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## **KEMA estimates US competitive retail power market at 91,000 Megawatts**

BURLINGTON, MASS. (August 2, 2007) – In the past eighteen months, the number of customers and amount of electricity being served in U.S. competitive power markets has sharply increased, according to estimates by energy consulting firm KEMA, Inc.

Based on various government reported data, KEMA estimates annual competitive energy sales total 480 Terrawatthours (TWh), up 41 percent since the end of 2005. The number of customers served competitively is 8.3 million, an increase of 4.8 million since the end of 2005. On a peak load basis, the estimated competitive retail market totals 91 Gigawatts (GW), up from 67 GW at the end of 2005.

The significant increase in the size of the competitive retail market is driven by KEMA's re-classification of the Texas market as fully competitive and by broad-based increases in contracting activity caused in large part by the end of restructuring transition periods in five other states. Transition periods were established as a means to move from regulated to unregulated retail electric prices. The expiration of price caps and other price controls under these policies has spurred competitive activity as regulated utility prices more closely align with market prices.

"The growth of competitive contracting activity is driven by the movement from capped rates to market-based rates in several states," notes Taff Tschamler, Director of KEMA's retail energy practice. "Many states now have highly competitive markets for business customers. However, due to price controls and other policies, only a few states have vibrant competition in residential markets. Based on our review of competitive activity, the fundamental driver of competition in retail electric markets continues to be the incumbent pricing and procurement policies each state has in place."

The estimated competitive market by customer type is:

- 6.8 million out of 55.7 million eligible residential customers, or 12 percent, are served by a competitive supplier
- 1.5 million out of 7.6 million eligible non-residential customers, or 20 percent, are served by a competitive supplier
- 91 TWh out of 550 TWh of eligible residential energy sales, or 17 percent, is supplied competitively
- 388 TWh out of 1,028 TWh of eligible non-residential energy sales, or 38 percent, is supplied competitively

On December 31, 2006, the "Price to Beat" in Texas – the incumbent provider's offer provided at a regulated rate – ended for residential and small business customers. Beginning in 2007 KEMA re-classified all eligible Texas customers as competitively served, including those customers served by incumbent providers that have not switched to a new provider. KEMA estimates the nationwide non-incumbent or switched market totals 403 TWh, 4.4 million customers, and 73 GW. Compared to the end of 2005, the switched market has grown 27 percent by customer count, 19 percent by energy supplied and 9 percent by peak load.

KEMA's analysis and data are provided to clients of its Retail Energy Markets advisory service. The service is part of its retail energy consulting practice, which offers a range of strategic, economic, regulatory and marketing expertise in competitive power, natural gas and energy services industries.

For more information about KEMA's market size estimates and methodology or to obtain more information on the Retail Energy Markets advisory service, please contact Taff Tschamler at 781-418-5747 or [taff.tschamler@kema.com](mailto:taff.tschamler@kema.com)

#### About KEMA

KEMA ([www.kema.com](http://www.kema.com)) is an international consulting, testing and certification firm specialized in business and technical consulting, operational support, measurement and inspection, testing and certification for the energy and utility industry. KEMA clients include energy and utility companies, investors, government agencies, and major industrial electricity consumers. KEMA also serves energy and utility sector suppliers, electrical component and end-product manufacturers, and retail and wholesale energy traders. KEMA employs 1,500 professionals in 20 countries. KEMA's North American consulting operations are headquartered in Burlington, Massachusetts. Parent company N.V. KEMA is headquartered in Arnhem, the Netherlands with subsidiaries and offices worldwide.

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