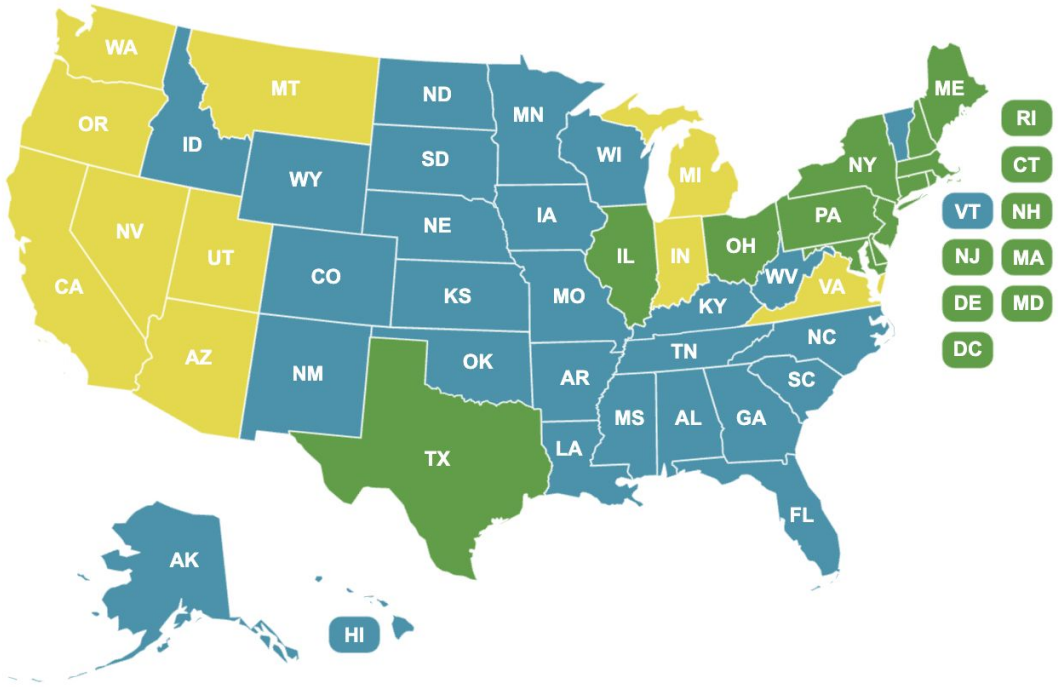
Competitive Energy Markets & Options for Large Energy Users

Retail Energy Advancement League

Electricity Choice in the U.S.



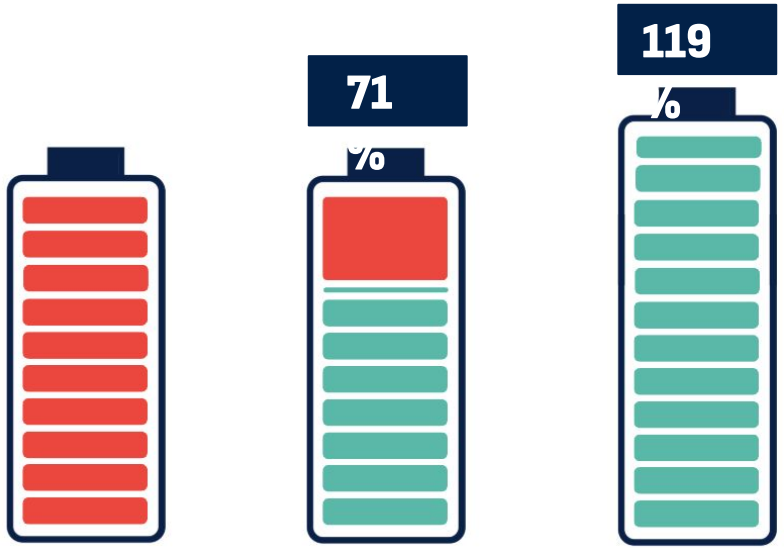
RESTRUCTURED

PARTIALLY RESTRUCTURED

NOT RESTRUCTURED

Meeting Customer Demand

In competitive markets, there are 1.19 units of generation for every 1 unit of load growth, exceeding generation needed to serve customers. They get paid only if the energy produced is purchased.



Source: EIA-860, 861M, 923; Retail Energy Supply Association data analysis

When monopoly utilities build generation

RISK IS ON THE RATEPAYER

In a monopoly utility market, if the utility makes a poor investment decision in the generation type or does not manage the assets with proper operation and maintenance and the asset is unable to perform until its retirement date, the ratepayer is on the hook for these poor decisions.

Examples of investments in generation made by utility monopolies at the expense of ratepayers:

- **Vogtle (Georgia):** Proposed nuclear facility projected to cost $14B and provide power by 2017. Costs more than doubled to $35B and 7 years behind budget. Georgia Power collected $4.1 billion in advance charges.
- **V.C. Summer (South Carolina):** Proposed as a 1117 MW nuclear facility in 2008. It was delayed 11 years with cost overruns and never went into service. Ratepayers are paying $3.8B for a plant that will never generate electricity.
- **Kemper (Mississippi):** Originally proposed as a Carbon Capture Sequestration plant costing $2B. Costs increased to $7.5B. Ultimately it was converted into a natural gas plant because the CCS technology was unworkable. Each ratepayer was charged $4,500 before it was ever in service.
- **Coastal Offshore Wind (Virginia):** Dominion Energy's 2.6-GW Coastal Virginia Offshore Wind project had a projected capital cost of $9.8 billion. Dominion announced in 2025 the project is $1B over budget (not including financing costs).
- **Rush Island (Missouri):** Rather than comply with a U.S. District Court order to install scrubbers at the Rush Island coal-fired power plant in Missouri, Ameren has filed a request with the MOPSC to retire the plant early (originally set for 2039) and recoup its investment of $475 million. Ameren framed this as a plan to save customers $120 million over 15 years.

