

PPL's Chairman: Electricity Deregulation a Success; Let's Finish the Job

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The chairman of PPL Corporation (NYSE: PPL) said Monday (11/21) that deregulation has resulted in significant benefits for American electricity users and that policymakers should continue to encourage the use of market forces to reduce electricity prices and to promote construction of new generating facilities.

"Electricity deregulation in the U.S. has been highly successful, saving consumers more than \$30 billion compared to what they would have paid under a regulated system," said William F. Hecht, chairman and chief executive officer of PPL. "The job, however, is not yet complete. To ensure reliable electricity supplies for the future, it is imperative that we finish what we have started."

PPL was an early proponent of competitive electricity markets and was instrumental in the development of Pennsylvania's Customer Choice program, which is often cited as one of the best deregulation plans in the country.

"Under a competitive wholesale framework, the risks associated with investments in new generation are borne by generation companies' shareholders, rather than by ratepayers, as was the case under a regulated model," said Hecht.

"Competitive markets will deliver lower prices to consumers than would be the case under regulation and will send the proper price signals to encourage development of new sources of generation," he said.

Policymakers, he said, need to signal that the country recognizes the benefits of competitive electricity markets and is ready to move forward. Hecht said an absence of appropriate price signals in the marketplace will affect the reliability of the nation's energy supply.

"Policymakers should recommit themselves to allowing market forces to send proper price signals for generation and state their intent to reject or end measures that interfere with or prevent appropriate market price signals. Policymakers should permit and encourage reliance on market forces to establish prices in all workably competitive markets - even during conditions of scarcity," the company said in a filing with the Federal Energy Regulatory Commission (FERC).

PPL is responding to a FERC request for comments on wholesale and retail electricity markets. The full text of the PPL response can be found at <http://www.pplweb.com/>.

The PPL filing acknowledges that there is a need for oversight. "Policymakers must act strongly to prevent market abuses and they may have no choice but to employ some cost-of-service regulation in areas without competitive options. But beyond those narrow roles, policymakers should act to promote aggressively true market price signals."

In addition to resulting in electricity cost savings, Hecht said that a reliance on free-market forces also has improved the performance of existing power plants.

"As we have seen throughout the history of this country, free market forces are very efficient at producing the best prices and service for consumers, encouraging investment and at improving efficiencies," said Hecht. "In our comments, we are urging FERC to finish the job."

In the filing, PPL also provides answers to a series of questions posed by FERC and suggests several areas on which policymakers should concentrate to ensure that markets operate properly.

PPL Corporation (NYSE: PPL), headquartered in Allentown, Pa., controls about 12,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to about 5 million customers in Pennsylvania, the United Kingdom and Latin America. More information is available at <http://www.pplweb.com/>.

SOURCE: PPL Corporation

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