

Bordeaux Energy Colloquium Fall 2004

The Ideology of Deregulation

1. Low prices are achievable through competition for all customer classes.

Strongly Disagree Disagree Neutral Agree Strongly Agree

2. Market forces do a better job than government or regulatory agencies in determining prices for commodities such as electricity.

Strongly Disagree Disagree Neutral Agree Strongly Agree

3. Pricing volatility is a necessary part of an efficient electricity market that will promote the long term best interest of consumers.

Strongly Disagree Disagree Neutral Agree Strongly Agree

4. Government should shield consumers from market risks and pricing volatility through instituting retail price caps.

Strongly Disagree Disagree Neutral Agree Strongly Agree

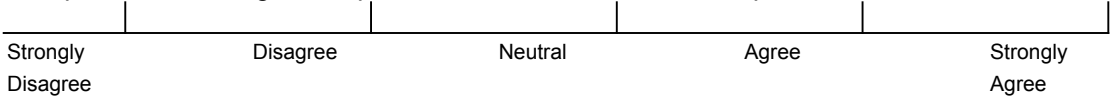
5. Vertical integration is necessary in the electricity market. Although free markets may do a better job in managing rail, phone and airline prices they have yet to match the regulators' ability to juggle the complexities of electricity.

Strongly Disagree Disagree Neutral Agree Strongly Agree

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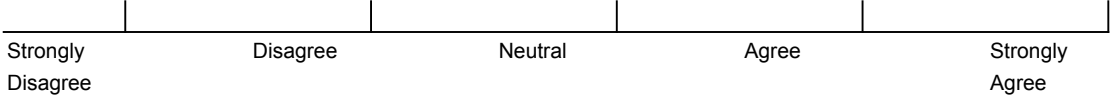
Reliability of the Grid

1. Reliability is defined as adequacy of supply and security of operations. Competition encourages companies to focus on their core competencies.



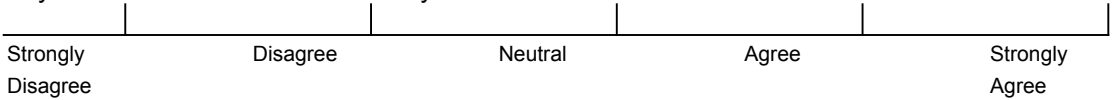
Strongly Disagree Disagree Neutral Agree Strongly Agree

2. A modern industrial society can not function if security of supply, that is reliability, is dependent of free markets subject to economic cycles and shortages.



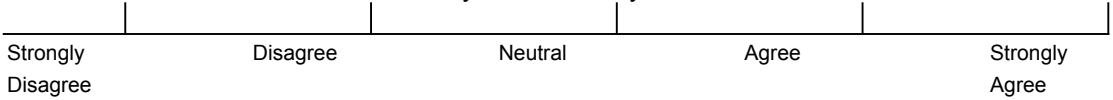
Strongly Disagree Disagree Neutral Agree Strongly Agree

3. The owners/operators of transmission and distribution facilities and providers of coordination and systems control should be required to provide access to any buyer/seller on a non-discriminatory common carrier basis.



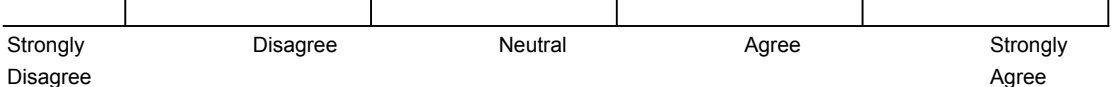
Strongly Disagree Disagree Neutral Agree Strongly Agree

4. As system operators manage reserve deficiencies the reliability of the system may deteriorate and random black-outs may be necessary.



Strongly Disagree Disagree Neutral Agree Strongly Agree

5. High prices will reduce harmful waste of resources and eliminate unnecessary power plant construction.



Strongly Disagree Disagree Neutral Agree Strongly Agree

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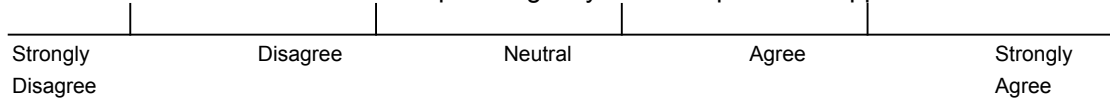
Investment in Infrastructure

1. Restoring public confidence in energy trading is an important policy priority.
- Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree
2. Regulation misdirects investment signals where competition forces a reassessment of risk/reward allocations.
- Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree
3. Uncertainty about new regulatory and market rules has slowed grid investment to alarming levels.
- Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree
4. Government involvement in the market shifts investment focus to an outcome based on longer term investments that benefit customers.
- Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree
5. Attempting to let markets price supply for electricity leads to investment inefficiencies in an easily monopolized market, the incentives are towards strangling the market not supplying the market. Generating power shortages becomes far more lucrative than generating more electricity.
- Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree

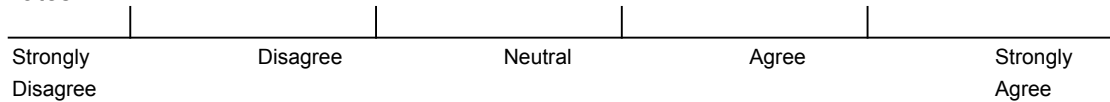
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Serving the Public Good

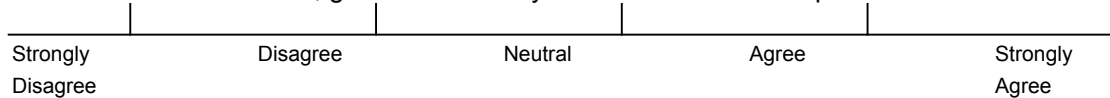
1. The provision of telephone, water and electric service to the rural and poor can not be trusted to a market notorious for pursuing only the most profitable opportunities.



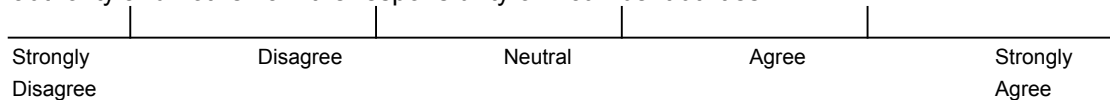
2. There is a 'societal compact' that compels regulators to assure recovery of utilities cost of renewable portfolios, lifeline programs and economic development rates.



3. When utilities are privatized, the state should still retain responsibility of providing universal access to water, gas and electricity services at affordable prices.



4. The role of energy efficiency and renewable programs should shift to a government authority and not remain the responsibility of incumbent utilities.



5. Much of the debate about industry reform is being conducted exclusively in the economic domain. There is a lack of any serious analysis and debate on the political, social and environmental dimensions of reform.

