Scenario 7: Rate Freeze/Transition Period Extension
Scenario 7

- **Scenario 7. Rate freeze / transition period extension (continuation of current regulation). Permutations:**
  - Partial Extension: A “simple” extension of the rate freeze only, otherwise an end to the transition period.
Full Extension Scenario

- Would continue the status quo
- PROS:
  1.) Would provide more time to work out the development of RTOs.
    - Seams issue resolution
    - Day 2 implementation and adjustment
Full Extension Pros (cont.)

2.) Provide more time for “competitive” procurement issues to be resolved.
Full Extension Cons

1.) Possibility of little incentive to work on power procurement issues (if market prices are low relative to embedded energy costs in bundled rates)

2.) Competition may continued to be limited by CTC and PPO, etc.

3.) Possible lack of wholesale market development during extension due to uncertainty.
Partial Extension

Transition Period Ends:
Presumes an elimination of CTC/PPO extensions, other than those PPO-like products mandated past the end of the transition period.
Partial Extension Pros

1.) Would allow competitive fringe to develop more effectively absent PPO and CTC uncertainty.

2.) Wholesale market would have more signals to develop than under full extension plan (see above)
Partial Extension Cons

1.) Possibility of little incentive to work on power procurement issues (if market prices are low relative to embedded energy costs in bundled rates)
2.) Wholesale market uncertainty?