

Texas Electricity: Consumer Choice or Regulation?

Texas Public Policy Foundation

January 23, 2009

Electricity Prices Are Rising Across The Nation -- Regardless Of Market Structure

Huge TVA electric rate increase takes effect

Associated Press (Tennessee), September 30, 2008

Dominion Va. customers are bracing for bigger bills

Washington Post, June 14, 2008

Tampa Electric officially requests 22% rate increase

Tampa Tribune, September 2, 2008

Electricity rates increase

ABC24-CW30 Eyewitness News, Memphis, TN, October 1, 2008

Price jolt: Electricity bills going up, up, up

USA Today, June 20, 2008

Panel Sees No Way Around Surge in Va. Power Rates

Washington Post, June 25, 2008

PG&E raises electricity rates

Anderson Valley Post (California), October 1, 2008

Electricity rates increase

Wilson Times (North Carolina), July 31, 2008

Local hearing to discuss proposed electricity rate increases

Dayton Daily News, September 22, 2008

NJ residents to again see double-digit electric rate increases

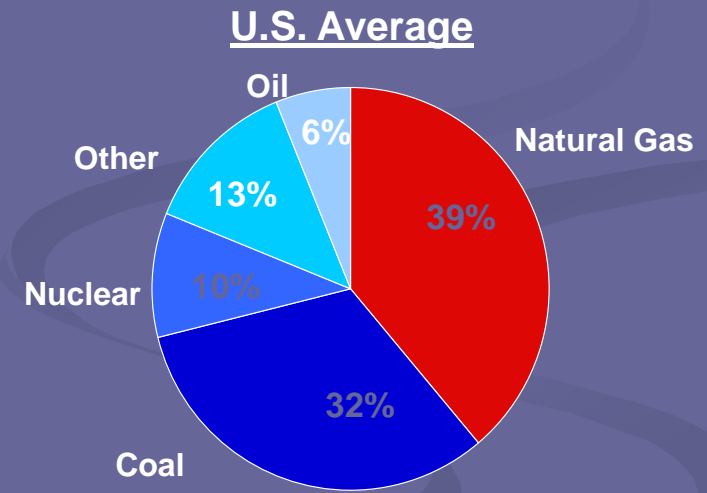
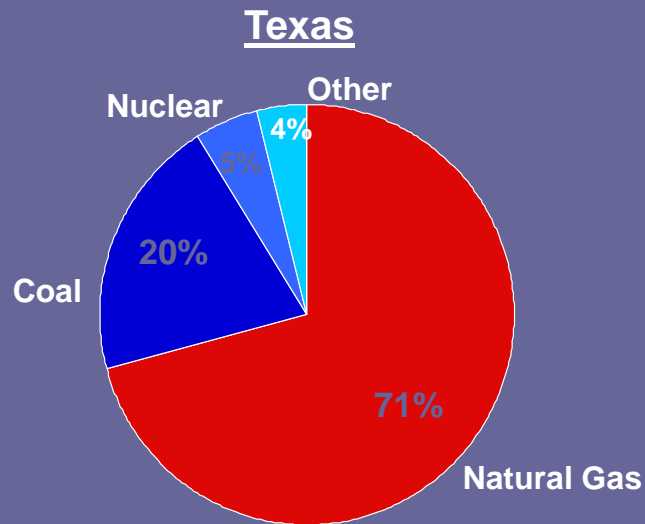
South Jersey News, February 8, 2008

Fuel Costs now driving up electric bills; Consumers from California to New York are facing rate increases of as much as 30 percent.