Examples of retailers partnering or investing and building clean energy resources and programs in competitive states without ratepayer funds:

- **Battery Storage:** In 2023, Gridmatic, an AI-enabled power marketer whose operations include Gridmatic Retail, announced the launch of its first Energy Storage Fund, a $50 million fund that Gridmatic will use to oversee the management of up to 500 MW of battery capacity in the ERCOT and CAISO markets. Gridmatic will establish multi-year offtake contracts with asset owners to operate energy storage using its AI algorithms. Gridmatic has already begun operating a 50MW / 100MWh battery storage system in Texas using the fund.
- **Wind Generation:** Inspire Clean Energy provides regional customers with the option to buy renewable energy from three Pennsylvania wind farms – Twin Ridges Wind Farm, Patton Wind Farm, and Highland North Wind Park – which generate approximately 250 MW of clean, renewable energy. This provides customers with transparency on where their energy is generated and empowers them with the option to support a local development.
- **Retailer and Generator Partnership:** In 2023, renewables infrastructure investor True Green Capital Management acquired a majority stake in CleanChoice Energy, a retail energy supplier. The deal injected $100 million of equity capital into CleanChoice for owning, operating and growing its multi-state portfolio of solar assets.

When competitive markets are created

RISK IS ON PRIVATE INVESTORS

Examples of retailers partnering or investing and building clean energy resources and programs in competitive states without ratepayer funds:

- **Community Solar:** In 2023, retail energy supplier, EnergyMark announced a $70 Million community solar development, encompassing seven projects that the company said, "is expected to produce $2.5 million annually in bill credits for their NYS electric customers for the next 10 years."
- **Hourly Carbon Free** - Constellation provides Microsoft hourly carbon-free energy matching to support the company's commitment for their Virginia data center to be powered 100% carbon free energy around the clock. This retail product offering leverages software technology to help customers establish and achieve their environmental goals on an hourly basis.

When competitive markets are created

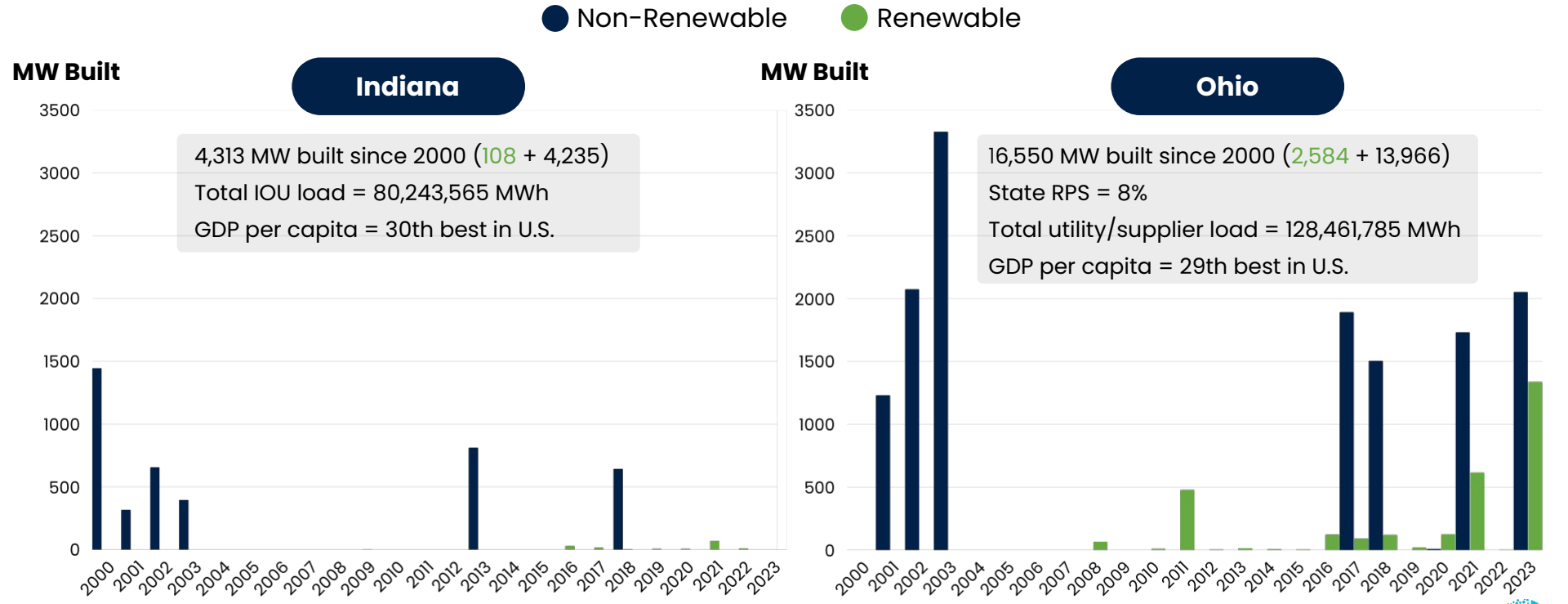
RISK IS ON PRIVATE INVESTORS

IOU vs. IPP
Power Generation Built From 2013-2023

In the past 10 years, Independent Power Producers have built capacity generation at **more than 3x** what Investor-Owned Utilities have built nationally.

