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?