



# COMPETE

Electricity Competition **IS** the Public Interest

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## THE NEW ENGLAND COMPETITIVE ELECTRICITY MARKET: THE RESULTS ARE IN

### THE NEW ENGLAND MARKET BENEFITS CONSUMERS

- The average price of wholesale electricity fell 48 percent in 2009, from \$80.54 per megawatt-hour (MWh) in 2008 to \$41.99/MWh last year. The 2009 price was lower than the comparable low of \$48.55/MWh set in 2003, the year that competitive markets were launched in New England.  
*ISO New England press release, March 1, 2010*
- In 2008, enrollment in ISO-New England's demand response programs grew 28 percent, an important factor for maintaining power grid reliability and controlling wholesale costs during record breaking peak electricity use. Total demand resources increased 556 percent from January 2005 to December 2008  
*"2007 Annual Markets Report, ISO New England," June 17, 2009*
- Restructuring has saved Massachusetts Electric and Nantucket Electric customers \$1.1 billion from 1998 through the end of 2004. It led to the addition of 10,000 megawatts of new generation to the grid since 1998. That's enough electricity to power five million New England homes. Approximately forty percent of the company's large commercial and industrial customers now purchase their electricity from competitive suppliers.  
*"Massachusetts Electric Post Standard Offer Q&A," February 2005*
- Demand response programs caused an average price decrease of \$1.74/megawatt hour in hours with load interruptions.  
*"Progress of Organized Wholesale Electricity Markets in North America," ISO/RTO Council, October 16, 2007*
- Total congestion costs fell by 33 percent from 2005 to 2006.
- After adjusting for fuel price fluctuations, the average wholesale electricity price in 2008 was about \$41/megawatt-hour (MWh), down eight percent from 2007's approximate \$45/MWh fuel-adjusted price *"2008 Annual Markets Report, ISO New England," June 17, 2009*
- Competitive auctions in May 2009 resulted in contracts that will save the Commonwealth of Massachusetts \$10 million in electricity costs over the next two years. Governor Deval Patrick announced the savings from a successful procurement process for 24 large state agencies, authorities and non-profit institutions. "Significantly reducing our energy costs will benefit taxpayers, and stands out as another example of ways we are working to make state government more cost effective and efficient during these tight financial times," said Governor Patrick.

## **THE NEW ENGLAND MARKET IMPROVES SYSTEM RELIABILITY**

- With over \$1.2 billion in transmission upgrades since 2002, as well as explosive growth in the demand response programs, reliability has been improving significantly in several major demand areas.  
*"2007 Annual Markets Report," ISO New England, June 9, 2007.*
- Generator availability, which stood at 81 percent when wholesale electricity markets commenced in New England in 1999, hit a new high of 90 percent in 2007.  
*"2007 Annual Markets Report," ISO New England, June 9, 2007.*
- As of September 2007, more than 1,200 MW of demand response are being used to protect power system reliability.  
*"Progress of Organized Wholesale Electricity Markets in North America," ISO/RTO Council, October 16, 2007*
- Competitive markets provided new and transparent information about the performance of the power system, helping to identify infrastructure improvements, including transmission investment of up to \$4 billion.  
*"Progress of New England's Restructured Electric Industry and Competitive Markets: The Benefits of ISOs and RTOs"; ISO New England, April, 2005*
- Unit availability under a competitive market has increased from 81 percent in 1999 to 89 percent in 2006 and contributed to the reliable operation of the system under stressed conditions.  
*"2006 Annual Markets Report," ISO New England, June 11, 2007*
- The first two Forward Capacity Auctions, both held in 2008, were competitive. The auctions procured surplus capacity for the years ahead, sparking investment in new resources including energy efficiency and demand response, and reducing the need for reliability agreements.  
*"2008 Annual Markets Report, ISO New England," June 17, 2008*

## **THE NEW ENGLAND MARKET BENEFITS THE ENVIRONMENT**

- In 2006, renewable resources in New England generated about 9 percent of the region's total electricity. These resources included wind, refuse, landfill gas, biomass, and conventional hydro generators.  
*"2006 Annual Markets Report, ISO New England," June 11, 2007*
- ISOs and RTOs host a disproportionate amount of wind generation: 74 percent of installed wind capacity is located in ISO and RTO regions even though only 44 percent of wind energy potential and 53 percent of electric demand is in these areas.  
*"Facilitating Wind Development: the Importance of Electric Industry Structure," B. Kirby & M. Milligan, National Renewable Energy Laboratory (NREL), May 2008*
- Over five full years of operations, ISO New England has added 9,480 MW of new, clean, generation.  
*"ISO New England State of the Market Report 2004," Robert G. Ethier, PhD, May 4, 2005*