

**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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## Md. lawmakers resume energy policy debate

The Maryland Legislature does not reconvene until January, but the House Economic Matters Committee has already resumed discussions about the state's energy policy.

Several stakeholders — including the Public Service Commission, Maryland Energy Administration, large industrial customers, electricity retailers and energy suppliers — addressed committee members at a Sept. 9 hearing in Annapolis.

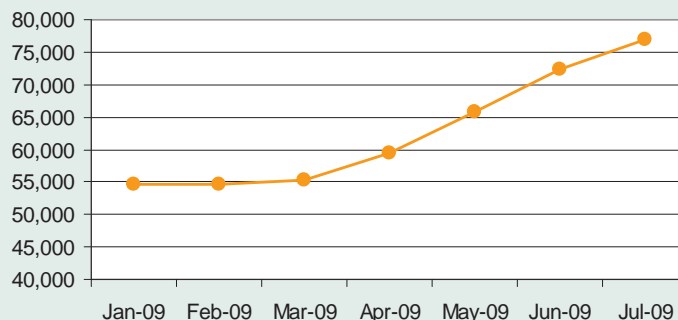
Much of the discussion focused on the construction of new electricity generation in Maryland. A bill introduced in the last legislative session, and supported by Gov. Martin O'Malley, would have given the state more authority to order construction of new power plants, and eliminated choice for most consumers. The governor continues to place a priority on legislation to end customer choice.

With declining electricity prices, the number of Maryland consumers who are shopping for electricity supply has been increasing.

The number of residential customers who have chosen alternative suppliers increased from 55,000 in January to 77,000 in July. In addition, 94 percent of the electricity purchased by Maryland's large industrial customers comes from alternative suppliers.

Electricity retailers suggested to legislators that the PSC and public utilities in Maryland should do more to promote electric choice among consumers, citing initiatives taken by the Pennsylvania Public Utility Commission and that state's public utilities.

Number of Residential Customers Shopping



## Pennsylvania PUC removing barriers to competition

The Pennsylvania Public Utility Commission has approved measures designed to remove barriers to a competitive retail electricity market in the area served by PPL Electric Utilities, whose rate cap on generation charges expires Dec. 31, 2009.

The Pennsylvania PUC believes the directives to PPL Electric Utilities will serve as a model for similar orders to other major electric distribution companies in the state

whose rate caps expire Dec. 31, 2010.

"We believe, as the Legislature has found, that competition is the best means to control energy prices," the PUC wrote in its order.

The order addresses customer information databases, data exchanges between suppliers and distribution companies, billing options and consumer education to increase awareness of electric competition.

## Business groups in Michigan want more choice

Business groups in Michigan want to change a state law enacted last October limiting the ability to shop for electricity supply to a 10 percent share of the market.

Consumers Energy, one of Michigan's largest electric utilities, notified state regulators that it has reached the 10 percent limit. Customers who do not already have an alternative supplier must stay with Consumers Energy's regulated rates.

"By eliminating competition, manufacturers cannot seek the best price for one of their most important manufacturing inputs," said the president of the Grand Rapids Chamber of Commerce as reported by the mlive.com Web site. "Policymakers need to revisit this arbitrary cap on the electric market and make the economically wise decisions that should have been made last fall."

Michigan's Public Service Commission has approved \$600 million in rate increases for the state's two largest utilities — Consumers Energy and DTE Energy — since the law limiting customer choice went into effect.

## Electricity prices lower in Texas despite record summer heat

Texas consumers saw a 20 percent drop in electricity prices this summer despite record heat that pushed electricity use to all-time high levels in July.

"Competition has pushed down prices below those found in noncompetitive jurisdictions," Texas Public Utility Chairman Barry Smitherman told Reuters News.

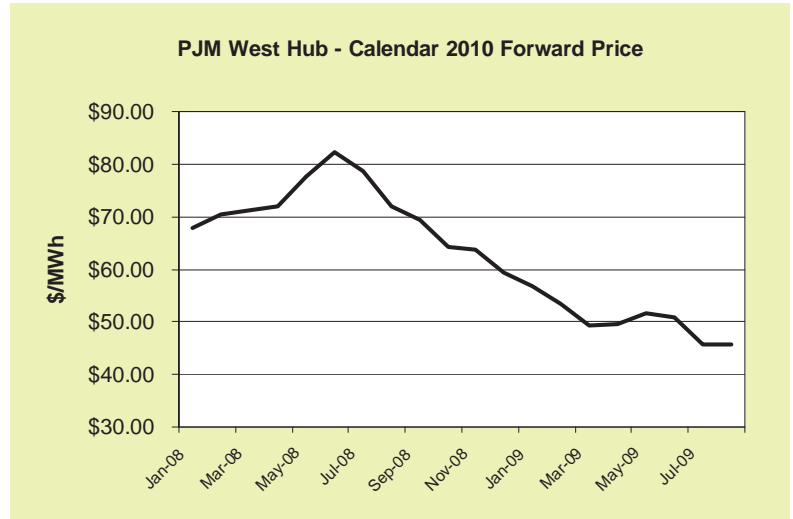
Because consumers are free to choose an electricity supplier, they can enjoy savings that suppliers are passing along because lower natural gas prices and the slowdown in the economy have resulted in a decline in wholesale electricity prices.

## Wall Street Journal: Electricity prices plummet

According to a Wall Street Journal report, reduced demand for electricity has led to sharp reductions in power prices. Spot market prices in the PJM Interconnection, the country's largest wholesale power market, dropped by 40 percent during the first half of 2009.

A year ago, many businesses and residential customers felt the effects of electricity price spikes because of fuel prices and hot summer weather, the Journal reported.

Lower spot market prices don't immediately result in lower power bills for consumers but will, over time, reduce costs to consumers as utilities obtain electricity supply through contracts and start to average in lower prices.



## With wholesale prices falling, more customers shopping for power

Dow Jones reported that the number of customers choosing alternative electricity suppliers increased in Connecticut, New York, Ohio and Maryland this summer because of lower wholesale electricity prices.

"All of a sudden, we're in a situation where we have competition working," Ohio Consumers' Council Janine Migden-Ostrander was quoted as saying by Dow Jones. Suppliers expect business to pick up in Pennsylvania as rate caps expire for PPL Electric Utilities at the end of 2009, and for PECO Energy, Met-Ed, Penelec and West Penn Power at the end of 2010.

Pennsylvania's consumer advocate posts quarterly statistics that track shopping activity (see [www.oca.state.pa.us/Industry/Electric](http://www.oca.state.pa.us/Industry/Electric)). The July report indicates that in the Duquesne Light and Penn Power territories, where rate caps have expired, more than half of the electric supply is coming from alternate suppliers. More than 20 percent of residential customers in Duquesne Light's service area have chosen alternate suppliers.