

Panel sizes up state of energy policy on Capital Hill

The issue of what policy options will be taken up to address climate change has been hanging over the energy industry for years and it's unclear whether questions will be answered this year, said experts at the EIA-John Hopkins University SAIS Energy Conference yesterday (SAIS stands for School of Advanced International Studies).

On the international negotiations side, the Copenhagen talks late last year failed to produce any binding agreements and that's not likely to change unless the US puts a price on carbon, said Bipartisan Policy Center President Jason Grumet.

Congress only has about 60 legislative days left to take up the issue once it returns from Easter break next week. Grumet is expecting Sens John Kerry, D-Mass; Joe Lieberman, I-Conn, and Lindsey Graham, R-SC to release their bill around April 20. If anything will pass, it will likely be based on the issues they have been working on. Their efforts are power-sector focused with a price collar, international offsets and an allocation scheme that generally follows the House bill that was adopted from EEI in the power sector, said Grumet.

Other options including cap and dividend and an energy-only bill are also on the table but if the issues mature over the next four to five weeks, Grumet believes the president could call in senators to the White House and try to hammer out a compromise.

It's far from guaranteed that a bill will get done with such limited time left this session plus competition from other issues.

Meanwhile, EPA is waiting in the wings to start addressing CO2 through the Clean Air Act. That agency doesn't like being seen as "Plan B" since "Plan A" would be legislation, said its Assistant Administrator for the Office of Air & Radiation Gina McCarthy.

Any regulatory action EPA takes will have to factor in economic issues and be compatible with legislative answers to CO2, she added.

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his earlier service as Deputy and Under Secretary of the Treasury and as Chief Economist of the World Bank.

Summers taught economics at Harvard and MIT and his research contributions were recognized when he received the John Bates Clark Medal,

given every two years to the outstanding American economist under the age of 40 -- and when he was the first social scientist to receive the National Science Foundation's Alan T Waterman Award for outstanding scientific achievement.

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NEM review of Connecticut anti-market bills produces disbelief

While Connecticut lawmakers debate the merits of competition, NEM did a review of the bills being considered -- House Bills 5505, 5507 and 5508 (RT, [Mar-17](#)) -- plus the existing market structure, the association's President Craig Goodman told us. As for the structure now, NEM found fault in the three-year power procurement plan's upward pressure on prices, but Goodman noted some of the problems legislators are pointing to would be there with or without competition.

When looking at the timing of the three-year sequence of contracts, now and for the next year should be a good time to buy, not to pull back from the market, found NEM.

"I find it hard to believe at this point in the evolution of that market that they are going to roll it back so dramatically, or increase the cost to consumers so dramatically," Goodman told us yesterday, pointing out that he has not spoken directly with lawmakers. "They should not be retreating from the success

that market has seen. The underlying rationale that is fueling opposition to competition is far more structural and would be there with or without retail competition -- and the big increase they have seen in pricing has been in non-bypassable charges."

No one is sure how the final vote will come out, or what the State Senate may come up with in response to the House Bills but if lawmakers take the time to look at the numbers, competition is working out, said Goodman.

"The good news is that marketers have been so successful at migrating small- and medium-sized consumers that the number of migrating ratepayers is well over 300,000 in Connecticut, and they are able to offer 10-15% savings," said Goodman.

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Penn State forms competition study group with utilities, regulators

Penn State University is forming a group with plans to look at the competitive market in the state. The group will look at market questions such as how effective is retailing and who is choosing to switch suppliers?

Power producers, distributors and regulators have joined with the university to form the Penn State Electricity Economics Initiative (PSEEI) a cooperative project to look at possibilities and challenges surrounding restructuring in the commonwealth.

Six Pennsylvania power firms signed on to support the initiative for two years: Constellation, Direct Energy, Exelon, FirstEnergy, PPL and RRI Energy. Also joining the project, though without providing financial support are the PSC and PJM.

The initiative will be run through the College of Earth & Mineral Sciences Energy Institute and the institute's

advisory board will review proposals for research on power marketing and economics.

"General deregulation of the electric industry in Pennsylvania began about 12 years ago," said Andrew Kleit, professor of energy and environmental economics. "We are finally reaching the culmination of the process."

Now that the market is open, power firms will have to deal with a renewable standard that requires that 20% of the power produced in the state be green.

The organization also plans to look at issues supporting smart grid implementation.

The initiative wants to explore a range of questions about marketing power, generation sources, green energy, energy pricing and distribution.

"Each generation source -- coal, wind, hydroelectric or nuclear -- has its own issues and tradeoffs," said Kleit of