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Opinion: Deregulation would mean higher power bills for Virginians

By Gary Meltz
Guest Columnist
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Recently, Chris Ercoli of the Retail Energy Advancement League penned an op-ed urging Virginia lawmakers to create a market for unregulated electric suppliers in Virginia (“[Competition, choice would benefit Virginia energy customers](#),” Other Views, Nov. 13). Also known as deregulation, this policy would allow businesses besides the state’s incumbent power companies — Dominion Energy and Appalachian Power — to sell electricity to Virginia residents.

Let me be clear: If this were to happen, Virginia customers would pay significantly more for their electricity and it’s not a close call. Deregulation has been tried in a number of states and the evidence is overwhelming that it’s bad for customers.

Consider an [analysis by the Wall Street Journal](#) of U.S. Energy Information Administration data. The Journal found that “U.S. consumers who signed up with retail energy companies that emerged from deregulation paid \$19.2 billion more than they would have if they’d stuck with incumbent utilities from 2010 through 2019.” The Journal added that in nearly every state where third-party suppliers operate: “they have charged more than their incumbent utilities in each of the five years from 2015 through 2019.”

Worse, these retail suppliers often use high pressure sales tactics targeting vulnerable populations, getting unsuspecting ratepayers to sign up for more — not less — expensive electricity.



Gary Meltz is the executive director of Power for Tomorrow, which is based in Northern Virginia and is partially supported by Dominion Energy. (HANDOUT)

Speaking of targeting a state's most vulnerable residents, such as senior citizens, the advocacy director of the AARP in Connecticut authored a piece opposing a bait-and-switch tactic that competitive suppliers use to cheat people, called "auto-renew," whereby customers sign up for a good electricity rate but then get "auto-renewed" into a contract that over time locks customers into outrageously high rates.

Massachusetts, which adopted deregulation in 1997, found that customers paid \$426 million more as a result of the policy change. The attorney general (and the governor-elect) of Massachusetts (a Democrat) and representatives from the governor's office (a Republican), recently testified in the state legislature that it is time to admit deregulation was a mistake and end the competitive electric supply industry in the Bay State.

Attorney General and Gov.-elect Maura Healey told the committee that multiple investigations of the competitive electric supply market, "show that this is a broken industry that's just not capable of following the law that continues to drain funds by deceiving Massachusetts residential customers."

A representative from the Massachusetts governor's office told the same committee, "It's clear that individual competitive supply market for residential customers has not delivered on its promise of lower rates for residential customers ... In fact, the evidence shows that it has increased rates, particularly for the state's most vulnerable residents and is causing them undeniable harm."

But Virginians don't have to look as far as New England to find customers getting ripped off by retail suppliers. Next door in Maryland, a consumer advocacy group [posted data](#) showing how much more people paid for electricity from retail suppliers in 2021.

In 2021, Maryland customers who chose a retail supplier through NRG's Green Mountain Energy paid \$705 more for electricity than if they had stuck with their local power company. If they went with Vistra subsidiary Viridian Energy, they paid \$807 more. Customers of Spark Energy LP paid a whopping \$737 dollars more. Notably, these retail suppliers are all Texas-based.

Ultimately, deregulation doesn't mean lower electric bills. It means a proliferation of retail suppliers who act as middlemen, and profit by focusing their deceptive marketing practices on Virginia's least sophisticated customers like senior citizens.

Yes, the status quo means only incumbent utilities can sell power in Old Dominion. But this arrangement also benefits Virginia ratepayers because it ensures they are protected by a strict regulatory framework that keeps electricity affordable.

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