



ABCs of ENERGY Competition

Competitive electric and natural gas suppliers and energy information and technology providers are in business to provide these benefits to consumers. However, they can only do this as long as energy markets remain open for competition.

The National Energy Marketers Association (NEM) is a national, non-profit trade association representing marketers of energy and energy-related products, services information and technologies throughout the United States, the U.K. and Canada. For further information contact NEM's Washington, DC headquarters at (202) 333-3288 or its Web site at www.energymarketers.com.

Choice - In every market that has opened for competition and provided consumers with a choice, consumers have received the benefits of lower prices and access to innovative new offerings of products, services, information and technology.

Offerings - There are a host of energy information and technology providers that have developed products such as real-time meters, home control systems and distributed generation that allow consumers to control the amount of energy they use so they can control how much they pay.

Monopoly - Monopoly pricing is never lower than competitive pricing. It's just that simple.

Price Reduction - It is estimated that wholesale power markets are already saving customers \$13 billion per year. As a result of federal legislation and regulation opening wholesale gas markets, the price of natural gas to LDCs and large industrial consumers declined on average by as much as 50%. In Texas, it is estimated that retail customers have saved, at a minimum, over \$1.5 billion in electricity costs during the first year of competition as compared to the regulated rates in effect during 2001. In Pennsylvania, it is estimated that consumers have saved \$3.8 billion from rate reductions since the beginning of the electric choice program in 1997 through 2001. In Massachusetts, since the passage of the electric restructuring law in 1996, the retail price of electricity for commercial customers has dropped 12%.

Energy - Energy is the lifeblood of the economy. All consumers benefit when competitive forces are brought to bear on energy prices.

Technology - When competitive forces enter energy markets, it results in an array of technological advances.

Innovation - Real-time meters are the "cash registers" of the new energy economy. Distributed generation is the portable, cost-effective "cell phone" of the emerging energy industry.

Time-of-Use - New time-of-use offerings give customers control over their bill by allowing them to vary their usage based on rate differentials throughout the day.

Information - New energy services provide consumers with the information they need to take control of their energy bill.

Options - As more alternative energy suppliers enter the market, competition will be enhanced to provide consumers with better price and service options.

New Jobs - Lower energy prices offered by competitive suppliers permit states to attract new businesses, increasing job opportunities and state tax revenues.