



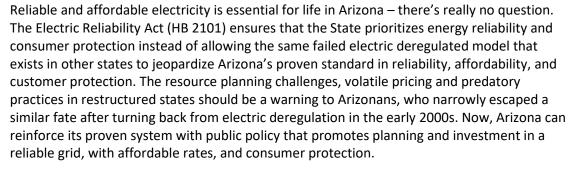




HB 2101

Support Reliable Energy for Arizonans Fact Sheet













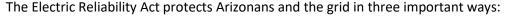




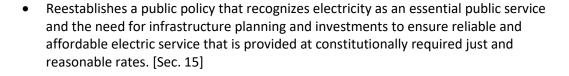




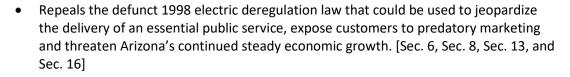




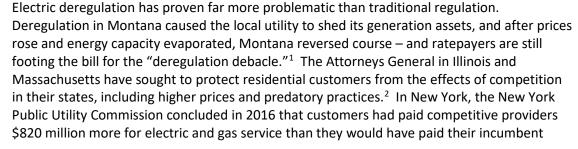
















¹ Szpaller, Keila. Daily Montanan, April 20, 2021. "Colstrip bill reminds many of energy deregulation debacle." Article can be accessed here: Colstrip bill reminds many of energy deregulation 'debacle' - Daily Montanan

² Press Release: AG Healey Calls for Shut Down of Individual Residential Competitive Supply Industry to Protect Electric Customers, March 29, 2018 (https://www.mass.gov/news/ag-healey-calls-for-shut-down-of-individual-residential-competitivesupply-industry-to-protect); http://www.energychoicematters.com/stories/20181119aa.html











utilities.³ In Texas, deregulation has discouraged reliability investments and allowed energy reserves to dwindle to the point that its grid suffered catastrophic failure when Texans needed it the most last winter.





Arizona should learn from the mistakes of other states by protecting residents and small businesses and endorsing energy policy that preserves reliable, affordable electric service.



2. <u>Prevents predatory marketing practices common in deregulated states and expands consumer protection.</u>



In the traditional utility structure, there is no room for predatory marketers because utilities focus on customer service, not customer acquisition. This bill maintains the Arizona-based regulatory structure that has served Arizona customers well for more than 100 years. With an obligation to serve customers in the defined service area, the utilities focus on expanding customer options to manage their energy use and meet their lifestyle needs, not providing deceptive incentives just to get them to sign on the dotted line.



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Requires public power entities to establish an Ombudsman's office to investigate complaints about customer service. [Sec. 7]



- Requires public power entities to establish policies against:
 - Deceptive, unfair or abusive business practices
 - Intrusive or abusive marketing practices
 - Deceptive or untrue advertising practices [Sec. 7]



Requires contractors used by utilities for in-home services to be licensed and follow applicable codes. [Sec. 7]



Protects confidential customer information and trade secrets. [Sec. 7]



 Grants a city or town that operates a public power entity the ability to create a structure to address customer service and consumer protection issues. [Sec. 7]





Enables all persons, even those who are not public power customers, to challenge ratemaking decisions by the Arizona-based governing body and provides clarity that the grounds on which the courts can overturn are that the governing body's decision was unlawful, not supported by substantial evidence or that the governing body abused its discretion. [Sec. 10, Sec. 11 and Sec. 12]

I.B.E.W. 266 I.B.E.W. 387 I.B.E.W. 570 I.B.E.W. 640 I.B.E.W. 769 I.B.E.W. 1116 Boilermakers 627

³ Matyi, Bob, "New York Launches formal review of competitive energy markets," Platts, Dec. 6, 2016. https://www.spglobal.com/platts/en/market-insights/latest-news/electric-power/120616-new-york-launches-formal-review-of-competitive-energy-markets









3. Ensures stable, affordable rates are protected from unpredictable volatility. [Sec. 15]

- Arizona's system provides stability by ensuring that rates are just and reasonable, as
 the Constitution requires, and not volatile and pegged to daily market fluctuations.
 Traditional utility planning features investments in capacity that insulate customers
 from power outages and price volatility.
- In contrast, deregulation can lead to a lack of planning and investment in grid
 infrastructure, threatening the stability of an essential public service and exposing
 customers to volatile pricing.
- During the Texas winter crisis, customers experienced unfathomable spikes in their energy bills. One customer was reportedly billed over \$16,000 because of a single storm event last spring 70x his normal bill!⁴ And one electric cooperative was forced into bankruptcy because of the \$1.8 billion bill it received from the Texas grid operator.⁵ Those costs are ultimately borne by the customers.
- In contrast to the experience of Texans, Arizona's customers get the best of both
 worlds today. Through the utilities' planning and investment practices, energy
 capacity is developed in advance to serve customers at affordable costs, while utilities
 also buy and sell on the open market when the market allows to keep costs down for
 customers.

4. Considers the needs of retail consumers and potential future generation or transmission options. [Sec. 13]

- Provides that Salt River Project will develop and offer a buy-through option by January 1, 2024 so long as it does not shift costs to other customers or jeopardize reliability.
- Allows public power entities to continue to explore regional markets that have the potential to benefit customers from a larger footprint and more robust resource mix.

Arizona has had two decades to see how deregulation or "market restructuring" overpromises and threatens economic stability. The 2000-2001 Enron market manipulation scandal caused California's deregulation experiment to collapse, and the Arizona courts ultimately invalidated the Arizona Corporation Commission's deregulation rules. Current and previously deregulated states are often short on energy capacity, and when their systems are

⁴ McDonnell Nieto Del Rio, Giulia, Nicholas Bogel-Burroughs and Ivan Penn. *The New York Times*, March 1, 2021. "His Lights Stayed on During Texas' Storm. Now He Owes \$16,752." Article can be accessed here: https://www.nytimes.com/2021/02/20/us/texas-storm-electric-bills.html

⁵ Diaz, Jaclyn. National Public Radio, March 1, 2021. "Texas Energy Co-Op Files for Bankruptcy After Storm, High Bill." Article can be accessed here: <u>Texas Energy Co-Op Files For Bankruptcy After Storm, High Bill: NPR</u>









stressed by heat or cold, they fail their customers and suffer disastrous ripple effects on families and businesses.

All the while, those systems cost customers more both during the crisis as well as over time. The *Wall Street Journal* reported that since 2004, Texas retail electric customers paid \$28 billion more for electricity than they would have in a traditional system.⁶ That does not include the \$127+ billion in economic losses from the single event of the winter crisis.

Arizona is thriving based on a strong grid that protects customers. Please support the Electric Reliability Act.

⁶ McGinty, Tom and Scott Patterson. *The Wall Street Journal*, February 24, 2021. "Texas Electric Bills Were \$28 Billion Higher Under Deregulation." Article can be accessed here: https://www.wsj.com/articles/texas-electric-bills-were-28-billion-higher-under-deregulation-11614162780