

## **TEXAS COALITION FOR AFFORDABLE POWER**

### **Legislative Agenda**

*Because high energy costs can impact municipal budgets and the ability to fund essential services, TCAP, as part of its mission, actively promotes affordable energy policies, including at the Texas Legislature. Affordable power in a fully competitive market also means economic development for our communities and a better life for our citizens. TCAP members are committed to making electric deregulation work.*

Recommendations for a more competitive electric market:

#### **Oppose One-Way Rate-making**

Imagine if our taxes went up every time a single state agency increased expenditures. Texans wouldn't stand for such a knee-jerk, unreasoned budgetary response. And yet it's just this sort of fiscally irresponsible thinking that utility officials peddle as good policy when it comes to setting electric rates. Known as "streamlined," "alternative" or "one-way" rate-making, these utility proposals would lead to near automatic rate increases and often without consideration of mitigating factors, such revenue increases for the utility or offsetting savings. These proposals are known as one-way rate-making because they work only in one way: against ratepayers. TCAP will oppose any legislation to extend such unfair rate-making schemes in Texas, or that further undermine consumer protections in the rate-setting process.

#### **Keeping an even playing field for consumers**

Texas law grants cities "original jurisdiction" over utility rates charged within city limits. This means cities can fight against unfair rate hikes and can defend their citizens' interests in rate cases at the Texas Public Utility Commission and the Texas Railroad Commission. But some monopoly utilities — businesses with no free-market competitors — have pressed to undermine city regulatory authority. TCAP will oppose any such legislation.

#### **Avoid Changes in the Market Structure that will Increase Wholesale Costs**

TCAP opposes the creation of unnecessary subsidies for big power generators. By definition, such subsidies violate the free-market principles upon which the Texas wholesale electricity market is based. Policymakers should reject all proposals for "capacity markets" in which generators get paid even when they do not operate.

#### **Reduce Confusion in the Retail Electricity Market**

Texas electricity consumers should have access to uniform, standard-offer products. These will help reduce confusion in the retail electricity market and allow for apples-to-apples comparisons in pricing deals.