Source: EIA-860

Power Generation Built: IOU vs. IPP
(2000-2023)

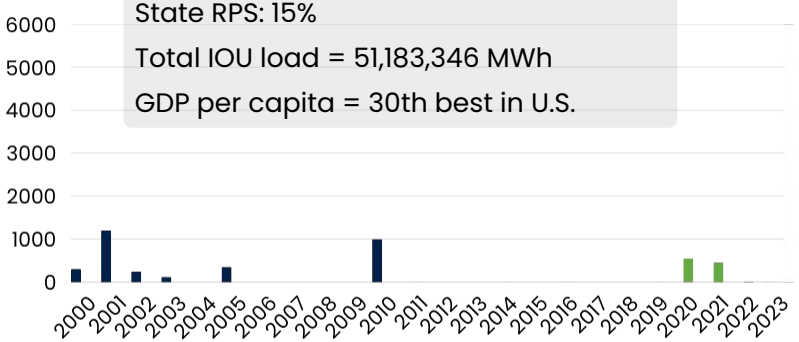


Source: EIA-860

Power Generation Built: IOU vs. IPP (2000-2023)

Missouri

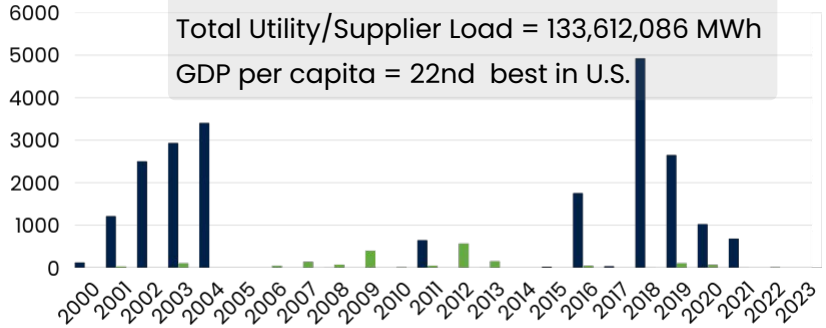
4,435 MW built since 2000 (1,181 + 3,220)
State RPS: 15%
Total IOU load = 51,183,346 MWh
GDP per capita = 30th best in U.S.



Source: EIA-860

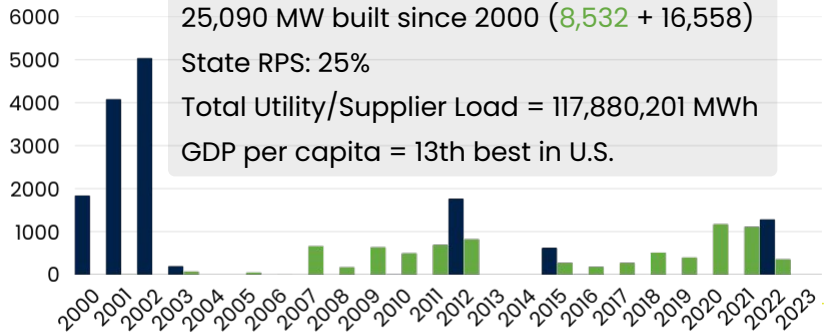
Pennsylvania

24,284 MW built since 2000 (2,272 + 22,012)
State RPS: 18%
Total Utility/Supplier Load = 133,612,086 MWh
GDP per capita = 22nd best in U.S.



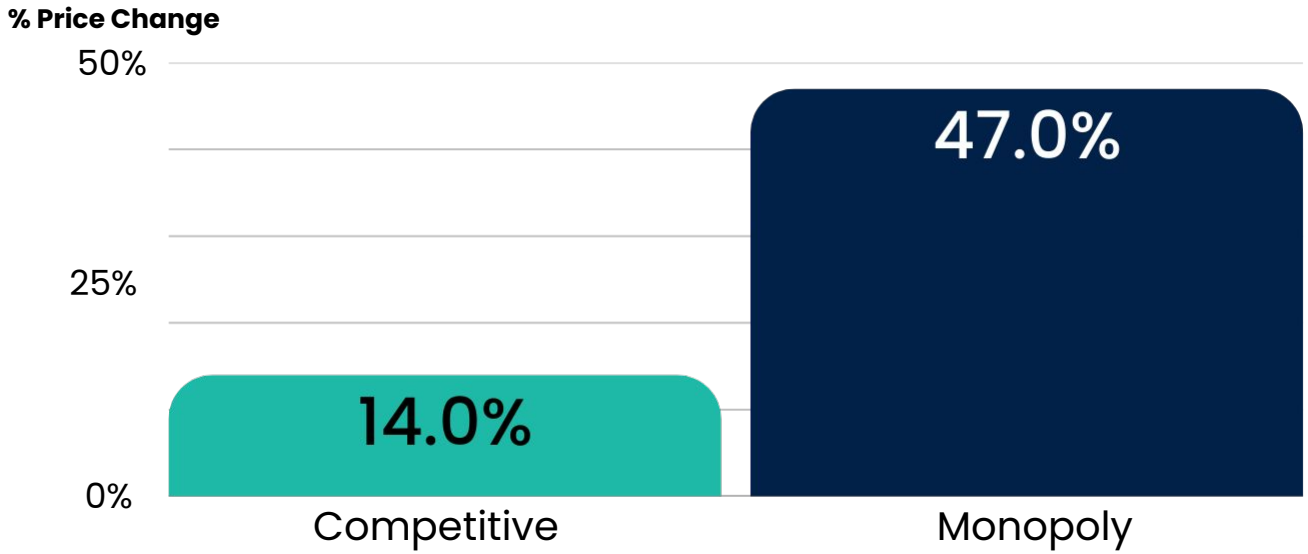
Illinois

25,090 MW built since 2000 (8,532 + 16,558)
State RPS: 25%
Total Utility/Supplier Load = 117,880,201 MWh
GDP per capita = 13th best in U.S.



