Intro to Phil OConnor

We live in a world where we can buy a product online in the morning and have it delivered that afternoon. We can pick up our phones and speak to friends and family around the world as if they lived down the street. We can choose the music, shows, movies, and games we love, all at the push of a button.

These modern miracles are made possible in large part by competition, which efficiently allocates resources, responds to changing consumer preferences, and encourages innovation and customer service.

As competition creates value in other industries, RESA believes competition among retail energy companies brings consumers benefits not readily provided through traditional utility regulation, including product innovation, improved customer responsiveness, and more clean energy options.

But alongside the benefits of the on-demand age, affordability pressures are rising, and energy is not immune. Price is only one factor consumers weigh when choosing their electricity or natural gas provider; the value a consumer receives matters, too. Still, price matters, and it is reasonable to ask whether there is a discernible difference between energy prices in competitive and monopoly states.

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. Both remain vital reading for those carrying forward Dr. O'Connor's work on retail choice.

Dr. O'Connor passed away shortly after completing *The Great Divergence* in 2018. Recognizing the importance of his work, RESA updates the trends annually with respect to pricing, generation, capacity, and other statistics and measures he compiled in those papers. The 2026 updates continue to support the authors' original insights and conclusions.

What are the bottom lines? Since 2008, electricity prices have increased considerably for all consumers. But the cause must be something other than competition, because competitive states have moderated these increases far more than monopoly states.

Monopoly state prices have increased 46.5% since 2008, compared with 14.3% in competitive states. From 2008 to 2024, the gap between price increases in restructured markets and utility monopoly states widened. RESA's research shows competitive states likely avoided $162 billion in electricity costs during that period, while consumers in monopoly states could have saved over $251 billion had they had the opportunity to choose a competitive supplier.

In short, price may not be all that matters to consumers, but even on price, competitive markets are outperforming states still relying on the antiquated vertically integrated model.

In 2026, RESA made one significant update to its supporting data and analysis for the white papers. As the "electrification of everything" proceeds, driven in part by concerns over carbon emissions and climate change, we must consider the greenhouse gas emissions of the electric grid itself. This year's update therefore includes more information about emissions reductions attributable to electric generation. Contrary to claims that competitive markets lag monopoly states on this measure, our research shows states with retail electricity choice are just as successful as vertically integrated states in reducing carbon dioxide, sulfur dioxide, and nitrogen dioxide from electric generation.

Dr. O'Connor's rigorous examination of electric competition is more important than ever for those seeking to understand whether competition and choice have produced economic benefits through 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 give policymakers, the media, stakeholders, and customers an incomplete picture of retail choice. They often fail to examine many years of market data, exclude data favorable to retail suppliers, and ignore the different value propositions of retail supply offers, such as renewable energy content or long-term fixed prices. Most significantly, they fail to acknowledge that competition and choice have shifted investment risks and costs in ways that have lowered, and continue to lower, electric costs for all customers, whether they remain with utility backstop service or choose a competitive supplier.

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

RESA strongly encourages anyone interested in the real economic value of energy choice and the benefits consumers continue to receive from competition to read these updated white papers. Reach out to RESA with questions, comments, or to discuss how we can promote a deeper understanding of retail choice.