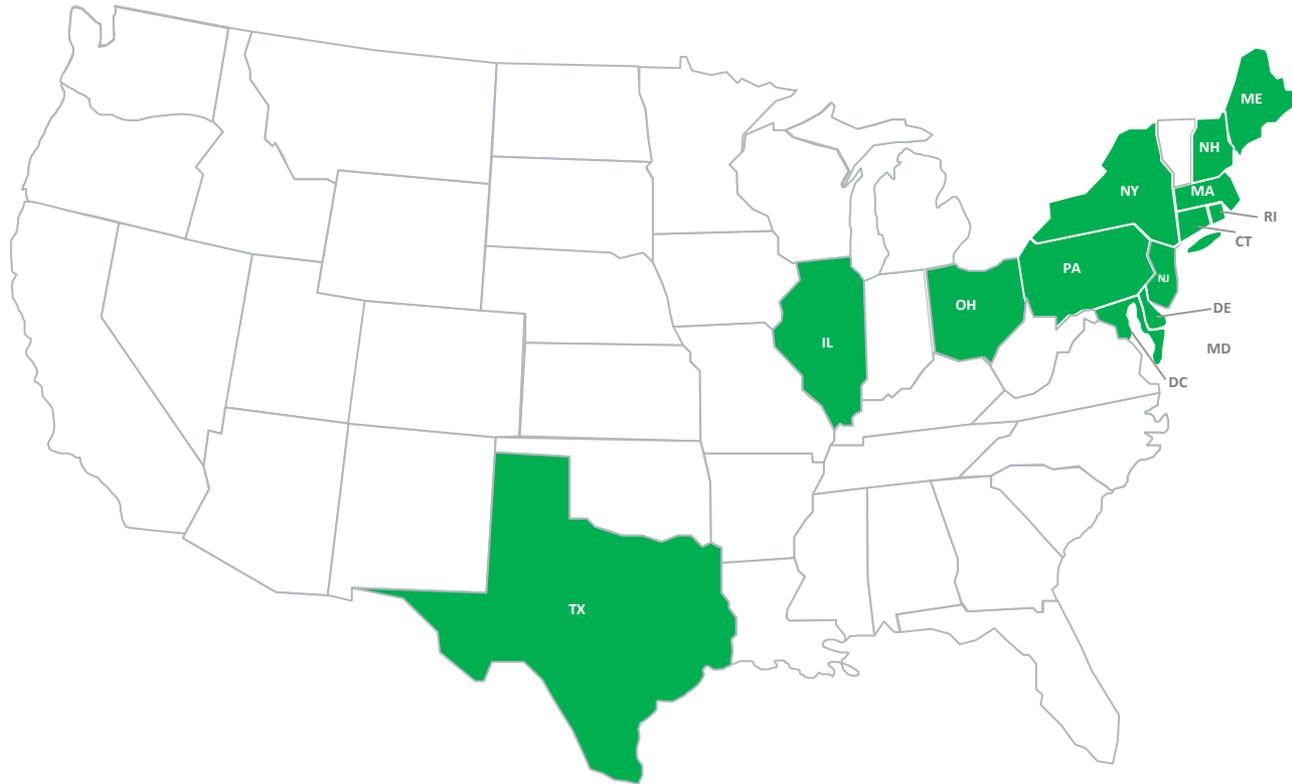


14 Customer Choice Jurisdictions

These 14 jurisdictions (13 states plus Washington DC) each have enabled Retail Choice for Nearly All Customers. These jurisdictions represent nearly 1/3 of all electricity consumption in the continental US



 Competitive Jurisdictions

Traditional States

Figure 3 (page 13) of Restructuring Recharged (April 2017) and Figure 1 (page 4) of
Great Divergence (September 2018)
Updated through CY2018

These 14 competitive jurisdictions shown in green (13 states plus Washington DC) account for one-third of U.S. electricity power production and consumption. The designation of “competitive jurisdiction” in this paper is defined as a jurisdiction that:

- Enables nearly all classes of customers to be able to choose a retail supplier without cumbersome restrictions or limitations, and,
- That the utilities in these jurisdictions have divested all (or nearly all) of their generation assets and are therefore primarily wires-only delivery service companies. Consequently, the generating assets in these states are not included in the rate-base of these delivery service utilities and are therefore competing within the wholesale power market parameters in place for business revenues.

It should be noted that several other states—including California, Michigan, Arizona, Oregon, Nevada, Virginia and Montana—allow limited portions of total load to be served competitively at retail, while denying the great majority of customers a choice of supplier. These hybrid states are regulated largely under the traditional monopoly model and are treated accordingly in this paper (see note below concerning the ‘hybrid’ states). The primary focus of this whitepaper examines the various aspects and outcomes of these 14 jurisdictions (combined) vs. the 35 monopoly states (combined) on a whole host of measures including generator builds, performance and capacity factors, pricing performance by rate class, switching activity and the like.

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The Transitional Decade 1998-2007

Each of the 14 competitive jurisdictions proceeded at different speeds and in different ways during the transitional decade. By 2007, phase-ins of customer class eligibility and the collection of stranded-cost charges had reached their prescribed end points in most states. The transitional decade witnessed a cautious, stepwise approach that set the stage for ongoing evolution and growth in competitive retail markets. Regulation would continue to adapt to this new model.

By 2008, in competitively restructured states:

- Most utility generation had been divested to unaffiliated firms or devolved to competitive generation affiliates, resulting in nearly half of all productive capacity in the country being owned and operated by a diverse array of non-utility companies;
- Utilities had been compensated for “stranded” investment in uneconomic generation;
- Large numbers of retail suppliers were offering competitively priced supply;
- Millions of customers, especially in the commercial and industrial classes, had embraced supplier choice;
- Nearly a majority of consumption in the 14 customer choice markets was satisfied by non-utility suppliers;
- Default service programs, mainly for residential and small business customers not choosing an alternative supplier, were functioning well, providing competitively priced supply, usually procured by utilities in the market and divorced from traditional rate-of-return price regulation; and
- Billions of dollars in new generation investment was made at similar paces in both monopoly and competitive states.

Figure 3 (page 13) of Restructuring Recharged (April 2017) and Figure 1 (page 4) of
Great Divergence (September 2018)

Updated through CY2018

Continued...

The 'Hybrid' States

Hybrid states are as varied in their approaches to limiting retail customer choice as are the choice states in the details of their market-based programs (perhaps even more so). In all cases, however, there is strong evidence of considerable customer demand for market access that is permitted to be satisfied under the rules. In Michigan, for example, more than twice as much load than the 10% permitted to access choice is enrolled in choice "queues." Industrial and commercial customers in Arizona, California and Oregon have eagerly participated in legislative and regulatory proceedings considering expanded market access. In Nevada, the constitutional amendment adopted by a 72% voter majority in the November 2016 election was originally promoted for the ballot by large customers dissatisfied with utility and regulatory obstacles to electricity retail competition. However, in November 2018 that measure was voted down in large part due to Nevada Energy (utility) opposition. Meanwhile, as of this writing (June 2019), other states are contemplating various forms of competitive markets such as Indiana, South Carolina, Florida and Louisiana.