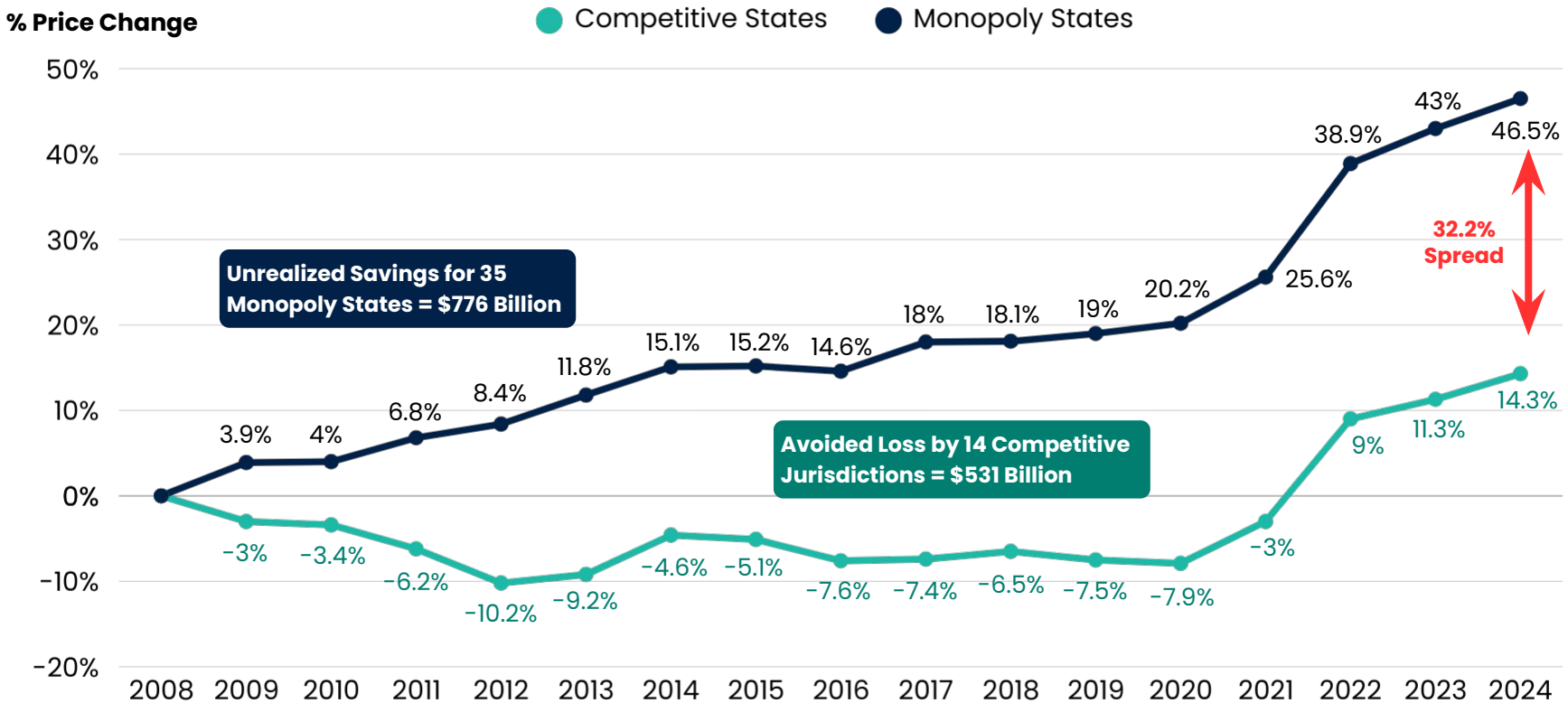
Nominal Weighted Average Percentage Price Change: All-Sector Customer Classes (2008-2024)

Electric rates in states with a utility monopoly have increased faster than states with competitive energy markets



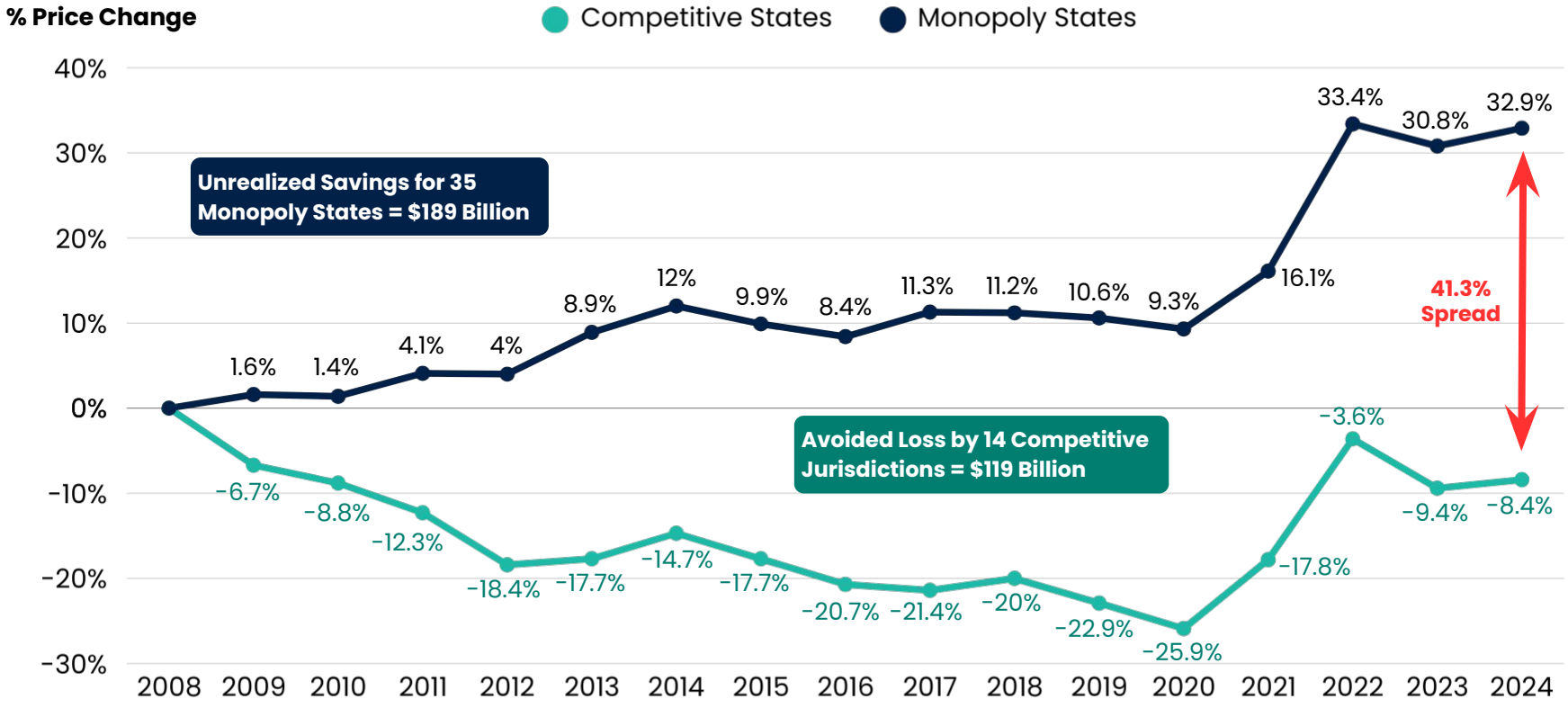
Source: EIA-861M; Retail Energy Supply Association data analysis

