



Key Studies Support Texas' Competitive Electric Market



*PUC Legislative Report
Project 32198, February 3, 2006*

"...[The] competitive market has provided customers with prices that were **significantly below** the estimated rates that would have been in effect in a regulated environment. Even customers who did not switch to a competitive rate have benefited from the introduction of retail competition."

The PUC found:

- A residential customer in the CenterPoint Energy service area who switched to the lowest available offer annually since 2002 would have **saved about \$1440 when compared to the estimated regulated rate**. If the customer had remained on the price-to-beat, the savings would have been \$640.
- Similarly, a residential customer in the TXU Electric Delivery service area would have **saved about \$800**. If the customer had remained on the price-to-beat, the savings would have been \$540.
- "There are benefits of competition beyond lower prices for electricity, such as **a variety of service and pricing options and efficient mechanisms for promoting renewable energy and energy efficiency.**"



"Electric Competition: Four Years of Cost Savings and Economic Benefits for Texas and Texans," April 2006

The Perryman Group analyzed the effects of retail electric competition in Texas, finding that the market in 2005 was responsible for **total direct savings of \$3.661 billion in that year alone**.

In addition, the Perryman Group found:

- Residential customers **saved \$300 million in 2002, \$469 million in 2003, almost \$500 million in 2004 and \$716 million in 2005**.
- The total amount of estimated savings for residential customers from 2002-2005 is **nearly \$2 billion**.



From: "Beyond the Crossroads: The Future Direction of Power Industry Restructuring," October 2005

Cambridge Energy Research Associates found:

- "As the most advanced retail market in the country, the South [including ERCOT] alone accounts for **\$24 billion in residential savings** under deregulation (about \$5.20 per MWh)—the largest savings in absolute terms."
- "Between 1998 and 2004, more than \$15 billion of investments in generation (~26 GW) have occurred in ERCOT alone - **not a single dollar under the protection of rate base.**"
- "**This phenomenon alone underscores the success of deregulation in the Texas market.** Further, these investments continue to feed the growing Texas economy; one cannot be sure if the incumbent utilities would have had the financial wherewithal to make such enormous investments in generation assets under the regulated regime."