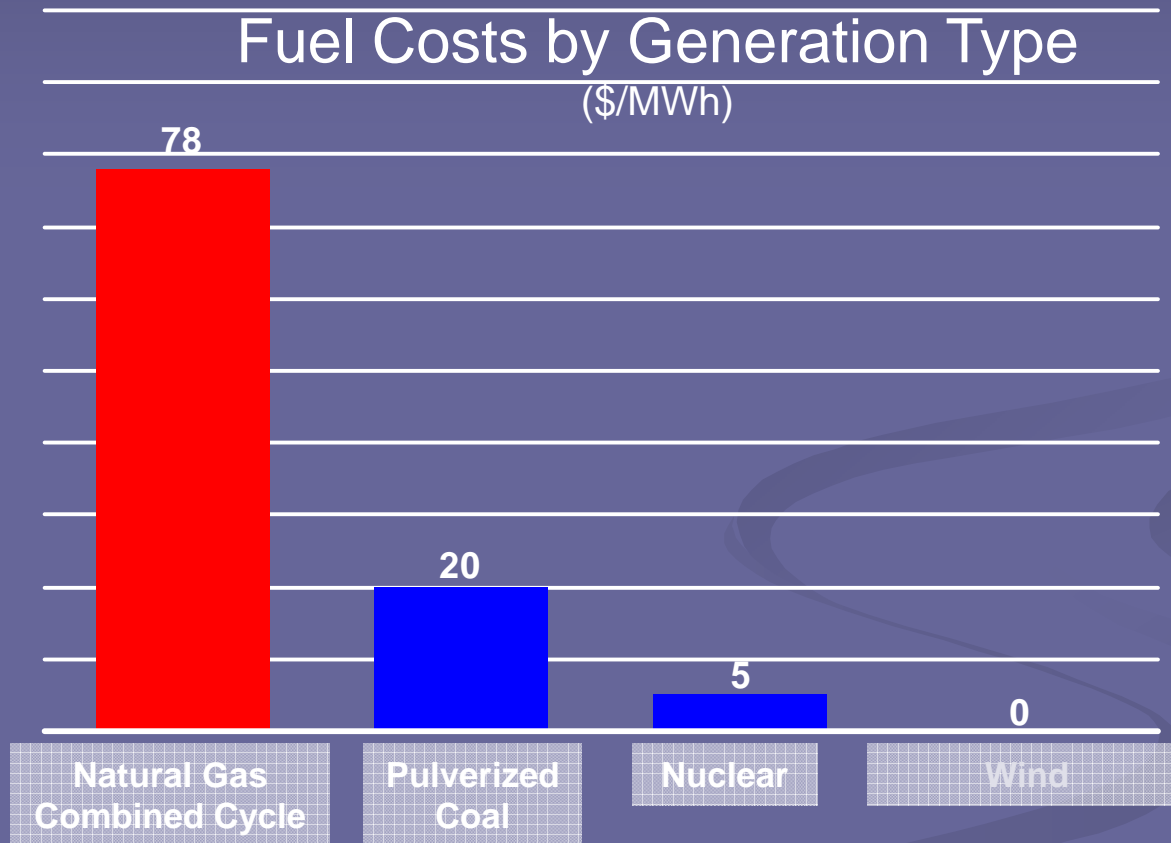
Christian Science Monitor, July 25, 2008