All-Sector Weighted Average Percentage Price Change, Competitive vs. Monopoly States (2008-2024)



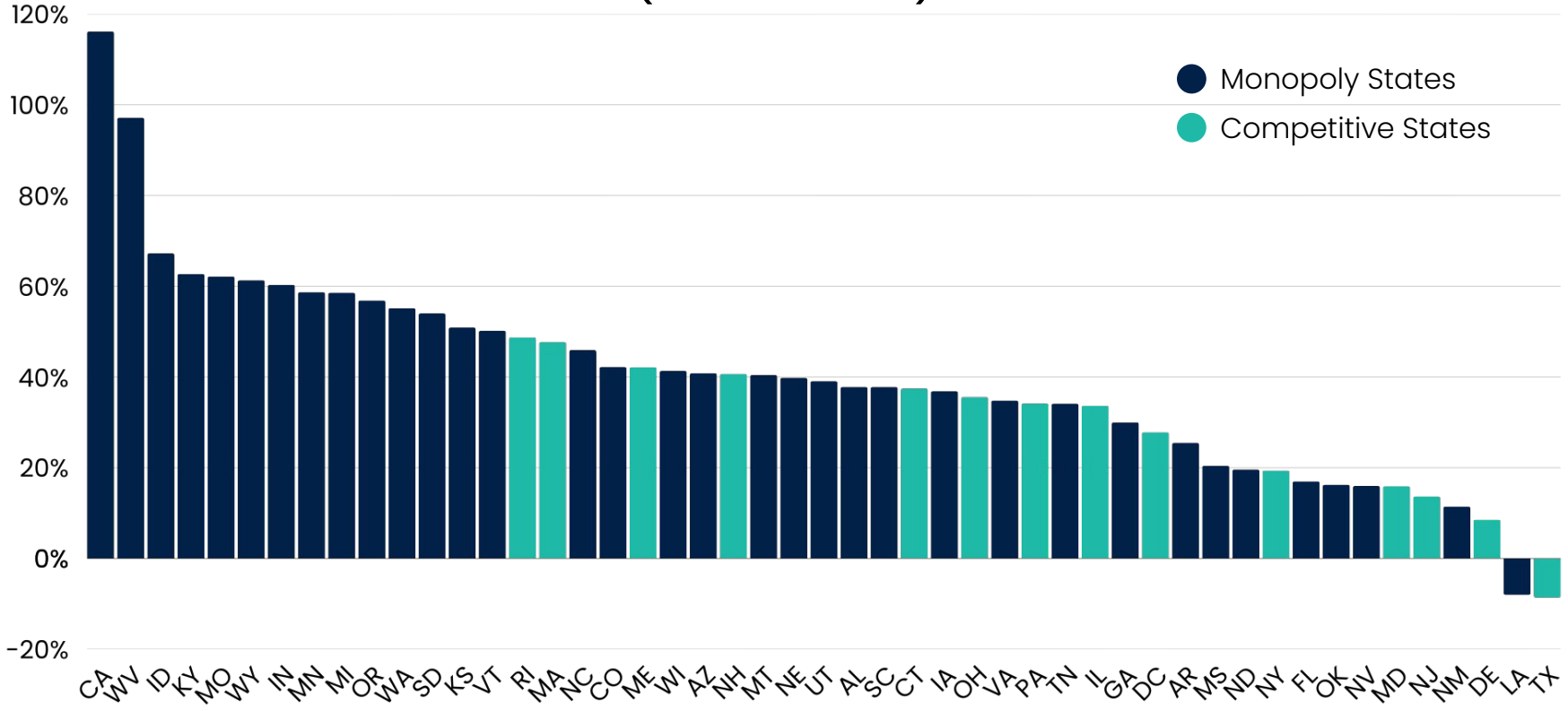
Source: EIA-861M; Retail Energy Supply Association data analysis

Industrial Weighted Average Percentage Price Change, Choice vs. Monopoly States (2008-2024)



