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6 years later, deregulation hasn't lived up to promises

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On Jan. 1, 2001, the Electric Utilities Act (1995) came into effect. This Act restructured (deregulated) the electricity business in Alberta. The act has now been in effect for six years. It seems appropriate to now compare its promises and its actual achievements.

In a February 2001 publication titled Action on Energy, the government explained why the electricity business was deregulated. It said: "With increased supply and a competitive market, Alberta consumers can look forward to lower energy prices."

What has happened? As of Dec. 31, 2007, Albertans have paid more than \$16 billion more for their electricity needs than if the system had not been deregulated. (The data are well known and the cost can be easily calculated by anyone with a cursory knowledge of the economics of electricity generation.)

The government also said, "Around the world, the way power is generated and sold is changing dramatically. New technologies are opening the doors to more efficient and environmentally friendly power generation. Competition among electricity suppliers is helping to improve service and efficiency. The Alberta government began restructuring the province's electricity industry in the mid- 1990s to keep pace with these worldwide changes and ensure that Albertans can receive these benefits."

What is happening elsewhere? In the U.S., the New York Times and others report that, "Retail electricity prices have risen much more in U.S. states that adopted competitive pricing than in those that have retained traditional rates set by government, new studies based on years of price reports show."

Ralph Klein was right in May 2003 when he conceded that there were serious problems with deregulation.

Keith Provost, former power system planner, Edmonton

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