



Roll Back Deregulation

WHEREAS, Gas and electricity are essential services, not discretionary consumer products. For-profit utilities are regulated by the federal government and states to ensure that the public interest is protected. A regulated electricity market contains utilities that own, operate and distribute all electricity. From generation to the meter, the utility has complete control. In regulated states, utilities must charge electricity rates set by state public utility commissions. The benefits of regulated utilities include stable prices, reliability and long-term certainty; and

WHEREAS, The deregulation of natural gas and electricity markets became possible when the Federal Energy Regulation Commission (FERC) limited its authority to wholesale transactions, allowing individual states to determine retail price competition. States began deregulating their markets in the 1990's. While no state has completely deregulated the energy market, 15 states and the District of Columbia have deregulated their electric and/or gas markets to varying degrees; and

WHEREAS, Deregulated states allow ratepayers to choose electricity providers (retail choice) and no longer have rate caps or other forms of regulatory protections that limit exposure to wholesale market prices; and

WHEREAS, The original promise of lower consumer prices has not materialized. Deregulation is a failed experiment that has disproportionately harmed ratepayers and workers. In most states that have deregulated, breaking up the power-producing utility companies caused immediate rate spikes — with consumers at the whim of market-based energy prices rather than the stable and predictable prices set by regulatory boards. With higher costs, the primary selling point for deregulation is now “energy choice.” But those advocating for deregulation omit the fact that ratepayers have few protections from spiking energy rates if, for example, natural gas prices increase; and

WHEREAS, In deregulated states, vertically integrated companies separate their assets and operate them horizontally. In the new environment, generation is unprofitable, negatively impacting the entire business model and creating incentive to understaff and skimp on safety. Significant government intervention has been required as prices have affected reliability and jobs. In addition to higher rates, misleading and deceptive practices toward customers, and reliability problems have arisen as new electricity sellers replace traditional utilities; and

WHEREAS, Coal and nuclear plants have been unable to recover their fixed costs and are increasingly going offline as a result, dramatically reducing base-load inventory. In some regions, when coal and nuclear capacity goes offline, natural gas or renewables are likely to replace it, creating an overreliance on a single fuel source. Reliability is a matter of public health and safety and one we cannot afford to get wrong; and

WHEREAS, Deregulation in some states has significantly reduced electric utility personal property taxation rates, affecting local government services like road maintenance, schools, parks and health districts; and

WHEREAS, Beginning with the California energy crisis of 2000, states have seen that deregulation can lead to market manipulation. Several states that deregulated their energy utilities prior to 2000 have since abandoned deregulation altogether or reworked them in an effort to recoup something for consumers after experiencing significant problems. Unprecedented changes underway in the electricity sector are putting further pressure on the existing rules and processes used to regulate the electricity system.

THEREFORE, BE IT RESOLVED, The UWUA participates in advocacy efforts to improve the regulatory, legislative, and legal environments that affect our industries and provide our members with high-quality, family and community-supporting jobs. The UWUA will continue to implore the U.S. Department of Energy and FERC to protect the resiliency, reliability and affordability of gas and electric service; and

BE IT FURTHER RESOLVED, UWUA members are critical to the functioning of electric, gas, nuclear, wind, and solar power systems as these sectors navigate the uncertainties of privatization and deregulation. In recent years, voters have rejected attempts to deregulate energy markets in statewide ballot initiatives. All UWUA members and affiliates are urged to continue educating lawmakers and the public on the hazards of deregulation. As states explore abandoning deregulation due to consumer fraud, higher prices and lower reliability, UWUA members can offer a unique view of the true costs of deregulation; and

BE IT FURTHER RESOLVED, the UWUA calls on deregulated states to explore how re-regulated electricity market structures, utility planning and grid investments, and prices charged to consumers can be enacted to create a more reliable grid while preserving and creating jobs and minimizing costs to consumers; and

BE IT FINALLY RESOLVED, Utility regulators can no longer rely on a “trust and verify” approach and must instead hold energy company management to higher standards by ensuring that companies put people above profits. State and federal committees are urged to enforce compliance of all standards by stepping up oversight, prioritizing safety, and promoting corporate accountability. To best serve the public, regulators must seek the involvement of a wide range of stakeholders and structure rates in a way that is equitable and affordable to all communities.