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Editorial: A vote for competitive power

A rate freeze for ComEd customers will come to an end after next year. When it does, the utility will need a new way to secure electricity and price it for the company's more than 3 million customers.

ComEd wants to hold an auction in which power suppliers, including a sister company owned by corporate parent Exelon, would compete for the utility's business. ComEd contends that letting the market set wholesale prices through an auction would lock in a sure supply and keep retail costs as low as possible.

Consumer advocates--and some political leaders--disagree. They want the Illinois Commerce Commission to reject the ComEd plan. A vote could come next month.

Public debate over this has largely been hijacked by political gamesmanship. A little-noticed development could help provide a more sober and meaningful framework for that debate and the ICC's decision.

Sifting through months of testimony and evidence, Administrative Law Judge Michael Wallace this week issued a 242-page report that determined the ComEd plan was reasonable. He recommended it be approved by the ICC almost in its entirety.

Wallace rejected an argument by Atty. Gen. Lisa Madigan--raised in the rate case and a lawsuit--that the auction violated state law. He said the auction would be fair and transparent and "will keep ComEd's costs of procuring energy and capacity at a minimum, which will benefit its customers."

Under the plan, ComEd would hold its first auction in September, and the ICC would have 72 hours to accept or reject results. Wallace's analysis supported that. Wallace did not support ComEd's bid to forgo a later review to determine if rates were just, reasonable and prudent. Wallace recommended conditions that would be considered during a review, though it appears ComEd would have little difficulty meeting those conditions.

There's still plenty to discuss. In The Wall Street Journal last week, former Reagan administration economist Arthur Laffer complained that the structure of the ComEd auction won't yield the lowest price for consumers. Laffer, who represented the Building Owners and Managers Association of Chicago before the ICC, proposed an auction structure that he said would be more competitive. That deserves a look.

And that's where the broad debate should be headed: What's the best way to bring competition to the supply of electricity in Illinois? That has been the state's goal at least since the 1990s, when the ComEd rate freeze was established.

ICC commissioners have some difficult questions to sort through. They also have to make decisions in a political climate intensified by the governor's bid to push a ComEd opponent as ICC chairman, and the Illinois Senate's rejection of that candidate. But that's what the commissioners are expected to do: dispense with political favor and base hard decisions on the law and the public record. The ICC's staff has now started to set out that record in a constructive way.