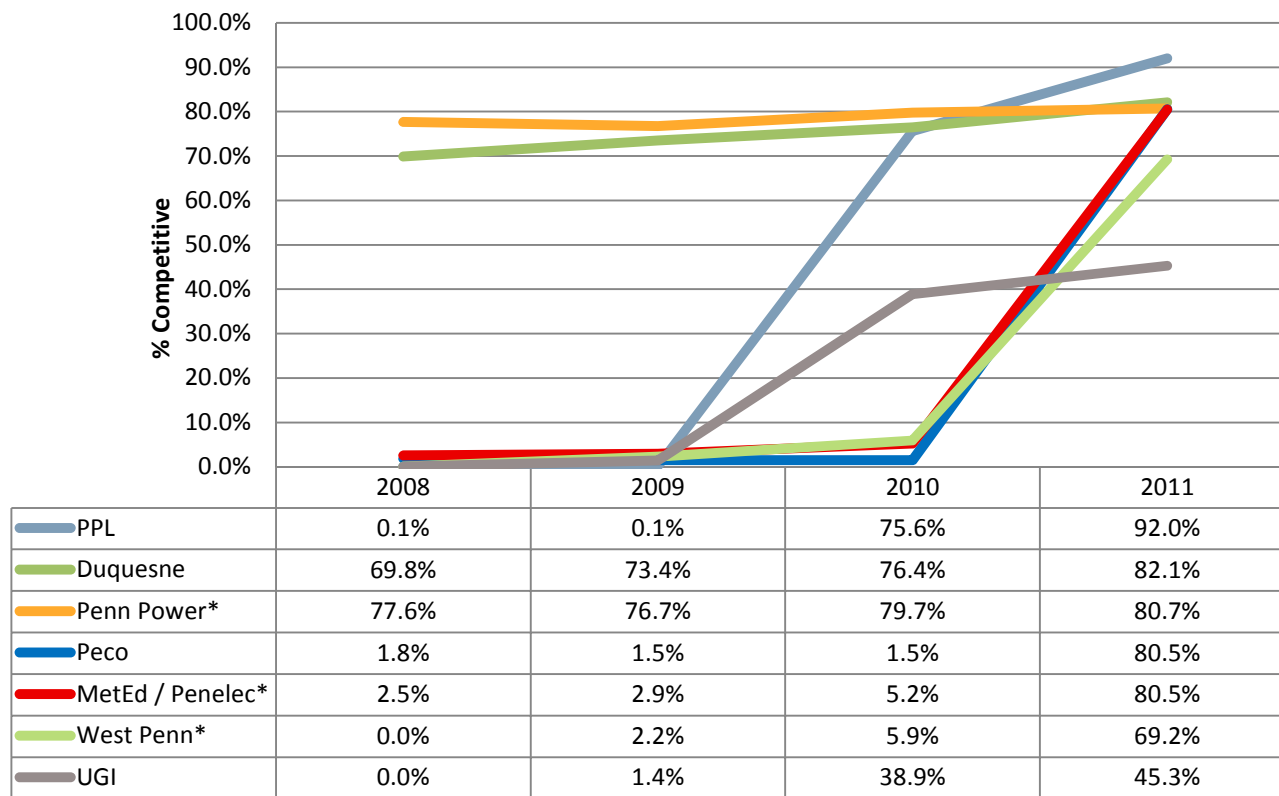


	2008	2009	2010	2011
Cleveland	7.8%	18.3%	61.5%	77.7%
Toledo Edison	9.1%	13.9%	52.0%	68.7%
Ohio Edison	14.5%	11.0%	41.9%	64.3%
CG&E	1.7%	5.1%	18.4%	34.4%
Dayton P & L	0.0%	0.0%	0.0%	6.0%
Columbus & So.	0.0%	0.0%	0.0%	0.8%
Ohio Power	0.0%	0.0%	0.0%	0.1%