Source: EIA-861M; Retail Energy Supply Association data analysis

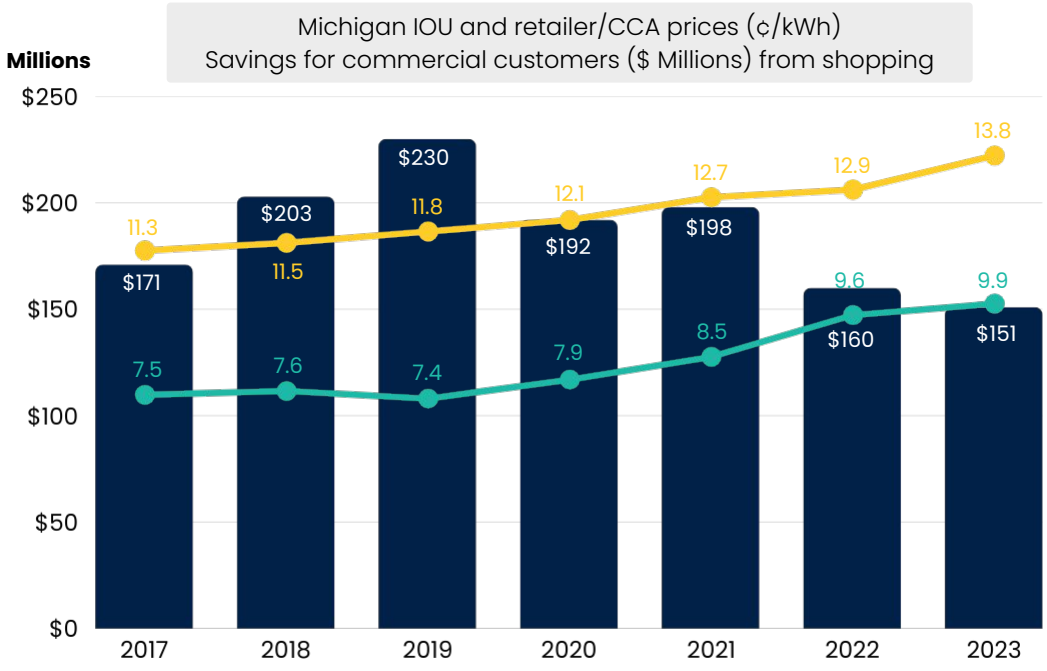
All Sector Price % Price Change by State
(2008-2024)



Source: EIA-861M; Retail Energy Supply Association data analysis

Michigan (Partial Competition)

In MI, the utilities maintain a monopoly on the generation and sale of electricity with the exception of 10% of the previous year retail sales. This cap has been fully subscribed since inception in 2008. Below are the cost-savings of retail shoppers compared to the utility rate.



Retail Savings ($)

IOU Bundled Price (¢/kWh)

Implied Retailer Bundled Price (¢/kWh)

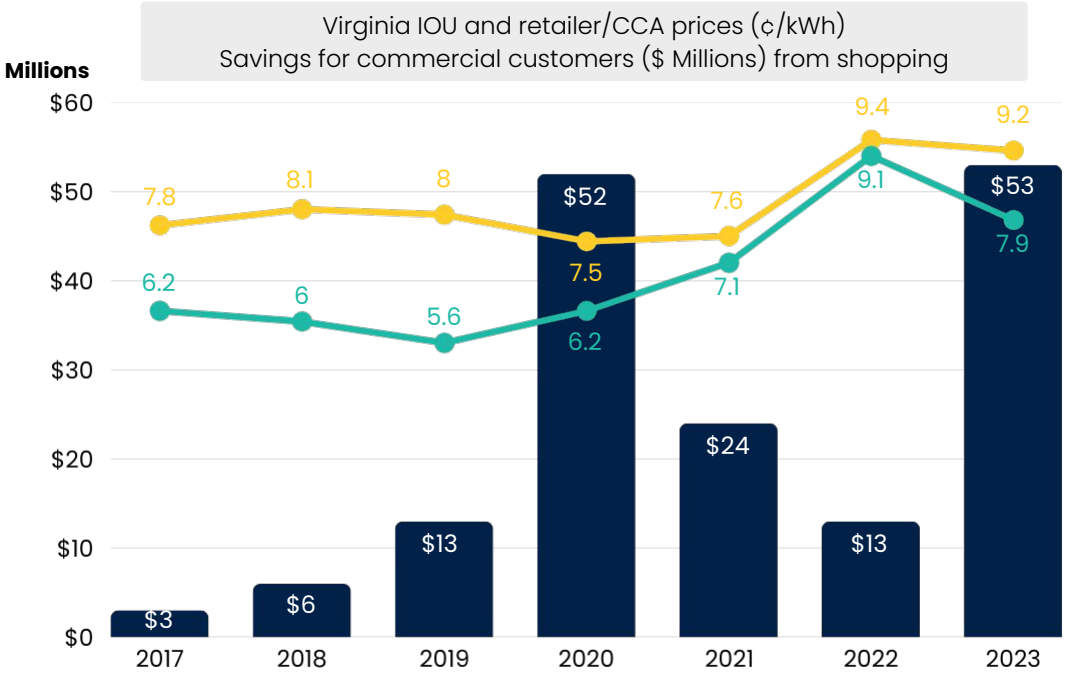
Cap Enrollment (2024):

5,539 customers / 2,798 MW.

Source: EIA-861

Virginia (Partial Competition)

In VA, the utilities maintain a monopoly on the generation and sale of electricity with the exception of some large customers that meet specific criteria that can enroll with a supplier. Below are the cost-savings of retail shoppers compared to the utility rate.