Texas Far More Dependent on Natural Gas than Rest of the Nation

Electric Generation Capacity by Fuel Source

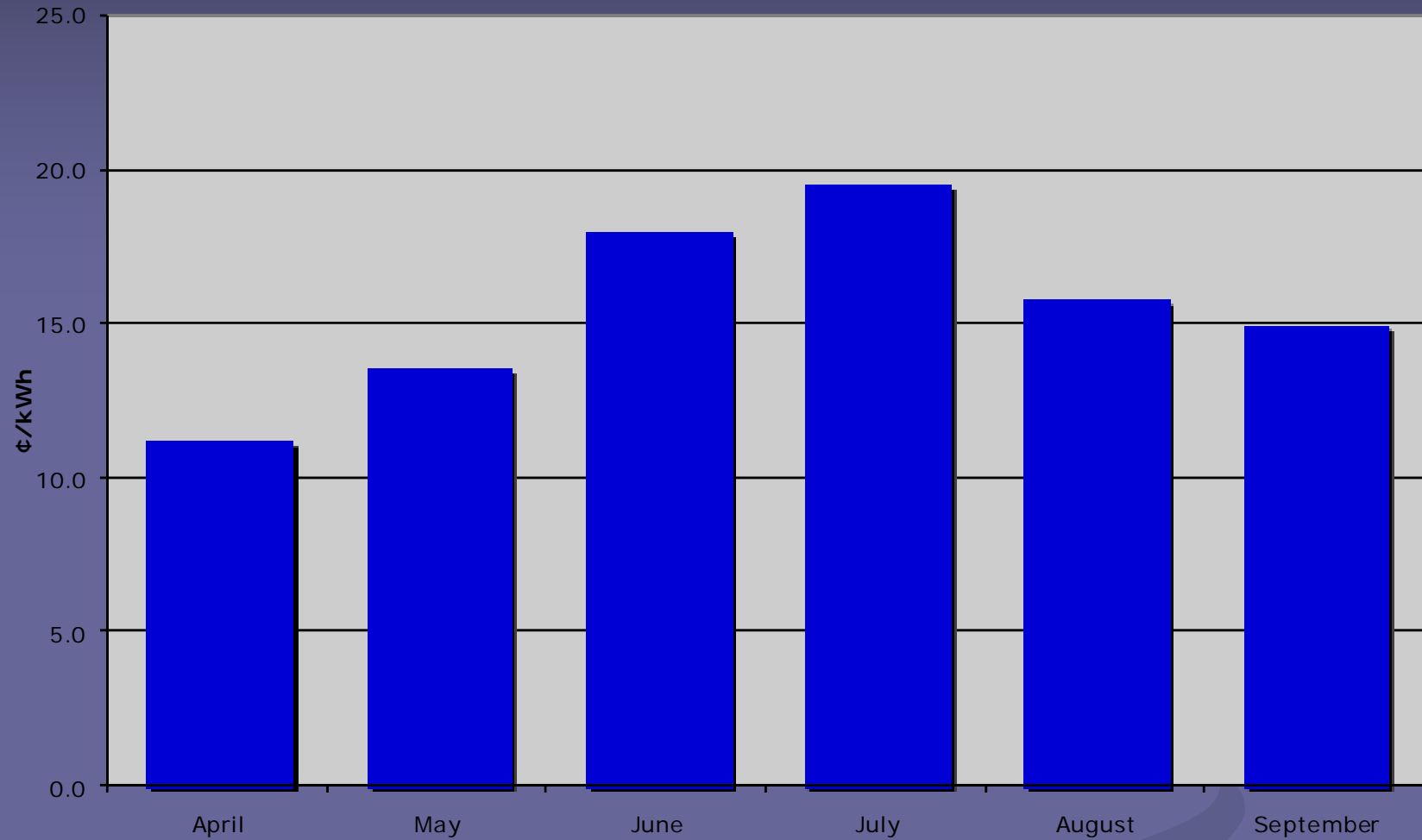


Natural Gas Fuel Costs Far Exceed Those of Other Generation Sources



Source: "Texas State Energy Plan," prepared by ICF International for the Governor's Competitiveness Council. "Natural Gas Combined Cycle" and "Pulverized Coal" each represents an average of available options without CO₂ Sequestration.

