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Are Open Access Markets the Answer?

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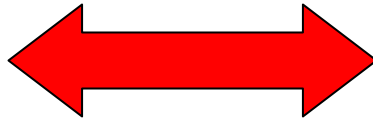
Co-generators Association of Alberta



Markets *are* Open Access

What makes a market?

- Buyers and sellers are able to transact *freely*



- Some commodities/services require physical assets to connect buyers and sellers
 - Natural Gas
 - Telecommunication
 - Power

Efficient Markets

- Markets are efficient only if physical assets with monopolistic traits are open access
- Separation of owner of physical asset (utility) and users of physical asset (buyers/sellers)
- Open access ensures that owner of physical asset is indifferent to buyer/seller transactions

Owner of Transmission



For good hockey...referee must be able to call a fair game!

Transmission Issues

- Integrated Transmission Models
 - Contract Carriage Model vs. Common Carriage Model
- Regulation of Generation
 - Treatment of utility-built generation vs. commercial generation
- Government vs. Regulators

The Question...

Established that markets are open access therefore we must re-phrase the question....

Are markets the answer?

The alternative – monopoly!

The Answer???

- Markets don't = cheaper commodities
 - Market participants expect product/service to be 'unbundled' from the cost of infrastructure required to deliver the product or service
 - Market participants expect to pay that market price for the product or service they consume
- Not all customer segments value *markets*
 - ✓ Commercial and Industrial
 - ? Residential
- Innovation
 - The conventional North American regulatory compact lacks incentive for innovation

Conclusion

- Markets in and of themselves need to be open access
- The question becomes markets vs. monopolies
- The answer depends on who you ask

QUESTIONS???