At the Crossroads:
Improving Customer Choice for Products in the U.S. Electricity Sector
An analysis of competition in energy, what we've experienced and what the future could hold

To date, 17 states have allowed full or partial competition with utilities. As new states considering restructuring to allow energy choice, some states are still working to implement a regulatory framework to enable competition and protect consumers, while other states are leading the way with innovative offerings, customer participation in energy use management and high customer satisfaction.

This paper evaluates the purpose, history, and experience with competition in the retail supply of electricity to consumers, reviews existing market/pricing analyses, gauges the health and challenges of existing retail markets, and considers the potentially vital role that retail competition could play in an industry undergoing rapid transition.

Evaluating Retail Choice	Restructuring in the late '90s focused on driving down costs and increasing utility accountability through competition. Two decades later, consumer preferences, state renewable requirements, and a variety of generation sources have forced an evolution in market demand and needs. Concerns on the methodology used in some existing market analyses that fail to consider the comprehensive impacts of competitive markets, relying solely on price comparison as an indicator of market success are laid out in the report. For example, comparing the utility's short-term basic service rate against a 12-month, fixed-rate, 100% renewable retail energy product, an electric vehicle charging plan that includes charging equipment or a free nights and weekends product is flawed as it does not account for the additional derived value chosen by the customer or the environmental or societal benefits.
Criteria for Evaluation	Criteria to determine the impact of retail markets on consumers and state energy landscape: - Competition - Energy Market Evolution and Climate Goals - Consumer Control, Engagement and Preferences - Long-Run Consumer Costs - Education and Transparency - Customer Service and Consumer Protection
Key Findings	States that allow competition with the utility have realized a better outcome in each of these areas than states with utility monopolies and are better positioned to support the transition to clean energy, consumer adoption of electric vehicles and reduction of carbon emissions without relying on ratepayer or state dollars.
Recommendations	While many states restructured 20+ years ago, there are still barriers and utility strongholds in place that obstruct retailers from providing the variety of products to meet customer demand and be a catalyst to a clean energy transition. *A level playing field* - In many states, incumbent utilities have primary or exclusive access to customer data and billing administration and these frustrate the purpose and conditions of competition. Some states have allowed suppliers confidential access to customer data, and the opportunity to be the billing point of contact with the customer. States should ensure that programs and services offered by the utility outside of basic service – such as energy efficiency, time-of-use offers, electric vehicle incentives, etc. – are not rate-based and funded by the ratepayer, tilting the playing field towards utility provision of such programs. *Consumer education* - State efforts to educate consumers about retail choice and alternative supply options have fallen short since initial restructuring, resulting in a tapering of participation and ill-informed ratepayers on how to shop and access the information needed to compare offers and terms against default utility rates. *Consumer protection* – Consumer protections and enforcement of requirements are critical to a functioning market. Fundamental consumer protections around marketing practices, transparency and enrollment should be implemented in each retail market.

Visit www.retailenergychoice.org/resources to read the full report.