Weatherford Electric Prices - April through September 2008

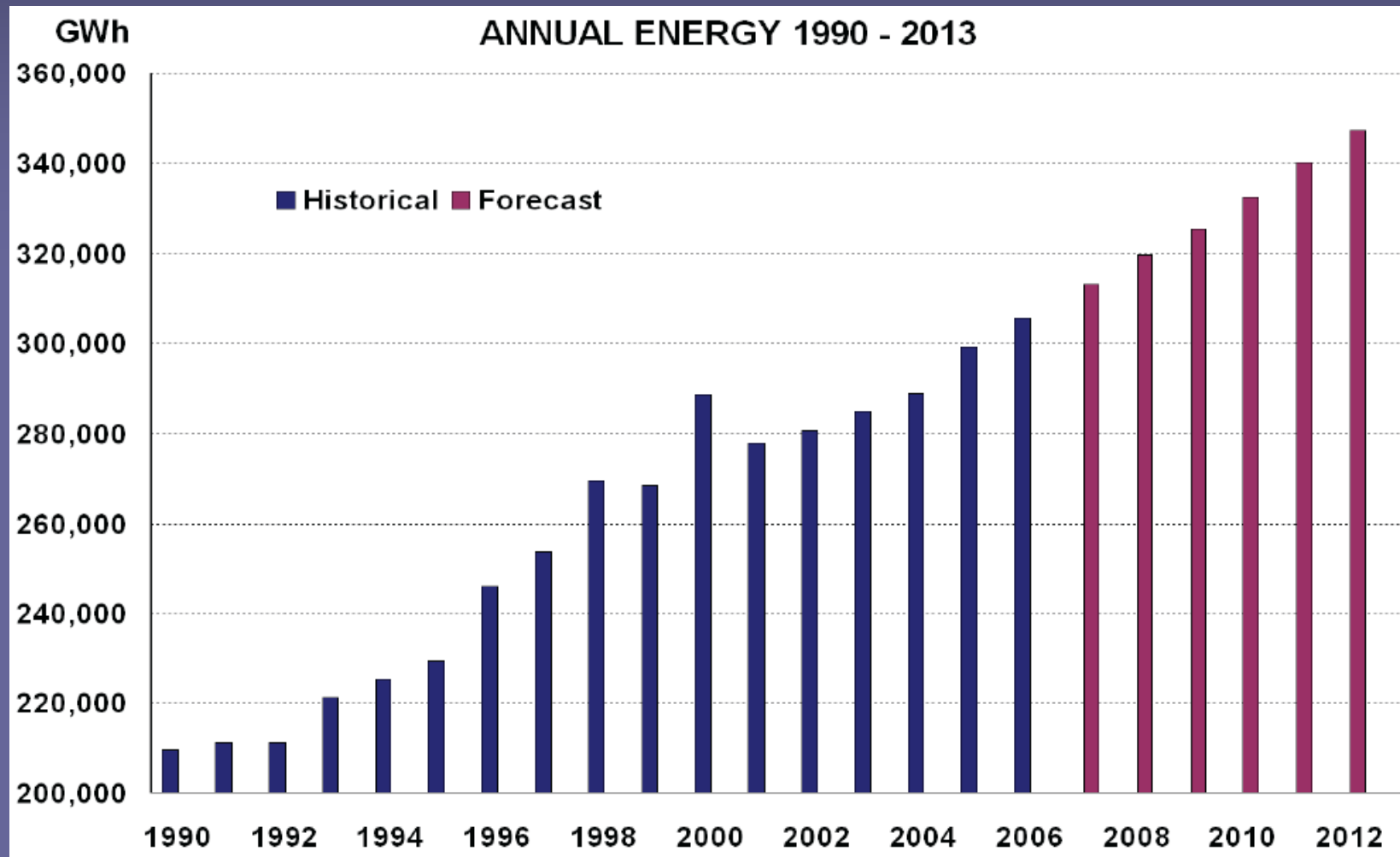


Sources:

"Electric deregulation might be the cure for Weatherford," Mitchell Schnurman, Fort Worth Star-Telegram, September 14, 2008

"Weatherford Residents Deal With Higher Electric Rates," Aman Batheja, Fort Worth Star-Telegram, August 26, 2008

