

Energy Insights

Information for policy leaders

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PPL operates power plants and sells electricity in competitive markets in the Northeast and West. We value open dialogue with public officials to achieve constructive outcomes on energy policy issues. Contact us with questions or requests for information about competitive electricity markets and energy policy.



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Maryland Legislature got it right on choice

Reductions in wholesale electricity prices and an increase in the number of Maryland consumers who are saving money by choosing their electricity suppliers shows that the Legislature was right to support competitive markets.

Maryland consumers are seeing the effects of falling prices on their electric bills even if they do not choose a supplier, because lower wholesale electricity prices are reflected in the bids Maryland utilities receive for Standard Offer Service. New contracts at today's prices are replacing expiring supply contracts utilities signed when wholesale prices were higher.

In the 18-month period from April 2008 to October 2009, Standard Offer Service bid prices have fallen by about 28 percent for BGE, about 29 percent for PEPCO and about 25 percent for Delmarva. These bid prices represent the wholesale electricity prices paid by distribution companies for electricity supply from competitive suppliers.

Lower wholesale prices also have created

opportunities for alternative suppliers to offer prices less than the utilities' Standard Offer Service rates. An increasing number of Maryland consumers are choosing alternative suppliers and saving money.

Between April 2008 and October 2009, the number of Maryland consumers who have shopped for electricity supply has increased by 30 percent, including a 45 percent growth in the number of residential customers who have chosen suppliers. The growth is occurring with little consumer education and involvement from utilities and the Public Service Commission.

Dereck Davis, chairman of the Economic Matters Committee, was quoted in a Baltimore Sun article saying, "If we focused our efforts on making the public aware that there are reliable alternatives to incumbent utilities, and encouraging them to switch, you would see immediate savings."

Bid date	BGE	PEPCO	Delmarva
April 2008	\$132	\$133	\$123
April 2009	\$ 96	\$ 99	\$ 93
October 2009	\$ 95	\$ 95	\$ 92

All prices are in megawatt-hours. The bid prices represent wholesale electricity prices paid by the distribution companies for energy supply from competitive suppliers.

Shopping customers	BGE	PEPCO	Delmarva
April 2008	60,931	45,548	7,414
April 2009	58,636	46,604	7,025
October 2009	82,854	55,476	8,711

Electric rates drop for Connecticut customers

Electric rates for most of Connecticut Light & Power's 1.2 million customers dropped 5.2 percent on Jan. 1, 2010, because of the state's participation in New England's competitive electricity market.

With dropping wholesale electricity prices, the number of residential customers in Connecticut who have switched electricity suppliers has more than doubled in the past year, from 6.6 percent to 17.7 percent.

Nearly 46 percent of the electricity delivered by CL&P is purchased from competitive suppliers.

Michigan lawmaker wants to change limit on choice

A legislator in Michigan has announced plans to introduce a bill raising the state's 10 percent limit on customers' ability to choose alternative electricity suppliers.

The publication Electric Power Daily reported that State Sen. Cameron Brown wants to increase the limit to 30 percent of the electricity sold in Michigan.

Consumers Energy, one of Michigan's largest electric utilities, reached the 10 percent limit last summer, preventing additional customers from seeking lower prices by shopping for electricity supply.

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Electric choice taking off in Pennsylvania

After a 12-year transition period in which electric generation rates were capped, 248,000 customers of PPL Electric Utilities in Pennsylvania — including 207,000 residential customers — have chosen alternative electricity suppliers.

PPL Electric Utilities has encouraged customers to consider electricity supply options through mailings, bill inserts and advertisements. The number of customers choosing alternative suppliers continues to grow.

The Pennsylvania Public Utility Commission and Office of Consumer Advocate

also have been promoting electric choice before the Dec. 31, 2009, expiration of PPL Electric Utilities' generation rate cap. The Consumer Advocate's Web site offers a [20-page shopping guide](#) for residential customers.

With the recent drop in market prices for electricity, at least five suppliers are making offers to residential customers of PPL Electric Utilities. Pennsylvania PUC Chairman James Cawley was quoted in the publication Megawatt Daily as saying, "We are very, very pleased with the level of competition."

Pennsylvania PUC removes barriers to competitive market

The Pennsylvania Public Utility Commission approved a settlement in November designed to improve the competitive retail electricity market in the area served by PPL Electric Utilities. Under the settlement, PPL Electric Utilities will:

- Purchase suppliers' accounts receivable for residential and small-business customers at a discount rate.
- Allow customers of alternative suppliers to select budget billing options.

Under the settlement, alternative

suppliers will:

- Not reject new residential customers for credit reasons.
- Not require residential customers to pay a deposit for service.

The Pennsylvania PUC also expanded the role of the Office of Competitive Market Oversight to serve as an ombudsman to respond to questions from competitive suppliers, monitor competitive market complaints, and resolve disputes between distribution companies and suppliers.

Environmental group leader says choice works

In an opinion column published in the Philadelphia Inquirer, the president and chief executive officer of the environmental advocacy group PennFuture said electric competition is working to save consumers money.

Jan Jarrett wrote, "For years PennFuture has been pointing out that competitive electricity markets have saved Pennsylvanians billions of dollars and that retail competition is thriving. Today, residential

electricity rates across the state are either unchanged or lower than they were in 2000, adjusted for inflation."

In her column, she said the belief that electric competition has failed is an "urban legend" that is contrary to facts. When Pennsylvania passed its electric competition act in 1996, electric rates were 15 percent above the national average. They are now 5 percent below the national average.

"Electric competition is working in Pennsylvania and will take off as rate caps expire," she wrote in the column.