

A Healthy Competition

Today, more than two-thirds of the nation's electricity consumers live or conduct business in states like New Jersey that are part of regional competitive electricity markets. There already is ample evidence that competition has helped control consumer costs and made the electric power industry more efficient.

Now, it's also becoming clear that competitive electricity markets are fostering innovation and investment in renewable energy and other new technologies that will reduce greenhouse gas emissions and help the U.S. combat climate change.

More than 70% of wind energy resources are located in states served by competitive electricity markets and over the past 10 years, nearly three-times-as-much wind energy has been generated in these states than in those that maintain vertically integrated electric industries.

Regional competitive markets are also providing fertile territory for investment in new, zero-emission technologies such as demand response and energy efficiency that are competing directly with traditional resources like new power plants to meet future electricity capacity requirements.

Demand response is a voluntary reduction in electricity use. In the most recent Reliability Pricing Model (RPM) capacity auction conducted by the PJM Interconnection, the regional market that includes New Jersey, 12 other states and the District of Columbia, demand response accounted for almost 5,700 megawatts (MW), of capacity, equivalent to the power needs of about

five million residential customers. Energy efficiency providers participated in the auction for the first time and won the right to develop 569 MW of efficiency resources.

These examples highlight the role competitive markets can play in promoting cost-effective means of reducing greenhouse gas emissions. The Environmental Defense Fund,

one of the nation's preeminent environmental advocacy organizations, and COMPETE, a coalition of electricity customers, suppliers, generators, and other industry stakeholders also noted this role in a joint statement issued last month that called on Congress to enact a uniform, economy-wide cap-and-trade program to control greenhouse gases.

"Markets have proven to be the most cost efficient and effective means to deliver goods and services to consumers and will bring the same benefits to help achieve the policy goals of federal climate legislation," the joint statement said. "Market forces will ensure that investments are made in

the right places with cleaner, more efficient and innovative technologies. For that reason, we believe that well-structured competitive electricity markets offer the most benefit to consumers, our economy, and the environment."

What's your view? Please let us know at Opinion@PSEG.com.



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