Texas' electric deregulation cost is tallied in study

Jack Z. Smith | The Fort Worth Star-Telegram

A report released Monday concludes that electric deregulation has cost Texas residential consumers more than $11 billion in higher rates and that the operator of the state's major power grid, the Electric Reliability Council of Texas, has been poorly managed and industry-dominated.

The 101-page report, "The Story of ERCOT," is the result of a research project of the Steering Committee of Cities Served by Oncor and the Texas Coalition for Affordable Power, which works with 158 cities and other governmental entities to buy electricity in bulk.

Deregulation, it said, has resulted in higher rates for Texas power consumers rather than the lower rates forecast by lawmakers who passed the state law in 1999.

Before deregulation, Texas had cheaper rates than most states. Between 1999 and the first six months of 2010, however, Texas residential consumers "suffered greater increases [in electric rates] than residents in all but six other states," the report said.

"Had electric prices remained at the national average -- not below it, just at it -- Texas residential consumers would have saved more than $11 billion since the implementation of deregulation," the report said, citing data compiled by the U.S. Energy Information Administration.

The entire deregulated Texas market, commercial, industrial and residential, "would have saved $15.5 billion had prices remained at the national average," the report said.

However, the latest EIA data, for November, shows that Texas' average residential electric rate was 11.37 cents per kilowatt-hour, below the national average of 11.7 cents.

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