

Return of energy deregulation in California?

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California Public Utilities Commission President Michael Peevey wants to resurrect a "direct access" program that would allow consumers to "shop around" for the "best price" for electricity. Clearly Mr. Peevey has forgotten what happened from the last attempt to deregulate energy in California.

Maybe you remember. The rolling blackouts? The skyrocketing energy costs? The state in meltdown? Energy companies running off with outlandish sums of consumer and taxpayer money?

It was only eight years ago. And while there may still be a few businesses and free-market ideologues who insist energy deregulation and "free choice" can bring savings, liberty and cupcakes to the people of California, the people of California vehemently disagree.

The state's own personal experience with this mess should be enough dissuasion, but the statistics are clear too. Retail electricity prices in deregulated states have risen by as much as 56 percent more than in regulated states since 1999, according to Power in the Public Interest, a consumer group. In a time of drastic recession, Peevey has more than just a bad idea - he's got a tin ear.

And his timing couldn't be worse. During the deregulation debacle of 2000-01, the state scrambled to keep the lights on by buying overpriced contracts on the open market. Today, the state is in fiscal emergency. It would be foolhardy for us to take expensive risks from which the state may not be able to save us.

Peevey has claimed that "direct access" is not deregulation. But experts say he's not telling Californians the truth. "This is not going to be helpful to California consumers at all. It's a total triumph of ideology over practicality," said former California PUC Commissioner Loretta Lynch. "Direct access deepened the crisis in 2000. Enron and others had lured consumers away from the utilities, but then they dumped them after the cost of power got too high. That created even more of an artificial shortage on the market."

The California Legislature has signaled it intends to fight Peevey on this. It must. More now than ever, California can't afford an ideological experiment that's proved ruinous in the past.

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