Source: KEMA Retail Energy Outlook, January 2012

# PENNSYLVANIA: VARIATIONS ACROSS UTILITIES IN C&I CHOICE

Chart 12: Pennsylvania % of Eligible C & I Load Served Competitively 2008-2011

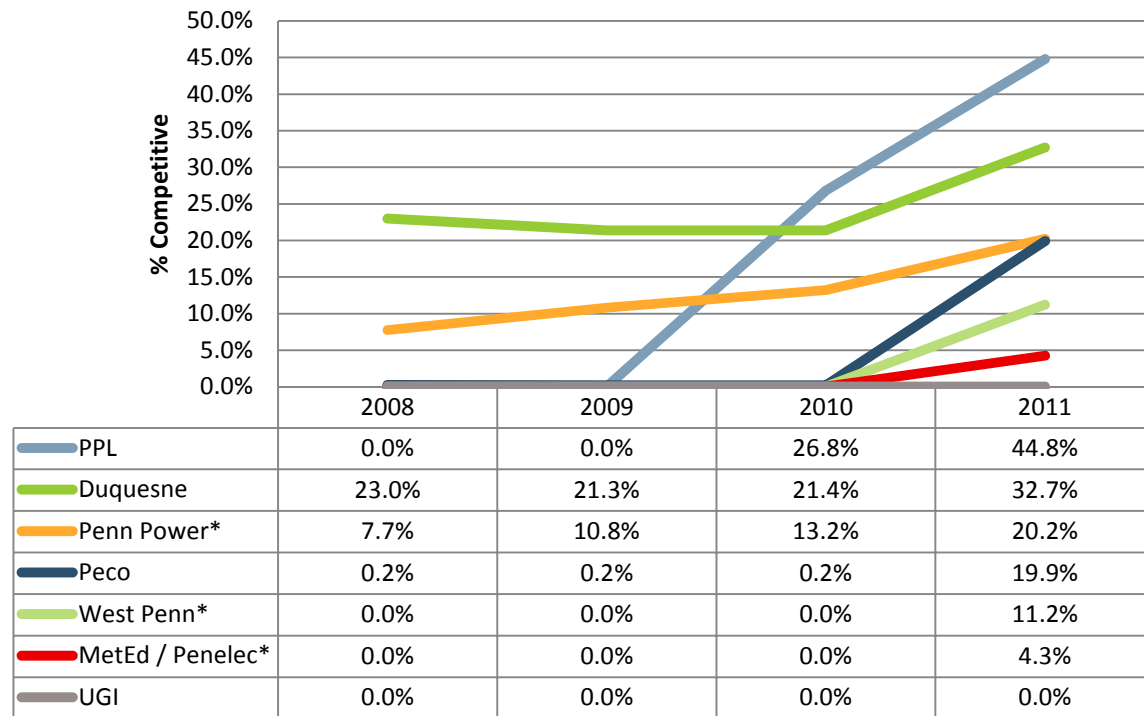


Source: KEMA Retail Energy Outlook, January 2012

\*First Energy

# PENNSYLVANIA: VIGOROUS REGULATORY LEADERSHIP

**Chart 13: Pennsylvania  
% of Eligible Residential Load Served  
Competitively 2008-2011**



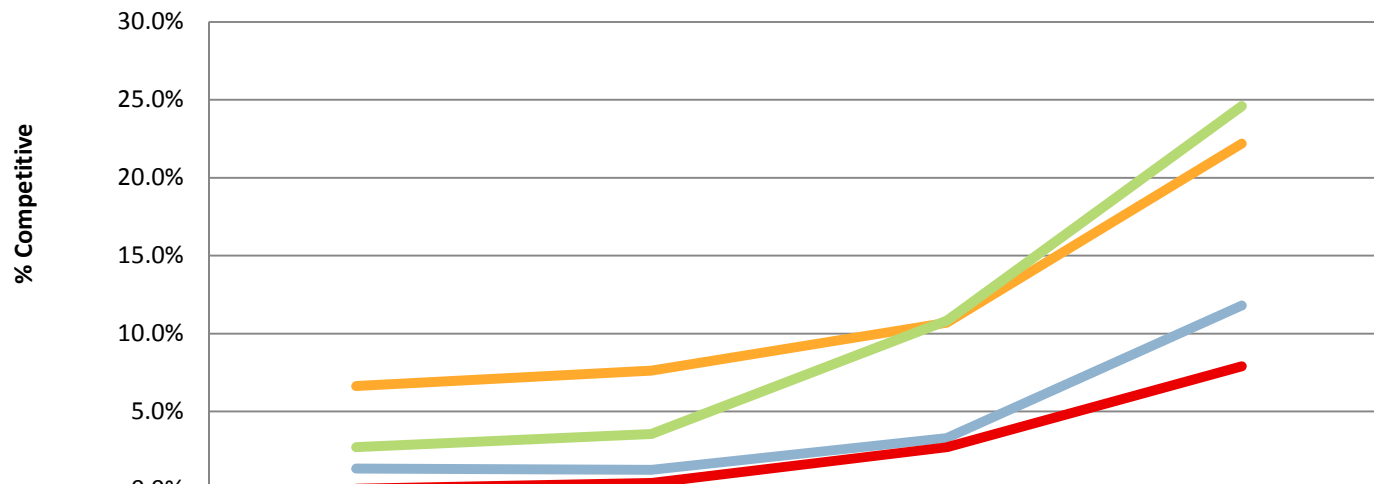
Source: KEMA Retail Energy Outlook, January 2012

