

**U.S. House of Representatives Committee on Energy and Commerce**  
**Subcommittee on Energy**  
**Hearing on “Powering America: Examining the State of the Electric Industry through Market Participant Perspectives”**

**Question for the Record for Steven Schleimer , Senior Vice President, Government and Regulatory Affairs, Calpine Corporation**

**The Honorable Fred Upton**

- Q. In contrast to some of your fellow witnesses, you defend your support of the capacity markets by citing to the recent investment of tens of billions of dollars in new generation. Can you elaborate on why you believe state subsidies and a “hybrid” market would destroy future competitive investment?
- A. As I stated in my testimony, the competitive markets have been successful and continue to function quite well, attracting needed investments and reducing wholesale electricity prices. The trend towards providing out-of-market subsidies to certain resources is moving the markets away from a true competitive model to a “hybrid” model with states deciding which generation resources will be utilized rather than the market. Further, the subsidized resources then directly compete in the market, suppressing prices for other market participants. Investors are not likely to fund new, more efficient and economic generation resources if they face unfair competition in the markets and in turn, are potentially unable to recover their investment costs due to low revenues from depressed market prices.