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The History of Electric Deregulation in Texas Dispels Five Common Myths About Market Restructuring Under Senate Bill 7.

Myth #1: *Relative to the electric prices paid in other states, Texans are no worse off today than they were before deregulation.*

Fact: Average electric rates in Texas were below the national average for many years before Senate Bill 7, but they have remained above the national average in the years after Texas restructured its market. To claim otherwise ignores nearly two decades of pricing data.

Myth #2: *Increases in energy prices in Texas can be almost wholly explained by increases in natural gas prices.*

Fact: The Texas electric deregulation law has not dampened the impact that natural gas prices have on electric prices -- it has made the effect worse. Customers in Texas that are outside deregulation (electric co-operatives, municipally owned utilities, and investor owned utilities in the Texas Panhandle) pay less for electricity than customers in Texas served by the deregulated market, even though all electricity sold in Texas relies on natural gas-fired generation plants. Similarly, customers in other states heavily dependent upon natural gas-fired generation have lower average rates than the prices paid by Texans served by deregulated providers.

Myth #3: *Texans would have paid higher rates without market restructuring.*

Fact: Recent pricing data from the federal government shows that since the market restructured, residential electricity prices in Texas have increased by a greater percentage than increases in almost all other states – including all deregulated states with retail competition.

Myth #4: *The best electric prices under competition beat regulated rates.*

Fact: A recent survey of electric prices shows that customers in Austin, San Antonio and other areas outside competition continue to pay much lower rates than even those offered by the lowest-cost competitor in deregulated North Texas. Customers can shop around all they want in North Texas and typically never find better electric prices than those outside competition.

Myth #5: *The state's deregulation law has helped economic development.*

Fact: An examination of federal data shows that average electricity prices for industrial customers in deregulated states have increased by a greater percentage than they have for industrial customers in regulated states. A comparison of prices for industrial customers in Texas (deregulated) and Oklahoma (regulated) reveals the same trend. A recent *Wall Street Journal* article quoted the head of one of the major trade groups in Texas as saying that manufacturers in the state "look at Georgia and Alabama and see that [electric] prices are half of what we're paying."