

SCENARIO 11

PROS AND CONS

PROS

1. Price to Beat (PTB) allows small customers a safety net.
- 2.
3. New providers know what price they have to beat to gain customers.
4. Providers can adjust retail prices based on changes in wholesale prices.

CONS

1. Affiliate provider is prevented from lowering price to beat until 40 % of customers switch to a different provider.
2. Price to Beat is designed to be above market.
3. Price to beat is designed to fluctuate in response to NYMEX gas futures every 6 months.
4. No switching restrictions can result in stranded costs.

FACTS

1. This scenario is very pro competitor verses pro consumer.