



## DEREGULATION: LEARNING FROM OTHER STATES

The majority of the country still operates under a regulated model when it comes to electricity. In fact, seven states that had previously deregulated electricity suspended deregulation and returned to a regulated model—and most states that have deregulated would reverse the decision if they could.

### A NATIONAL PERSPECTIVE:

- In Texas, there have been 800% more complaints since the state deregulated.
- In New Jersey, Governor Chris Christie signed SB 2381 into law to circumvent choice in an effort to get new power plants constructed in the state.
- California's former governor Gray Davis said, "California's deregulation scheme is a colossal and dangerous failure."

Maryland, home to Constellation Energy, and one of the most aggressive advocates for expanded choice, has had an extremely negative experience with deregulation. Electric prices have skyrocketed, with rate increases of 40-80%. The Baltimore Sun reported in February 2011: “The reservation fee costs each BGE household an extra \$175 a year and will cost all Maryland electricity customers an extra \$5 billion from 2007 to 2014.” Maryland’s Governor Martin O’Malley has stated: “I intend to do everything I possibly can to get us out of the horrible situation.”

- The Risks of Deregulation: Michigan and other states have learned through experience that deregulation has not delivered what advocates suggested it would.
- Deregulation can cause utility services to become unreliable.
- Deregulation often results in large price escalations and price volatility.
- Deregulated states tend to have higher rates and lower customer satisfaction than regulated states.
- Deregulation discourages utility providers from investing in updated infrastructure and new energy technologies.