

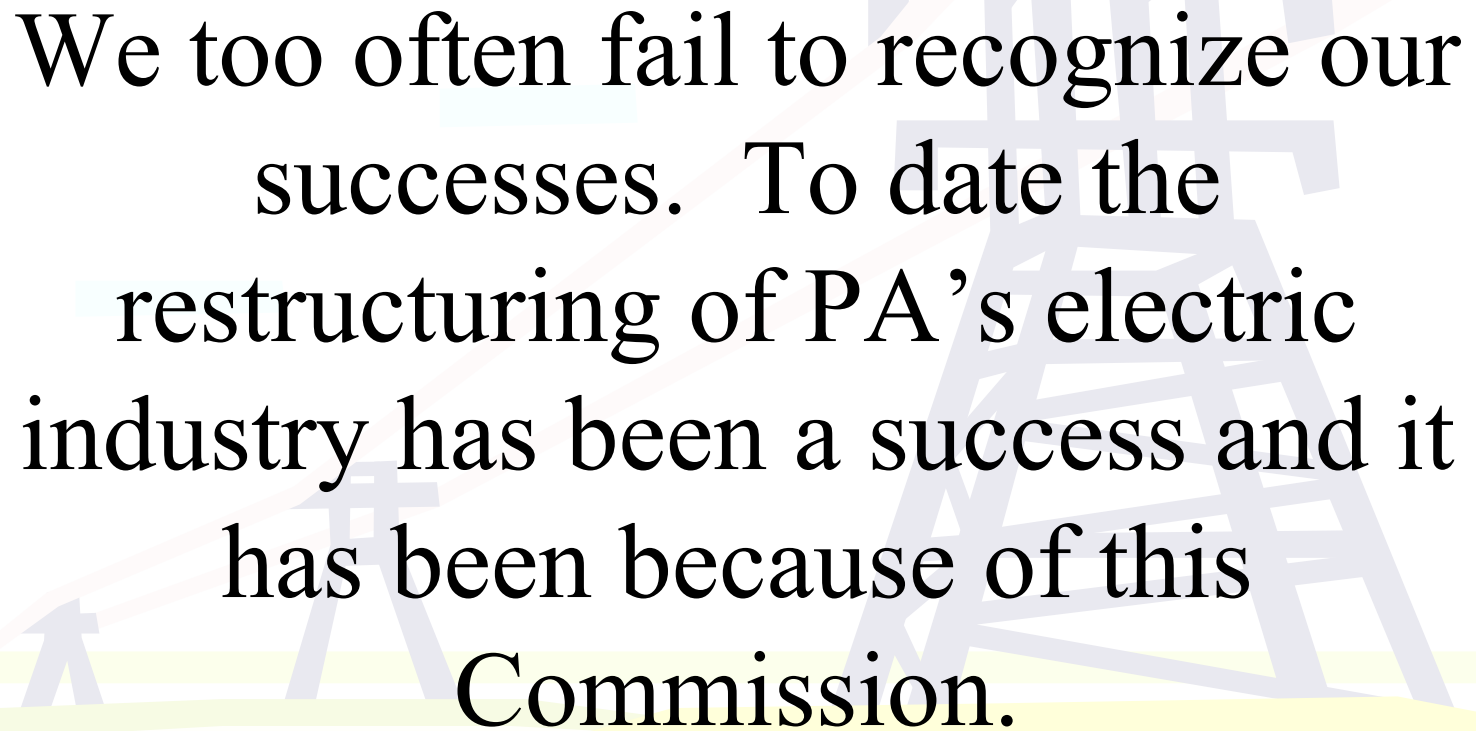
POLR

A Discussion



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We too often fail to recognize our successes. To date the restructuring of PA's electric industry has been a success and it has been because of this Commission.

The background features a light blue border. Inside, there is a faint, large-scale graphic of a ladder. Overlaid on this are several diagonal lines in light red and light blue. At the bottom, there are horizontal bands of color: a light green band at the very bottom, followed by a yellow band, and a light green band above that.

**POLR is the foundation of a
competitive market.**

**We cannot approach this issue as
attempting to regulate a market.**



You can't "get to second" with
one foot on first.

Remove obstacles to the
development of markets.

Key Words:

- ☑ Flexibility
- ☑ One-size doesn't fit all
- ☑ Different times, generation mixes, RTOs ... The EDCs are not the same.
- ☑ Markets in 2004, 2006, 2009, 2012 are all likely to be different.



The restructuring process
sought EDC diversity:

Goal achieved!



POLR Default Service:

If all risks and costs covered –
can be for everyone.

TODAY

EDC = POLR

POLR Prices:

- Likely to be higher than competitive services
- Multiple POLR offerings are possible and should be encouraged



Markets \neq Deferred Costs



POLR \neq Provider of
Lowest Rate



Flexibility