Keeping up with Retail Access? Developments in U.S. Restructuring and Resource Procurement for Regulated Retail Service

Retail access states have been reaching a key milestone: the end of the initial ''transition period,'' after which utilities generally are required to use competitive processes to procure supply for their continuing obligation to provide retail service at regulated rates. The authors present a survey of the current state of U.S. retail restructuring, discuss the policy challenges faced as the initial transition periods end, and document how distribution utilities are procuring power for customers who have not selected alternative suppliers.

Johannes P. Pfeifenberger, Adam C. Schumacher, and Joseph B. Wharton

Johannes Pfeifenberger *and* **Joseph Wharton** *are Principals and* **Adam Schumacher** *is an Associate of The Brattle Group, an economic and management consulting firm in Cambridge, Massachusetts. The authors provide strategic advice, litigation support, and expert testimony on industry restructuring, network access, and incentive regulation to clients in the utility industries.*
The authors thank Greg Basheda, James Blessing, David Bruggeman, Peter Fox-Penner, Frank Graves, Craig Nelson, and Sam Newell for valuable discussions and comments.
Opinions expressed in this article, as well as any errors or omissions, are the authors' alone. The authors can be reached at www.brattle.com.

I. Introduction

The dividing line between states that have pursued retail restructuring and states that are staying with traditional regulation has become more pronounced and possibly solidified. States that embraced retail access continue to do so and are reaching important milestones in meeting customers' continuing needs. Meanwhile, states with a traditional utility industry structure have ceased looking toward retail access and are finding ways to combine retail

 1040-6190/$–see front matter © 2004 Elsevier Inc. All rights reserved., doi:/10.1016/j.tej.2004.10.008

regulation with wholesale competition. In retail access states, a clear trend has emerged: Large customers are quite active in selecting service from unregulated suppliers, while residential and other small customers demonstrate a pronounced tendency to remain on the regulated retail service provided by the distribution utility.

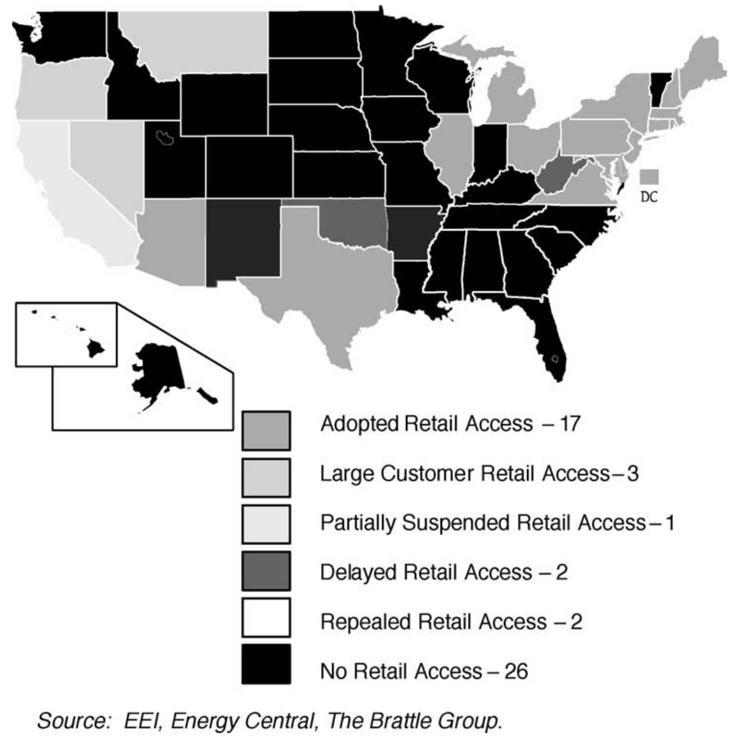

Figure 1: Summary of Retail Access in the U.S. (2004) *Source: EEI, Energy Central, The Brattle Group*

A common challenge facing retail access states is the end of the so-called ''transition period,'' during which retail customers who did not select service from an unregulated supplier could obtain regulated service from the distribution utility as the ''provider of last resort'' (POLR). During this period, regulated service was generally offered at capped rates with resources provided through buy-back contracts with the distribution utilities' generation affiliates or new generation owners. As this transition period comes to an end, policymakers and utilities have to address the continued need for regulated retail service and the procurement of generation supplies to provide that service. The way that this procurement process is structured has important implications for customer rates, utility cost recovery, the liquidity of wholesale markets, and the creation of a level playing field for unregulated retail access providers.

II. Status of Retail Restructuring in the U.S.

The restructuring of the retail electric market is part of a movement that has gained broad, but certainly not universal, support of state policymakers starting in the mid-1990s. In total, 25 states (including the District of Columbia)[1] have initiated a policy of utility industry restructuring through open retail access. Of these, 21 states are at present supporting retail access for all or some customer classes.[2] Four states have fallen away: Oklahoma and West Virginia have delayed their start dates of retail access, and Arkansas and New Mexico have repealed their retail access laws altogether.

Figure 1 shows a state-by-state summary of retail access. **Table 1** provides a more detailed snapshot of the current status of retail access across these 21 states that continue to provide some form of retail access, listing states in the chronological order in which retail access was inaugurated. Table 1 indicates that the transition from a traditional, regulated industry structure to retail access was almost universally accompanied by a multi-year transition period. During this transition period, states dealt with three restructuring-related goals: (1) stranded cost recovery, (2) restructuring of generation ownership, and (3) protection of retail customers through continued provision of a regulated service option. These regulated service options are referred to as ''standard offer service,'' ''default service,'' ''provider of last resort,'' and ''basic generation service,'' although the precise meaning of these terms sometimes varies across states.

 1040-6190/$–see front matter © 2004 Elsevier Inc. All rights reserved., doi:/10.1016/j.tej.2004.10.008

دریافت فوری ← متن کامل مقاله

ISIArticles
مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات