

Fact Sheet

Benefits of Competition

As the nation's leading competitive energy provider, Exelon strongly supports competitive electricity markets to deliver choice, innovation and value for residential and business customers. Exelon's competitive wholesale and retail energy businesses serve approximately 100,000 business and public sector customers and approximately 1 million residential customers across the United States and Canada. Competition has been growing rapidly: Customers using competitive suppliers have grown more than 53 percent, from 8.7 million in 2008 to 13.3 million in 2011. Among residential consumers, use of competitive electricity increased by 54 percent — from 3.8 million in 2008 to 11 million in 2011.¹

Energy competition promotes: customer choice, innovative energy technologies and services, long-term savings opportunities, economic development and job creation, energy supply reliability, improved generation performance and clean energy resources.

- **More choices for customers.** In the 17 states with retail electricity competition, nearly 45 percent of load is served by competitive suppliers — more than double the 20 percent served competitively in 2003.² In each of Exelon's major markets of Illinois, Pennsylvania and Maryland, retail customers can choose from dozens of energy product offerings.³ In contrast, in traditionally regulated states, monopoly-protected incumbent power providers have little or no incentive to develop new products or lower costs for their captive customers, who do not have the option to shop for electricity.
- **Innovative energy products and services.** Competitive markets incent suppliers to innovate and offer customers an array of products to manage energy costs and save money. Similarly, with the growing popularity of demand response programs that incentivize large businesses to reduce electricity use in response to high wholesale prices or system capacity needs, customers increasingly play a more significant role in driving supplier innovation. For example, Exelon's Constellation business unit offers the Virtuwatt™ application, which provides commercial and industrial power users the ability to better manage electricity use and maximize participation in demand response programs. By providing real-time power usage and pricing information as well as access to marketplace bidding capabilities and automated curtailment strategies, the product gives customers control of their power usage. Contrast this with non-competitive suppliers, who have absolute customer usage control.
- **Long-term savings opportunities.** Competition provides customers opportunities to realize cost savings. The average price of electricity, adjusted for inflation, has fallen in many states with successful competitive retail markets, providing their customers some of the lowest electricity prices in years. In Illinois and Pennsylvania, residential consumers pay 19 percent less and 4 percent less, respectively (adjusted for inflation), for electricity than they did 15 years ago, before retail competition had been introduced. Furthermore, commercial customers in states with retail competition pay 6 percent less for electricity, adjusted for inflation, than they did in 1997, whereas commercial customers in monopoly-regulated states pay 3 percent more.⁴

¹ Source: Energy Information Administration and Bureau of Labor Statistics, 2011.

² COMPETE response to Ohio Governor Kasich's call for comments on energy policy, Nov. 10, 2011. Available at: <http://www.competecoalition.com/resources/response-compete-coalition-gov-kasich%E2%80%99s-call-comments-energy-policy>

³ Source: Annual Baseline Assessment of Choice in Canada and the United States (ABACCUS) November 2011 report.

⁴ <http://www.competecoalition.com/blog/2011/11/abaccus-report-finds-retail-power-markets-driving-innovation>

⁵ Source: Energy Information Administration (EIA), 2011.

- **Economic growth and job creation.** In competitive markets, businesses have the opportunity to purchase energy at the lowest possible price. The savings allow companies to reinvest in their businesses, reduce overhead and create new jobs. According to the September 2011 *Electricity Competition at Work* report commissioned by the COMPETE Coalition, Texas created 37 percent of net new jobs in the U.S. between June 2009 and May 2011, thanks in part to one of the most advanced competitive electricity markets in the country. Similarly, in Ohio, every \$100 million dollars in energy savings creates an estimated 1,200 new jobs or more.⁵
- **Supply reliability and generation performance.** A competitive marketplace better matches supply to customers' demand for electricity. Competitive markets drive cost-effective investments in generation infrastructure needed to ensure a sufficient and reliable electricity supply. Competitive markets also incent energy generators to improve the performance of their power plants. Due in part to its transition to competitive markets, Exelon increased the capacity factor, or output, of its nuclear fleet to over 93 percent in 2011, whereas its predecessor company Unicom had a nuclear capacity factor of just 47 percent in 1997. This increased efficiency helped drive down wholesale electricity prices. Furthermore, in competitive markets, investors — not consumers — bear the capital cost and financial risks associated with costly, long-term investment in new generating units.
- **Clean energy resources.** Competition enables the cost-effective development and expansion of clean energy sources, benefitting consumers and the environment. For example, in competitive markets Exelon is adding up to 1,300 megawatts of clean generating capacity through nuclear power uprates — the equivalent of a new nuclear unit at about half the cost of building one. Similarly, nearly 80 percent of U.S. installed wind capacity is located in regions with competitive wholesale electricity markets, even though these areas have only 44 percent of U.S. wind energy potential.⁶

⁵ Source: *Electricity Competition at Work*, September 2011 COMPETE Coalition report.

⁶ Source: Annual Baseline Assessment of Choice in Canada and the United States (ABACCUS) November 2011 report. <http://www.competecoalition.com/blog/2011/11/abaccus-report-finds-retail-power-markets-driving-innovation>