\*First Energy



# MARYLAND: RESIDENTIAL CHOICE CATCHING UP TO C&I COMPETITION

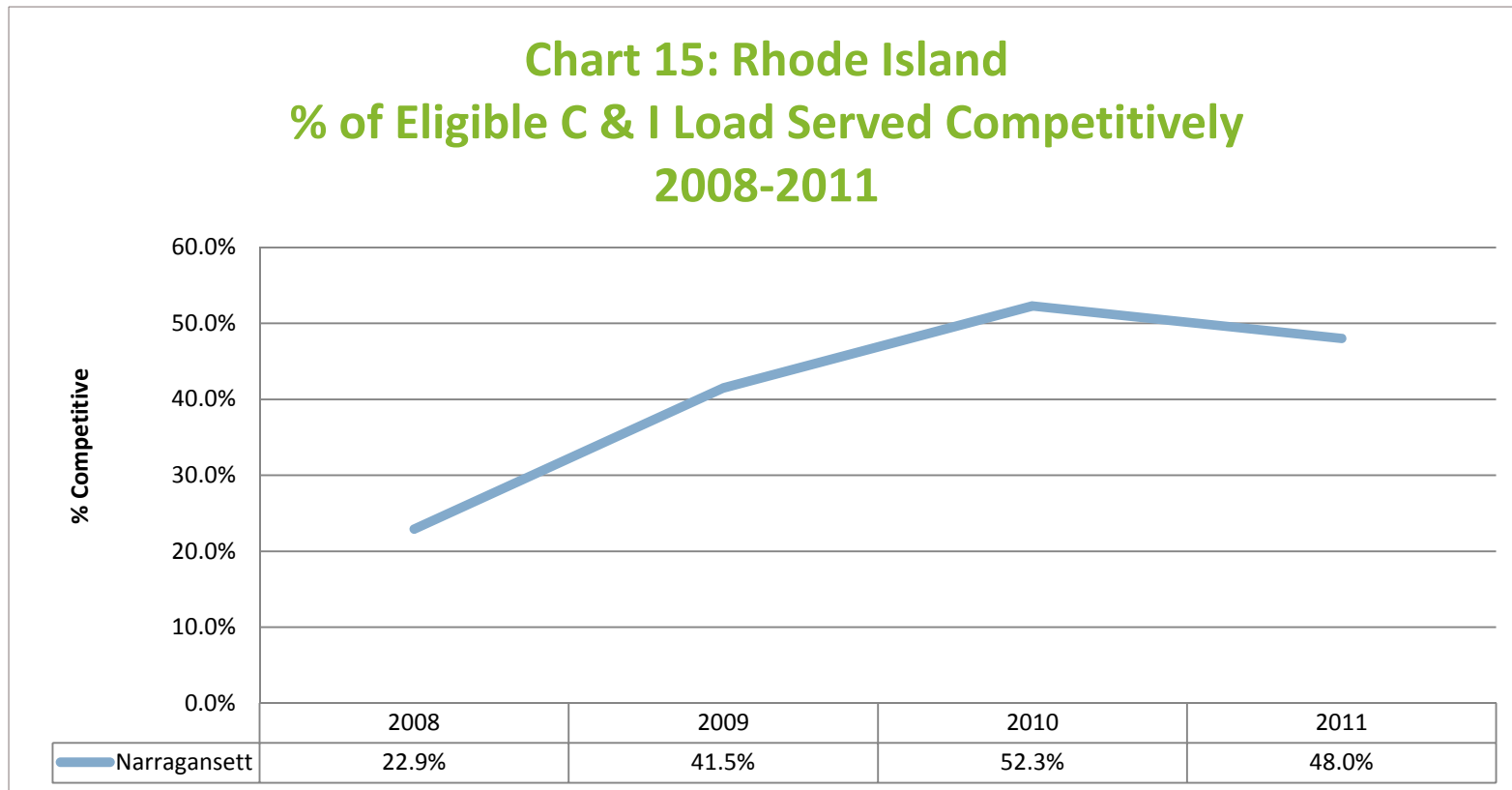
Chart 14: Maryland  
% Eligible Residential Load Served Competitively  
2008-2011