Source: EIA-861

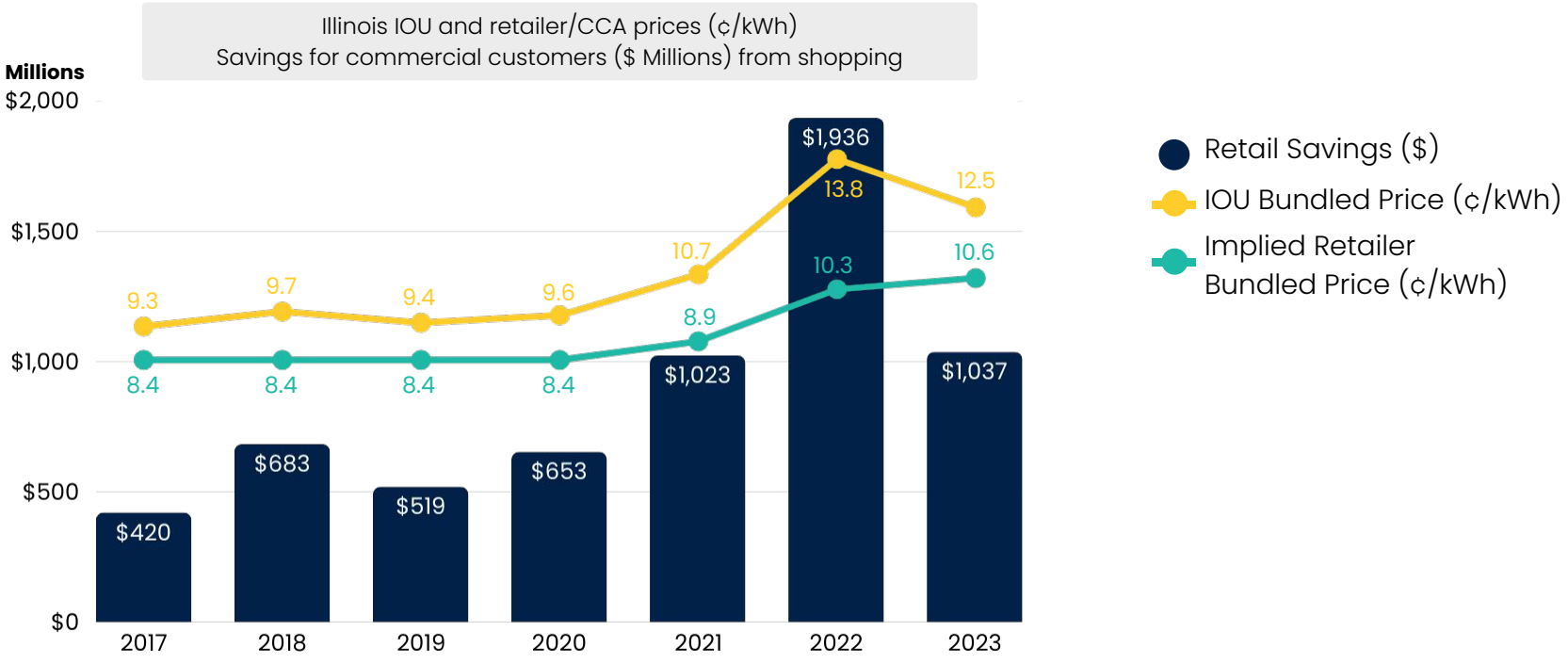
- Retail Savings ($)
- IOU Bundled Price (¢/kWh)
- Implied Retailer Bundled Price (¢/kWh)

Enrollment (2024):

2,988 customers/4,290,796 MWh.

Illinois (Full Competition)

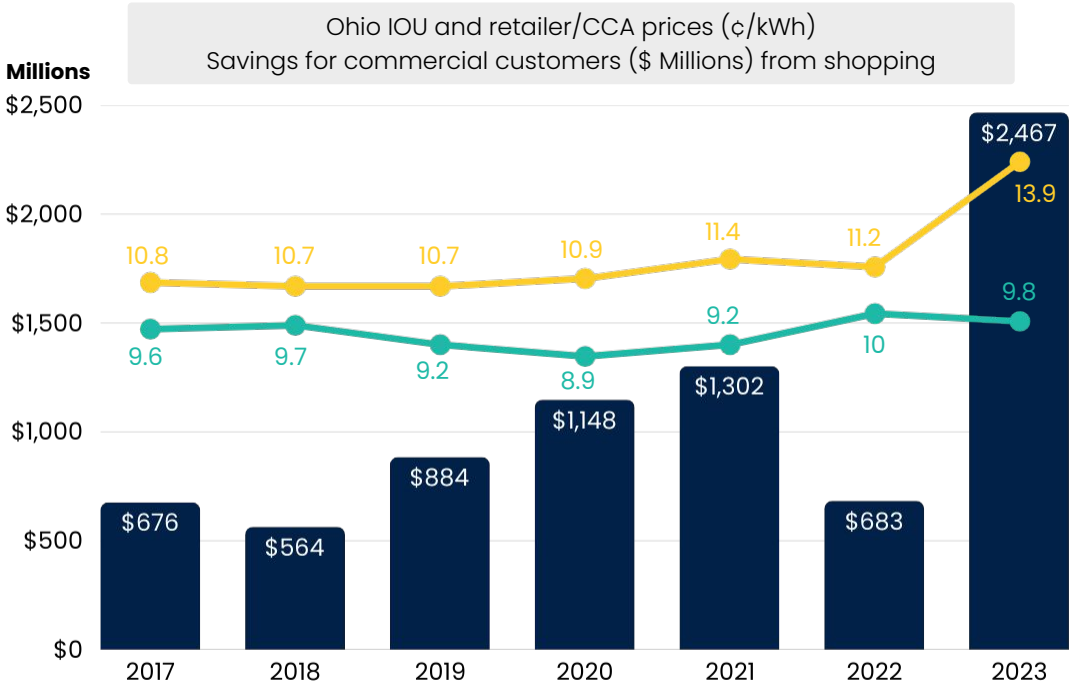
Cost-savings of retail shoppers compared to the default utility rate.



Source: EIA-861

Ohio (Full Competition)

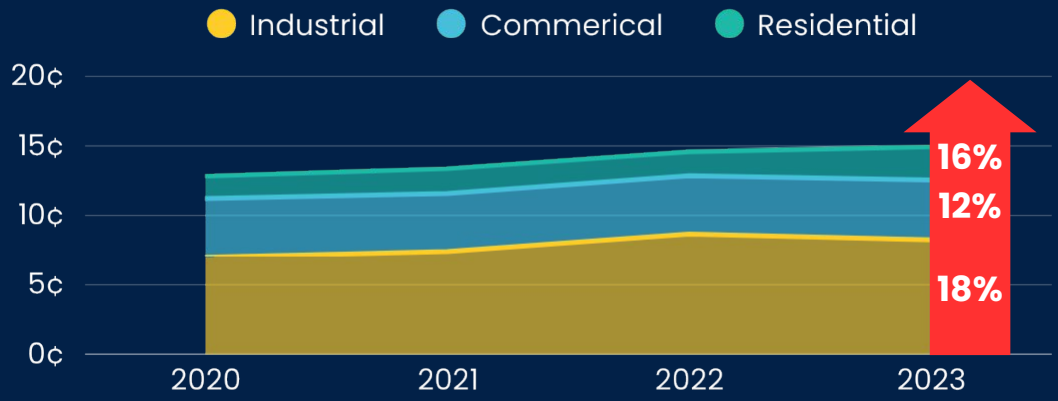
Cost-savings of retail shoppers compared to the default utility rate.