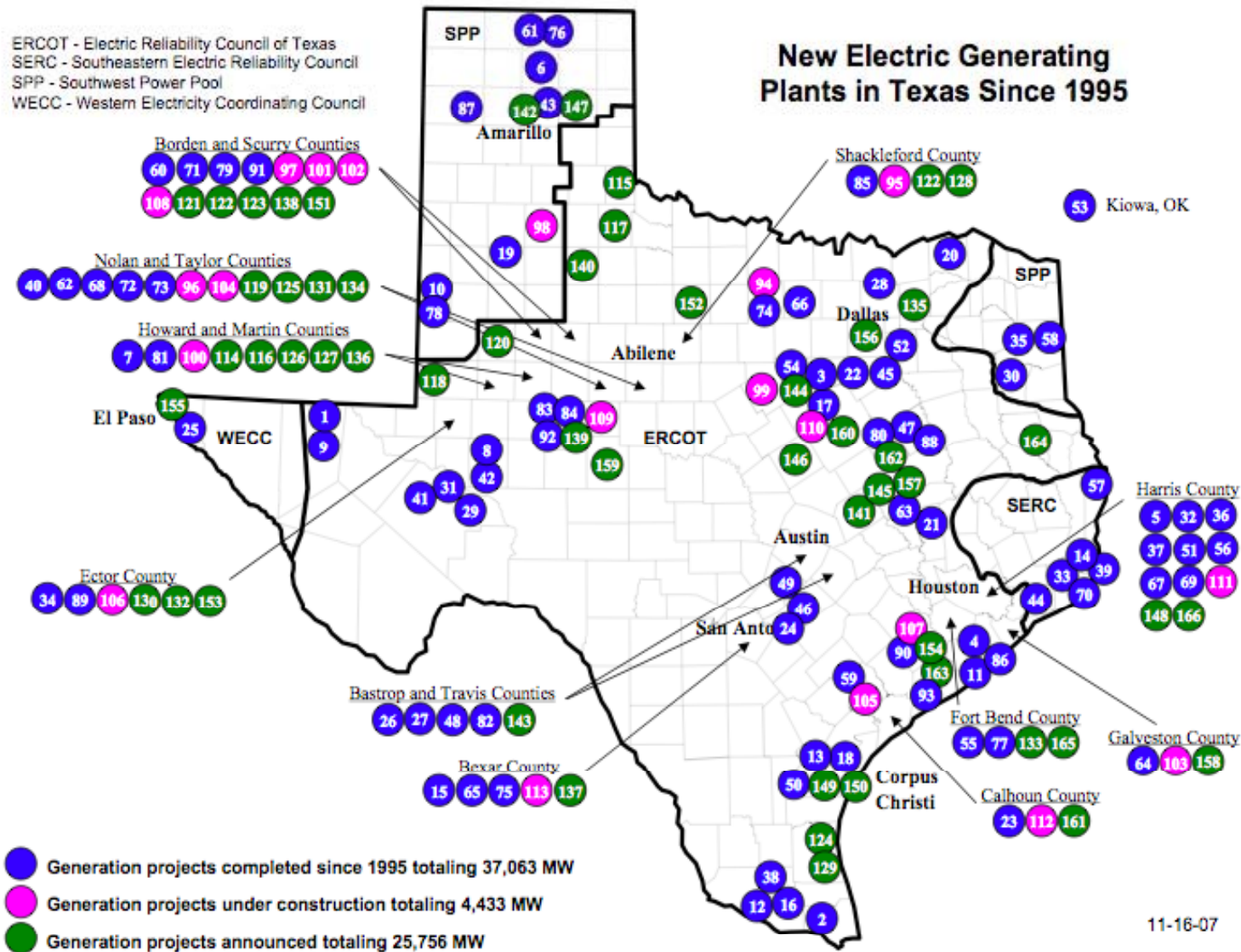
Electric Demand Rising in ERCOT



Note: The peak in electric consumption in 2000 was due to an exceptionally hot summer.

Source: ERCOT, "Report on Existing and Potential Electric System Constraints and Needs," December 2007

