

Daily Southtown

Fight over ComEd scheme far from finished

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ComEd customers got some good news and bad news this week. The bad news is that the Illinois House fell just six votes short of passing a bill to extend the electric rate freeze during the fall Veto Session.

The good news is that House Speaker Michael Madigan and bill sponsor Rep. George Scully plan to call the bill again in the General Assembly's session in January, when it will need only a simple majority, instead of a "supermajority" to pass. That means the 65 votes it received Tuesday night will be more than enough. So the fight to stop the rate hike is far from over.

It's also good news that more and more lawmakers, on both sides of the debate, realize that the pending 26 percent ComEd rate hike is a problem that must be addressed. They are joining a large group of experts across the nation who have concluded that the decade-long transition to a competitive electricity market, in Illinois and in other states, just isn't working.

Take the recent report from Virginia regulators, which found "no discernable benefit" and possibly higher rates in 16 states that aggressively restructured their electric industries. Studies at Carnegie Mellon, Cornell, and George Mason universities show that our nation's power markets are vulnerable to manipulation.

That's no surprise to Californians, where a lax regulatory system and market manipulation by Enron sparked blackouts and skyrocketing prices just before the giant power marketer collapsed in scandal. Five years later, California is among six states that have suspended or delayed transition to a competitive system.

In Texas, often held up as the model for deregula-

tion, electric customers pay some of the highest rates in the nation—much higher than they would have paid under state regulation, one study found. Meanwhile, investment firms have made billions of dollars buying up power plants that went on the block in Texas' transition to a "competitive" market.

Electricity restructuring was sold to consumers as a way to bring lower prices, better service and more competition. But those benefits have failed to materialize, prompting even the libertarian Cato Institute, no fan of regulation, to recommend "total abandonment of restructuring."

Despite all this evidence, ComEd wants to force Illinois consumers down the same troubled path come Jan. 1, when the 26 percent increase is set to kick in. The 1997 Illinois law that restructured the state's electricity industry envisioned a healthy competitive market at the end of a 10-year transition.

It never meant for consumers to shoulder all the risks of a supposedly "competitive" system that, bizarrely, has no competitors. It never envisioned leaving consumers at the mercy of a deregulated monopoly.

And it certainly never intended a dysfunctional system where the market's largest buyer, ComEd, is owned by the largest supplier, Exelon, providing the utility with the perverse incentive to enrich its parent company by paying more for power, not less.

However, that's exactly where we're headed if lawmakers don't act. That's why public officials across the state and a broad coalition of labor, senior and consumer groups are calling for an extension of the rate freeze to give Illinois more time to create a fair system of pricing power. It's a complex problem and there are no easy answers. But if there's a will to solve it, there's certainly a way.