	2008	2009	2010	2011
Pepco	6.6%	7.6%	10.7%	22.2%
BG & E	2.7%	3.6%	10.8%	24.6%
Delmarva	1.3%	1.3%	3.3%	11.8%
Potomac Edison	0.0%	0.4%	2.7%	7.9%

Source: KEMA Retail Energy Outlook, January 2012

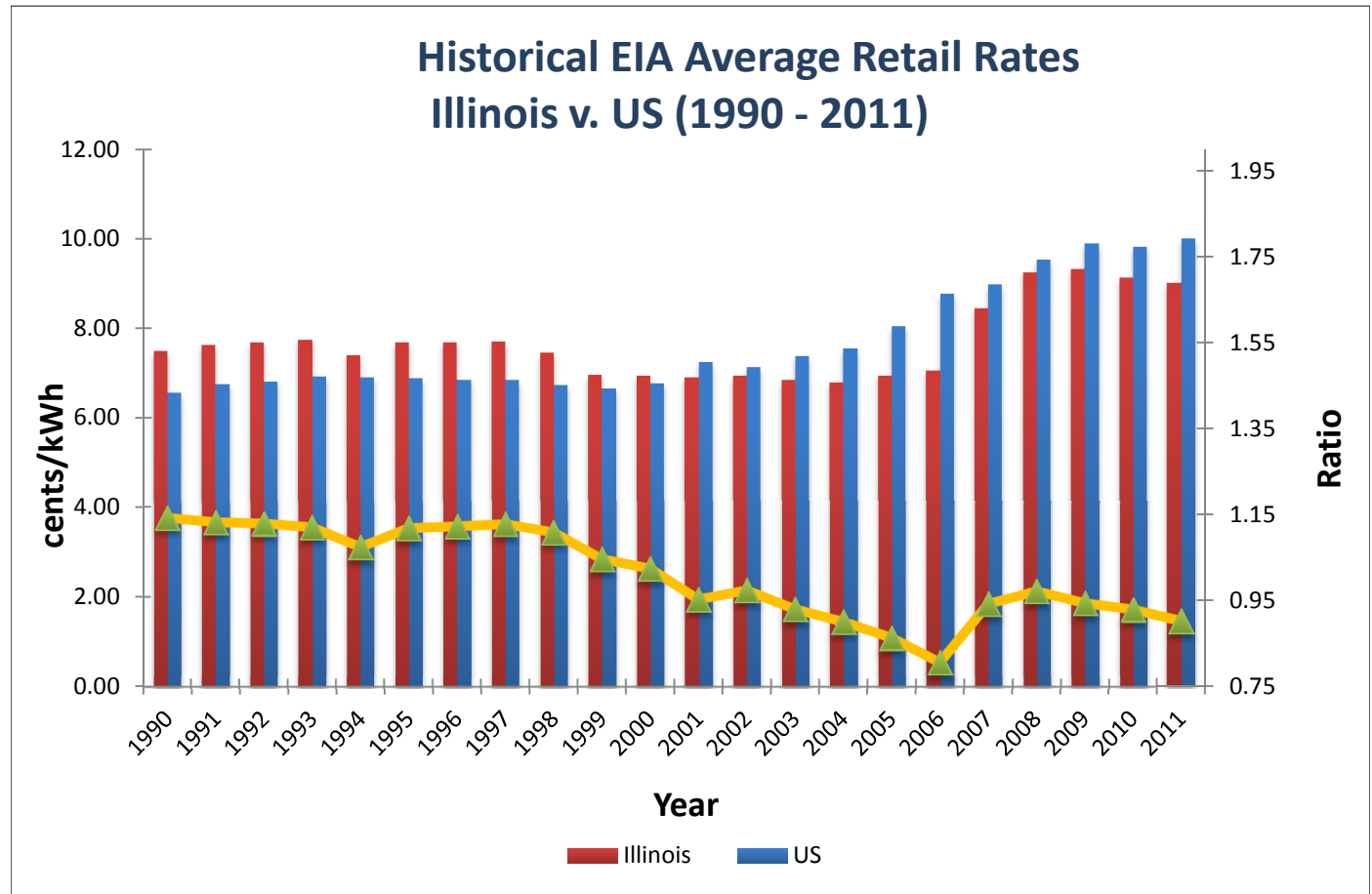
# RHODE ISLAND: THE FIRST CHOICE STATE IS MOVING AGAIN