New Power Plant Construction Since 1995



11-16-07

Diverse New Generation To Enter Texas

Nuclear Generation: 11,700 MW Planned

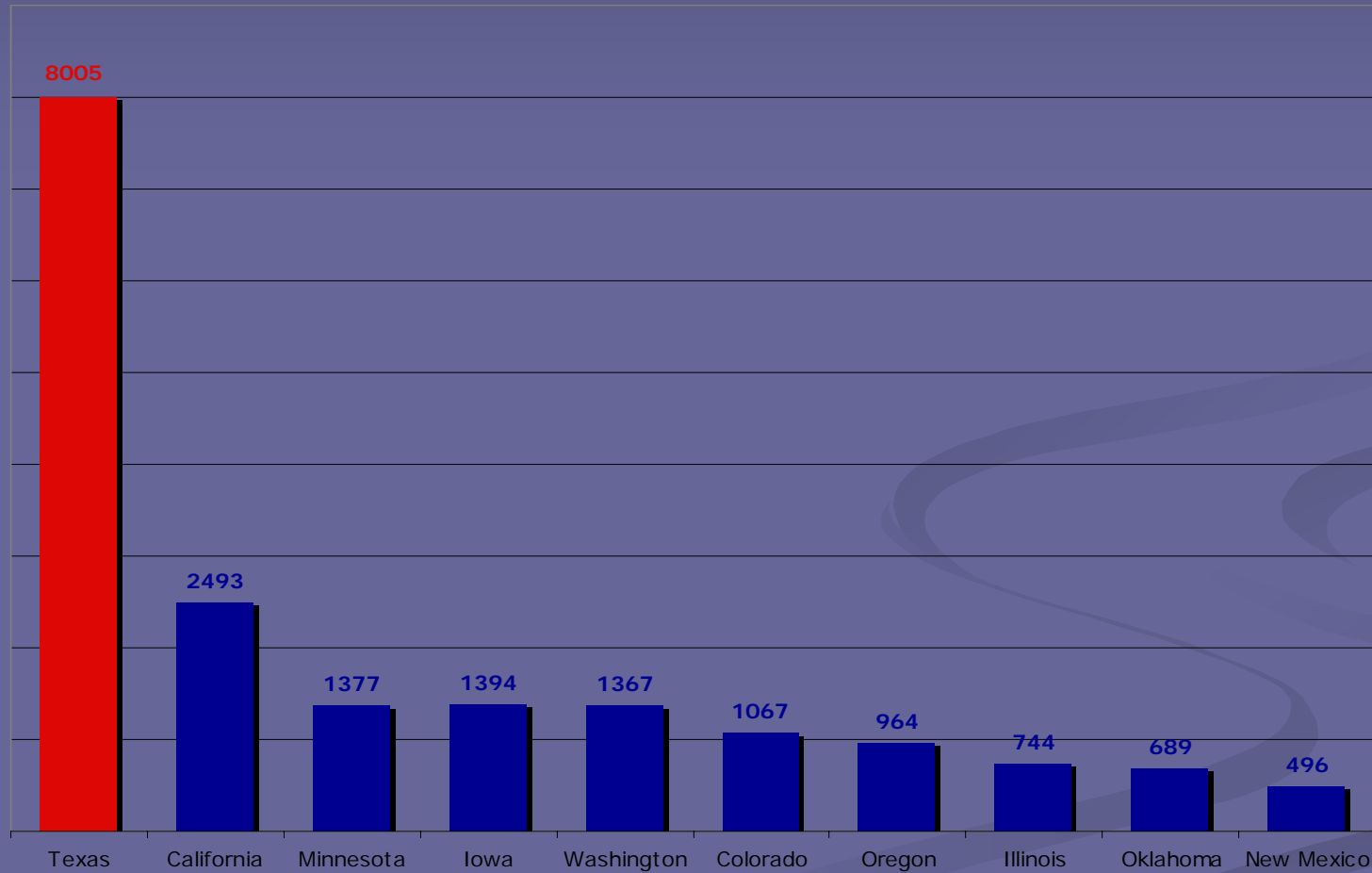
- ★ **Amarillo Power: 2 new units, 2,700 MW**
- ★ **Exelon: 2 new units, 3,040 MW**
- ★ **Luminant: 2 new units, 3,400 MW**
- ★ **NRG: 2 new units, 2,660 MW**

Coal-Fired Generation: 4,766 MW Planned

- ★ **CPS Energy: 1 new unit, 750 MW**
- ★ **LS Power: 1 new unit, 925 MW**
- ★ **Luminant: 3 new units, 2,291 MW**
- ★ **NRG Energy: 1 new unit, 800 MW**

Texas Has the Most Wind Energy in the Nation

States With Most Installed Wind Energy Capacity (MW)



Source: American Wind Energy Association, 9/30/08 (www.awea.org/projects), Texas numbers are as of 1/1/09

Competitive Prices Responding Quickly to Recent Natural Gas Decreases

	July 1, 2008	January 16, 2009
Natural Gas - 12-month-future price	\$13.53/MMBtu	\$5.26/MMBtu
Average 1-year locked price	17.4¢/kWh	12.1¢/kWh
Lowest 1-year locked	15.6¢/kWh	11.7¢/kWh
Lowest variable price	15.4¢/kWh	10.1¢/kWh

Note: Electric prices are averaged among service territories

Sources: NYMEX, www.powertochoose.org



Thank You