

Manage the Transition Out of Price Freezes - Life After Rate Caps

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Backdrop for Transition: Legacy of Restructuring

- Newton's Laws of Physics Applied to Economics
 - False Expectations

Backdrop for Transition: Legacy of Restructuring

- Market Transition Mechanisms (What Transition?)
 - Default Product/Standard Offer Designs
 - Vesting Contracts
 - To Slam Or Not to Slam
 - Municipal Aggregation
 - Shopping Credits (Margins for Competition)
 - Role of Distribution Company
 - Metering Uncertainty
 - Rate Freezes/Caps

Where to Go From Here

Déjà vu All Over Again: What Business Are We In?
What Business Do We Want to Be In?

Alternative Retail Market Models

1. **Back to Monopoly**
 - Impossible for Industrials (Never Fully Subject to Monopoly)
2. **Full-Blown Competition**
3. **Core/Non-Core Approach**
4. **Slamming**
 - Maine and Texas Slammed: Better Results?

Default Product

- Optimal Design
 - How Attractive/Unattractive?
 - How Volatile?
 - Market Clearing Price?
 - Arbitrage Between Regulated and Unregulated Prices
- Role of Distribution Company
 - Permitted to Sell Energy?
 - Default Provider?
 - Hedger?

Competitors and Products

■ Margins

- Room to Compete? Profitability?
- Costs of Entry and Back Office Functions

■ Products

- Selling Hedges/Stable Prices
- Demand-Side Management/Energy Efficiency
- Efficient Energy Purchasing
- Bundling Infrastructure Services

Price Signals

- How Precise?
- Time of Day
- Locational Signals

Consumers

- Tolerance of Price Volatility (On High Side)?
- Who Is Interested in Competition?
- Do Price Signals Matter? To Whom?