Source: KEMA Retail Energy Outlook, January 2012

# ILLINOIS: COSTLIER THAN U.S. AVG BEFORE CHOICE BUT LOWER AFTER

Total Electric Industry - All Sectors			
	Average Rate (cents/kWh)		
Year	Illinois	US	Ratio
1990	7.49	6.57	1.14
1991	7.63	6.75	1.13
1992	7.69	6.82	1.13
1993	7.75	6.93	1.12
1994	7.41	6.91	1.07
1995	7.69	6.89	1.12
1996	7.69	6.86	1.12
1997	7.71	6.85	1.13
1998	7.46	6.74	1.11
1999	6.96	6.66	1.05
2000	6.94	6.78	1.02
2001	6.90	7.25	0.95
2002	6.94	7.13	0.97
2003	6.86	7.38	0.93
2004	6.80	7.55	0.90
2005	6.95	8.05	0.86
2006	7.07	8.77	0.81
2007	8.46	8.98	0.94
2008	9.26	9.54	0.97
2009	9.33	9.89	0.94
2010	9.13	9.83	0.93
2011	9.01	9.99	0.90



# EMBEDDING ELECTRICITY CHOICE 2012 AND BEYOND

- 20% of US load will be served under choice as customers access low prices due to gas glut.
- Pressure rising on California & Michigan to liberalize limits on customer choice
- Choice in the EU is growing and Japan is moving toward competition post-tsunami
- Smart Grid deployment benefits enhanced by customer choice and vice versa.
- Choice and smart appliances/equipment will yield substantial efficiency gains.

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Dr. Phil O'Connor is President of PROactive Strategies, a Chicago consulting firm providing advice in the energy and insurance industries. For over two decades Phil has been recognized as a leading advocate of competitive market solutions for regulated businesses.

Phil is the author of *Customer Choice in Electricity Markets: From Novel to Normal*, published by COMPETE Coalition in November 2010 and co-author with Terrence L. Barnich of "The Grand Experiment: Has Restructuring Succeeded on Either Continent?", published in *Public Utilities Fortnightly*, February 2007.

In addition to a lengthy career in the private sector, Phil has had extensive government and political experience, having chaired the Illinois Commerce Commission serving as Director of the Illinois Department of Insurance and as a member of the Illinois State Board of Elections. Five consecutive Illinois Governors have appointed him to various boards and commissions.

From March 2007 to March 2008, Phil served in the U.S. Embassy in Baghdad, Iraq with the US Army Corps of Engineers and the US State Department as an advisor to the Iraqi Ministry of Electricity. A *magna cum laude* graduate of Loyola University of Chicago, Phil received his Master's and Doctorate in Political Science from Northwestern University.

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