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## **State Competitive Procurement Rules Are Critical for Investment and Deployment of Innovative Technology, EPSA Tells NARUC**

*“Promoting the role of competition, regardless of a state’s underlying regulatory structure, is critical because we respectfully submit that the innovative technologies that carry higher costs and greater risks are best deployed successfully by those with a greater financial stake in whether they succeed or fail – by those who take risks and are rewarded for doing so – and who pay for their mistakes – not by those who are largely paid and profit regardless of success, whose mistakes are absorbed by ratepayers, and who earn more as more money is spent.”*

WASHINGTON, D.C. – John E. Shelk, president and CEO of the Electric Power Supply Association (EPSA) today will discuss the important role of competitive suppliers and how they can work with state regulators to meet the nation's future electricity needs. Shelk will speak on a Committee on Electricity panel at the National Association of Regulatory Utility Commissioners (NARUC) Winter Committee Meetings at the Renaissance Washington Hotel. Excerpts from his planned remarks include:

**“The challenge we all face is nothing less than continuing to provide reliable and affordable electricity, consistent with domestic and global economic growth, as demand increases at home and more so abroad, while reducing the carbon footprint of our country and our planet.**

**“It really, really matters who states allow to build power generation and make the other investments necessary to achieve the lower carbon future we seek – and that gets us to electricity policy.**

**“The estimates of the investment needed for innovation – even just the amounts to keep pace with future demand even with successful demand response, efficiency and conservation – are staggering.**

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**“To be very candid, it is simply hard to fathom why one would put consumers on an escalator to higher and higher electricity prices regardless of the success of the investments made on their behalf, when competitive suppliers with a proven track record are willing and able to do so – if just given the fair opportunity to do so.**

**“For starters, capital – and the competition that comes with it – is far less likely to flow to states with an adverse political climate. That is true of states that restructured and those that did not.**

**“In organized markets, meeting the climate and supply challenge will take sustained market-based price signals. While the results of the initial capacity auctions in PJM and New England are encouraging, it is essential not only that these auctions continue as we enter the first full advance auctions, but that they and other pricing mechanisms reflect economic reality.**

**“Re-regulation and calls for open-ended investigations simply do not change the underlying economic realities we face in a global economy – and in fact make matters worse. We are actually encouraged by thoughtful reports in recent months from states like Maine and Maryland that properly identify all the barriers to investment, almost none of which are reduced or eliminated by re-regulation.**

**“In vertically-integrated states, the lack of any competitive procurement rules, or rules that are not fully enforced where they exist on paper, remains a major obstacle. Practices are tolerated in electricity that would not be tolerated anywhere else in the economy. Incumbent utilities with franchises to protect continue to put subtle and not-so-subtle barriers between us and offering consumers a better deal.**

**“While we were encouraged by the formation of the joint FERC-NARUC dialogue on competitive procurement, we respectfully urge you to accelerate its work so that its work product will be available before critical decisions are made that, on the present course, will saddle consumers with billions of dollars in excess costs, while making it less likely that the carbon challenge will be met in a timely and cost effective manner.”**

-EPSA-

*EPSA is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for nearly 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities. EPSA seeks to bring the benefits of competition to all power customers. For more information, please visit [www.epsa.org](http://www.epsa.org).*