Inflation-Adjusted Weighted Average Percentage Price Change by Customer Class, Choice vs. Monopoly States, 2008-2019

Source: EIA-861M

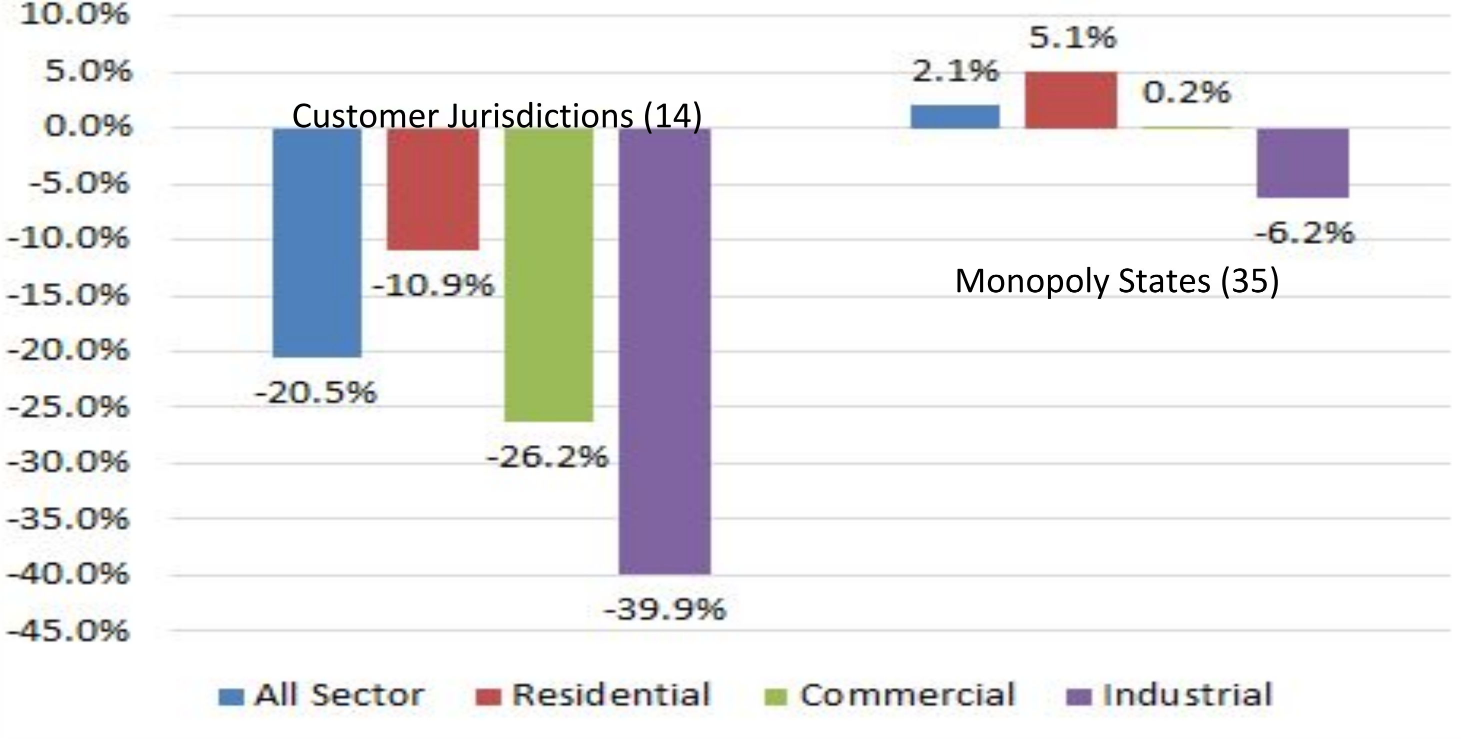

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Figure 12 (page 18) of Restructuring Recharged - **Updated through CY2019**

Price Trend Divergence in the Flat-Load Era

The difference in risk allocation between monopoly and choice regimes is being manifested most clearly in the divergent electricity price trends during the flat-load era since 2008. This figure shows the aggregate inflation-adjusted percentage changes in weighted average prices of delivered supply for the groups of 14 choice jurisdictions and the 35 monopoly states from 2008 through 2019. It also shows stunningly different price trends in the competitive jurisdictions compared to the monopoly states from 2008 through 2019. The inflation-adjusted weighted average prices in the group of 35 monopoly states have risen inexorably. By contrast, in the 14 competitive markets, residential, commercial, and industrial inflation-adjusted weighted average prices have trended significantly downward.

Advocates for the monopoly model sometimes promote the notion that residential, small-business and non-profit customers such as schools are disadvantaged by choice. The assertion is that large commercial and industrial customers will reap the bulk of the benefits and that competitive suppliers will “cherry pick.” Opponents of retail choice argue that allowing large customers to leave utility service will necessarily drive up costs for the remaining customers. In a monopoly state with a commission-approved revenue requirement, that may be true. However, the data show that prices for residential customers in competitive retail markets have been on a favorable track alongside the benefits that have accrued to C&I customers (all customers benefit, although the non-residential customers benefit more). While percentage changes in price differ among the customer classes in both the monopoly and choice states, this is due in part to the greater volumes and more constant demand characteristics of larger customers. Additionally, the costs of delivery services allocable to residential and small business customers constitute a greater share of total price.