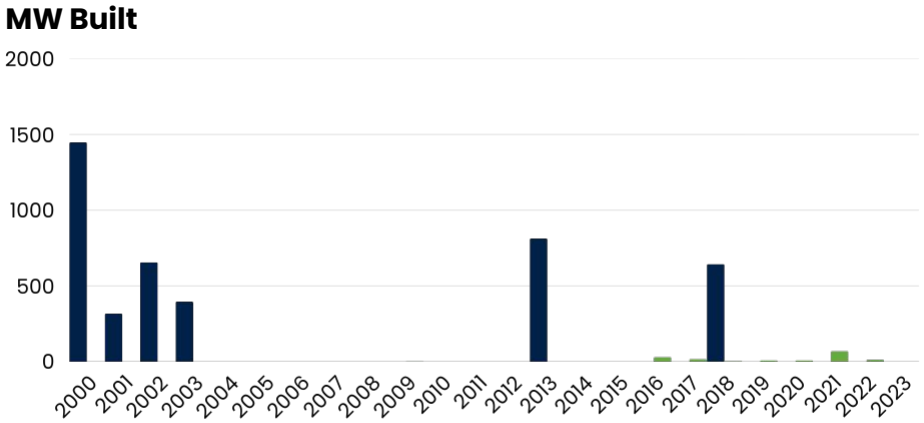


Source: EIA-861

4-Year Rate Change

Between 2020 and 2023, rates increased an average of **16%**.



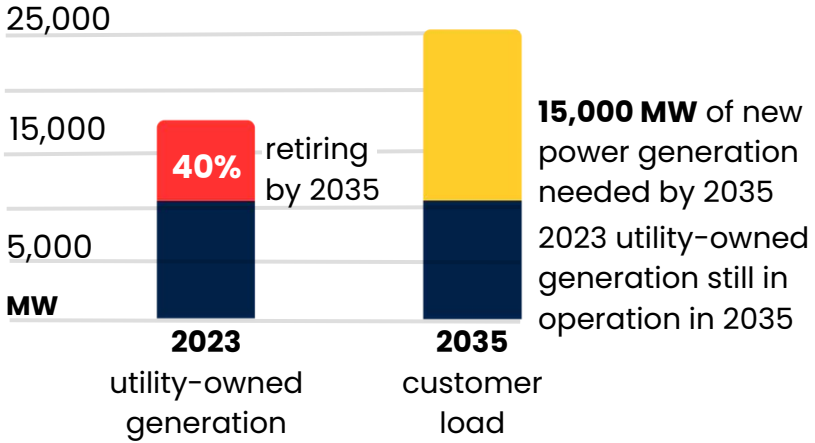


Generation Built Since 2000

Less than 4,500 MW's have been built since 2000.

Source: EIA-923, 861, 860

According to utility IRP's, electric demand will **grow 54% by 2035**, while **40%** of the current generation is **scheduled to retire**.



15,000 MW is the equivalent of:

22 natural gas plants = **$17 Billion**

Growth in demand estimates are conservative estimates based on the utility's integrated resource plans.

In the **past 10 years**, Indiana utilities **have only built approximately 1,600 MW** of new power generation.

Source: EIA-923; 861 Table 10; 860; Utility IRPs; Lazards 2025 Levelized Cost of Energy

Template Policy

Eligibility:

- Non-residential customers >1 MW peak demand.
- Customers may aggregate load across sites to qualify.
- Self-supply allowed with no fees or restrictions.

Utility Load Certainty:

- Cap on eligible load: at least 20% of each utility's retail sales must be open to retail choice.
- Cap cannot decrease and increases automatically if oversubscribed.
- New and expanded facilities may use competitive supply even beyond the cap.
- Very large single-site users (>75 MW) excluded from cap calculations.

Customers can return to utility service with notice:

- 1–25 MW → 30 days
- 25 MW+ → 6 months
- Returns to utility prior to notice period completion can be placed on hourly market rate.

Template Policy (cont.)

Billing & Cost Allocation:

- Utility must separate charges for: Distribution, transmission, generation, programs, credits, taxes, fees.
- Customers receive dual billing.
- Participating customers are not charged for utility generation or RPS costs.

Commission Oversight

- Empowered to ensure no unfair cost-shifting to households or small businesses
- Responsible for cap approval licensing, and compliance
- Publishes an annual report with participation, queue status, procurement activity, and market outcomes

Supplier Licensing

- Competitive suppliers must be licensed, financially sound, and bonded
- Annual license fee: $10,000
- $1M financial surety required

Implementation

- Within 6 months: Commission opens stakeholder process on implementation
- Within 12 months: Final rules and subscription cap order issued

Benefits

Protects ratepayers from rising costs

- Allows a limited number of large users to procure their own power, reducing the amount of new utility-built generation—and guaranteed profits—that all ratepayers must fund.

Strengthens reliability and resource adequacy

- Frees up system capacity so utilities can manage retirements and focus on keeping the grid reliable and affordable for households and small businesses.

Accelerates new generation through private investment

- Independent producers can build power faster and with private dollars, adding needed capacity without increasing utility costs or customer rates.

Promotes economic growth without risk to ratepayers

- Attracts major employers and drives construction, jobs, and local tax revenue—all funded by the private sector, not captive customers.

Resources:

- Template
- Talking Points
- Research / Graphs
- Fact Sheet
- Social Posts
- Advocacy (coalition landing page)

Questions & Discussion

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