

## SCENARIO 6

### PROS

1. Is a flexible process providing transparent, comprehensive regulatory review of markets and utility procurement programs with opportunity for market participants to have timely review and input. **(Consensus Agreed)**
2. Supply planning provides a forum and mechanism to identify the need for near- and long-term resources to assure adequate supply and reliability. **(Consensus Agreed)**
3. Can be structured to provide flexibility for each utility to tailor a procurement program that addresses its specific requirements. **(Consensus Agreed)**
4. Can be structured to provide a presumption in favor of competitive procurement. **(Consensus Agreed)**
5. Can be structured to incorporate flexibility to adjust procurement strategies on a going forward basis to respond to changes in market conditions and RTO market structure. **(Consensus Agreed)**
6. Does not prejudge, mandate, or preclude any specific procurement program. **(Consensus Agreed)**
7. Provides review and approval of procurement strategies prior to a utility's commitment to specific resources. **(Consensus Agreed)**
8. Will help inform ICC for its participation in RTO and FERC proceedings through periodic wholesale market assessments. **(Consensus Agreed)**
9. Allows for DSM programs and renewable portfolio standards. **(Consensus Agreed)**
10. May facilitate direct participation by specialized or single asset owners. **(Consensus Agreed)**

## **CONS**

1. Involves specific and detailed legislative changes necessary to support procurement for 2007 power supplies. **(Consensus Agreed)**
2. Involves a judgment-based review that does not lend itself to easily quantified metrics for decision-making. **(Consensus Agreed)**
3. It may not be possible to efficiently transition between procurement strategies as market conditions change. **(Consensus Agreed)**
4. To the extent that the utility would procure non-competitively, there is less transparency. **(Consensus Agreed)**
5. To the extent that utilities would manage a portfolio of assets, this duplicates risk management/hedging expertise which is currently in the affiliated GENCO's. **(Consensus Agreed)**
6. Could result in higher prices if the regulatory process requires the inclusion of above market resources in the portfolio. **(Consensus Agreed)**
7. Leaves several key and potentially contentious issues to be resolved in a later regulatory process, including procurement methodology, rate design, and allocation of risks. **(Consensus Agreed)**
8. To the extent procurement is through long-term supply contracts, this scenario may involve significant counterparty credit risk. **(Consensus Agreed)**

**FACTS:**

1. Concentrates expertise in the utilities to plan and arrange for supply requirements of bundled service customers with regulatory oversight of this activity. **(Consensus Agreed)**
2. Preserves the option of using other procurement methods when competition is not sufficiently robust. **(Consensus Agreed)**
3. Has not been proven as a default service procurement process in any state that has restructured and allows retail choice. **(Consensus Agreed)**
4. Though a wide variety of parties influence the final outcome, accountability and risk would rest on ratepayers and/or the utility. **(Consensus Agreed)**
5. Provides for full recovery of prudently incurred costs, provided utility procures in accordance with approved supply plan. **(Consensus Agreed)**
6. May not completely eliminate after-the-fact prudence reviews. **(Consensus Agreed)**
7. Historically, IRP review and procurement processes have been costly and time consuming for the ICC and the parties. **(Consensus Agreed)**