

[< Back](#) | [Home](#)



In a House Committee on Regulated Industries meeting Tuesday, Rep. Allan Ritter, D-Nederland, introduces House Bill 2818 that would restrict electric retail competition in some areas.

Bills aim to reduce competition

Renewing regulation of electric companies focus of proposals

By: Lindsay Stafford

Posted: 3/28/07

Though a study by the Texas Public Policy Foundation found the state to have the lowest electricity prices in the nation following a complete market deregulation, a Texas House committee introduced two bills Tuesday that would regulate more areas around the state.

The study by Robert Michaels, a senior fellow at the foundation and an economics professor at California State University-Fullerton, titled "Competition in Texas Electric Markets: What Texas Did Right and What's Left To Do," studies Texas' transition from a regulated market to a competitive electric market. During the four months it took to produce the study, Michaels looked at characteristics of a competitive market and said he found all three basic characteristics in post-deregulation Texas.

"As a customer, you had no choice but to take the power that the retailer provided to you," said Michaels about the electricity market before deregulation.

Senate Bill 7, which passed in 1999, opened the electric retail market for deregulation in areas not served by an electric cooperative or municipality, which is about 80 percent of the state. In January of this year, the market became completely deregulated. Austin, however, is not affected by deregulation because it is served by Austin Energy, a city entity.

Since day one of the deregulation, Michaels said there has been price competition, allowing customers to switch suppliers. New plants give customers steady prices, and companies present customers with new innovations in rates and services, he said. Customers also have more of a choice on who to get their electricity from, such as Green Mountain Energy Co., a retailer of cleaner energy, he said.

"Texas is probably the greatest success in retail markets in, probably, the world," Michaels said.

House Bill 2818 and House Bill 2937 were both heard in a public hearing Tuesday. HB 2818 would interfere with the implementation of retail electric competition in areas within the Southeastern Reliability Corporation region, and HB 2937 would prevent competition in areas of the state that are not already engaged in electric retail competition.

Supporters of the bills believe deregulation decreases electricity reliability and accelerates loss of jobs. Port Arthur Mayor Oscar Ortiz said during the committee meeting that HB 2818 would help the people of Port Arthur recover from Hurricane Rita, because they wouldn't have to worry about rising utility payments.

"I think this is a great piece of legislation. I think it's a win-win for ratepayers," he said.

However, Bill Peacock, director of the Center for Economic Freedom at the Texas Public Policy Foundation, said Texans have lower electricity prices under a deregulated system. He said attempts in the Legislature to re-regulate the market are misguided and will ultimately be harmful to competition and customers in Texas.

© Copyright 2007 The Daily Texan