

Table 7. Reference and Competitive Scenario Parameters

Category	POEMS Reference	POEMS Competitive
Electricity Markets	Competitive wholesale, cost-of-service regulated retail	Competitive wholesale, competitive retail
Market Power	None (regulated monopoly)	None (perfect competition)
Macroeconomic Scenario (GDP Growth)	1999 AEO reference case (2.4% per year, 2000 to 2010)	1999 AEO reference case (2.4% per year, 2000 to 2010)
Cost of Capital	10.8% weighted average	12.0% weighted average
Demand	1999 AEO demand modules	1999 AEO demand modules
Energy Efficiency	1999 AEO reference case	1999 AEO reference case, plus public benefit fund and “bundled efficiency” savings
Distributed Power (Combined Heat and Power)	1999 AEO Reference Case	Increase of 100 billion kilowatthours by 2010
Renewables	No special requirements	Renewable portfolio standard (non-hydro) of 7.5% in 2010, subject to a cap of 1.5 cents per kilowatthour on the premium paid for non-hydro renewables. Extension of renewables tax credit as in Administration FY2000 budget proposal. Green Power provides 0.3% of total demand.
Generation Pricing	Cost of service. New plants sell output under long-term contracts.	Marginal cost pricing, where variable costs equal fuel costs plus a percentage of O&M (percentage varies by technology).
Ancillary Services	Included in cost of service	Spinning reserves and ancillary charges associated with capacity to meet reserve requirements are included in prices.
Transmission		
Hurdle Rate	\$3 per megawatthour	\$1.5 per megawatthour
Organization	Pancaked	Postage stamp
Wheeling Fees	80% FERC Order 888	50% FERC Order 888
O&M and G&A Costs		
Generation		
O&M	Improvement through plant mix only	Improve 50-75% from current values to those of the top quartile of comparable plants.
G&A	1% per year decline	5% per year decline, 2000 to 2010
Transmission	No change	0.75% per year decline, 2000 to 2010
Distribution	No change	1.5% per year decline, 2000 to 2010
Heat rates	Improvement through plant mix only	Improve 60% from current values to those of the top quartile of comparable plants.
Availabilities	Coal/gas/oil steam at 85 percent. Nuclear varies by age of plant, as in 1999 AEO	Coal/gas/oil steam at 89 percent. Nuclear annual improvements increased by 0.5%, subject to 89-percent cap.
Reserve Margins	8% for all regions, except 4% for Florida	8% for all regions, except 4% for Florida
Stranded Cost Recovery		
Stranded Generating Assets	Not applicable	10-year recovery, 10% discount rate, 100% cost recovery
Surplus (Windfall) Generating Assets	Not applicable	30-year recovery, 10% discount rate, 100% payment to municipal and cooperative utility customers, 25% payment to IOU customers
Transitional Charges		
Regulatory Assets	Start year 1995, estimated current recovery periods, near 0 discount rate, 100% recovery	Same
Decommissioning Costs	Start year 1995, average 25-year recovery, 10% discount rate, 100% recovery	Same