



One of the bedrock principles of RESA and its members is that competition is the most effective means for efficiently allocating resources and directing investment in energy, similar to the market dynamics for other goods and services. RESA also believes that competition among retail energy companies brings benefits to consumers that are not readily provided through traditional utility regulation, including product innovation, improved customer responsiveness, and enhanced opportunities for clean energy.

We often note – and it is decidedly true - price is only one factor consumers weigh when choosing their electricity or natural gas provider. The value a consumer gets from a product is always important to

remember. Consider the smartphone, for example. A monthly cell phone bill today may be significantly higher than the bill under “Ma Bell.” Still, the value consumers receive from an iPhone or Android device is orders of magnitude greater than someone could get from an old rotary phone connected through the copper wire network. Value drives many consumer decisions.

At the same time, however, we readily acknowledge that market efficiency and discipline provide significant economic benefits, and this is also as true in retail energy as in other markets.

In 2017 and 2018, RESA published two papers by the late Dr. Phil O’Connor, who had a decades-long career in business and public service. As Chairman of the Illinois Commerce Commission in the early 1980s, Dr. O’Connor was a pioneering advocate of retail energy markets and consumer choice. His paper, *Restructuring Recharged: The Superior Performance of Competitive Electricity Markets 2008-2016*, was published in

April 2017, and *The Great Divergence in Competitive and Monopoly Electricity Price Trends*, co-authored with Muhammad Asad Khan, was published in September 2018, and both documents remain vital reading for those picking up the torch for retail choice so ably carried by Dr. O'Connor for many years.

Dr. O'Connor and Khan's thoughtful and rigorous examination of electric competition is more important reading than ever for those attempting to understand whether competition and choice have produced economic benefits in the form of lower electric costs. In states around the country, competitive markets are under threat from opponents who argue (erroneously) that retail energy choice is an economic failure based on short-term comparisons between utility default service and competitive products offered by suppliers to residential consumers.

These opponents rely on analyses that provide policymakers, the media, other stakeholders, and most importantly, customers an incomplete picture of the benefits of retail choice. They often fail to look across the many years of market data, exclude data that is favorable to retail suppliers and ignore the different value propositions of retail supply offers (such as renewable energy content or long-term fixed prices). Perhaps most significantly, these analyses decline to acknowledge the powerful insight that competition and choice have reshaped the allocation of investment risks and costs in ways that have lowered and continue to drive down electric costs for all customers, regardless of whether customers remain with utility backstop service or exercise individual choices.

*Restructuring Recharged* and *The Great Divergence* continue to provide an antidote to these flawed arguments. They are a powerful rebuttal to those who seek to restrict customers from making the energy decisions that best meet their needs and preferences.

Sadly, for all of us, Dr. O'Connor passed away shortly after completing the *Great Divergence* whitepaper in 2018. Recognizing how vital his work is, RESA maintains its timeliness and relevance by updating the trends annually with respect to pricing, generation, capacity and other relevant statistics and measures that Dr. O'Connor compiled in these two whitepapers. The updates in 2023 continue to unequivocally support the same insights and conclusions the author presented in 2017 and 2018.

RESA strongly encourages reading these updated whitepapers to anyone interested in understanding the real economic value of energy choice and the significant benefits that continue to accrue to consumers from competition. Reach out to RESA with questions, comments, or to foster further discussion about how we can promote and encourage a deeper understanding of retail choice.