

## Electricity Industry Competition

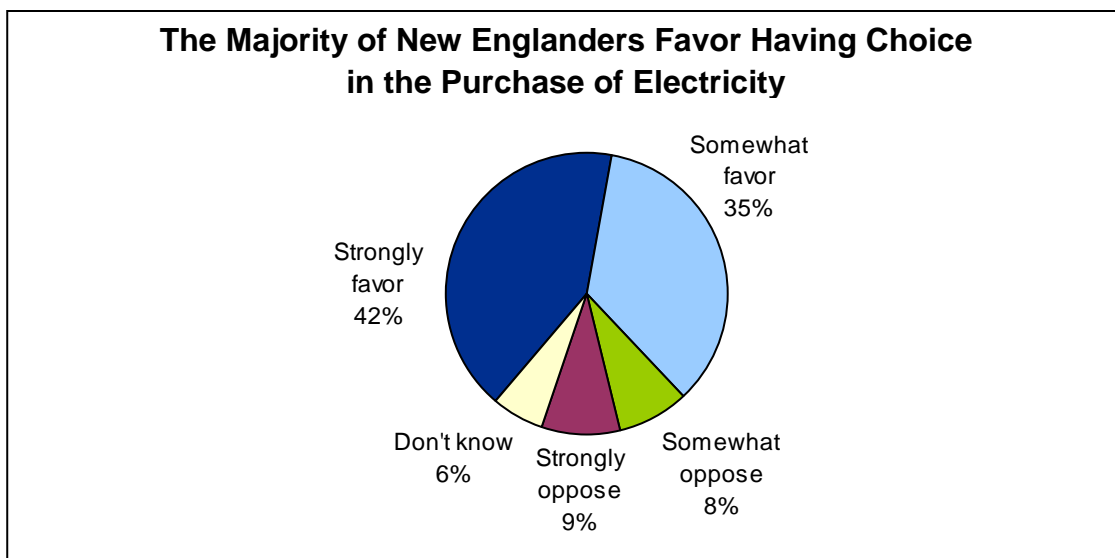
A recent New England Energy Alliance consumer survey on energy issues found an overwhelmingly majority of New Englanders support electricity industry retail competition.

### New Englanders favor consumer choice in the purchase of electricity

Historically, electricity was delivered by regulated utility companies that were mandated by state regulators to build power plants, as well as generate and deliver electricity to homes and businesses. The New England states were among the first in the nation to restructure electricity markets beginning in the late 1990s, requiring most electric utilities to sell their generating plants and allow unregulated privately-owned generation companies to compete in a deregulated wholesale marketplace. Local distribution companies continue to deliver electricity and remain state regulated.

A number of independent studies including one sponsored by the New England Energy Alliance have shown that electricity industry restructuring has saved the region's consumers billions of dollars compared to pre-restructuring trends and is better protecting the environment with cleaner generation. But it remains "a work in progress" in that development of new infrastructure – power plants, transmission lines, and natural gas supplies – are needed, which in turn affects market effectiveness. Recent changes to the wholesale market are designed to encourage new power plants, but opposition to large energy projects throughout the region remains strong.

Consumers are split on whether market forces alone are enough to ensure electricity supply adequacy. Forty percent of those surveyed believe the competitive marketplace provides adequate financial incentives to spur investment in new generating plants and infrastructure. Thirty-eight percent said that ensuring an adequate electricity supply is too important to be left to market forces alone and should be the responsibility of government agencies as well.

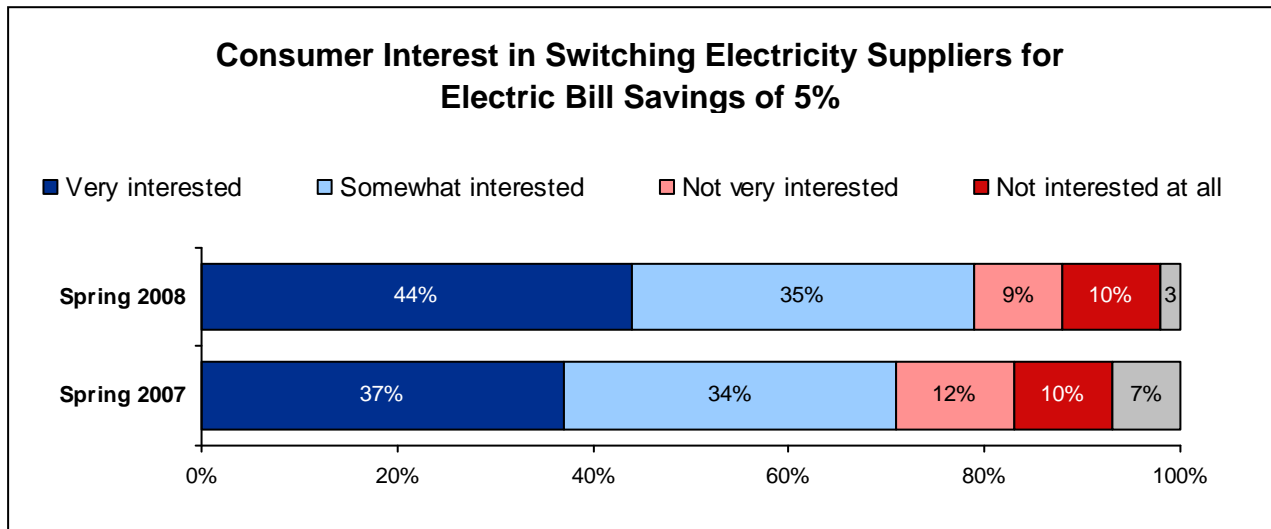


A key goal of restructuring was to provide consumers with “choice” – the option to purchase electricity from competitive suppliers. All the New England states, with the exception of Vermont, introduced competition into retail markets. Today, competition remains limited among residential customers with more robust competition in the commercial and industrial sectors. The total electric load served by competitive suppliers ranges from 14% (Rhode Island) to 50% (Massachusetts) (April 2008 data).

Almost 80% of New Englanders surveyed favor having choice in the purchase of electricity – much higher than the U.S. average of 67%.

## Interest in switching electricity suppliers for economic reasons

Almost 80% of New Englanders (8% more than a year ago) expressed interest in choosing the company that supplies their electricity and would switch suppliers for savings of just 5% -- or about \$60 per year. This highlights consumer preoccupation with the economy and the desire to save money.



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The annual telephone survey was performed by Opinion Dynamics for the New England Energy Alliance in April 2008 and included 600 registered voters (consumers) proportionately distributed throughout New England. The margin of error is +/-4%. The complete results are available at [www.newenglandenergyalliance.org](http://www.newenglandenergyalliance.org). For more information contact:

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**The New England Energy Alliance** is a coalition of energy providers and business and trade organizations concerned about future energy supplies.