



Deregulation Equals More

THE QUESTION OF WHETHER ENERGY DEREGULATION will work will not be answered by retail energy providers, utilities, regulators, politicians or citizen action groups. It will be answered by the collective voice of the individual consumer.

While inconsistent from state to state and utility to utility, energy choice continues to expand beyond business to the individual home. Faced with a new buying choice, these consumers will hear many opinions from interested parties regarding the perceived benefits and pitfalls of energy choice. The only voice they listened to before was their local energy expert—the utility. And the utility won't tell them what to do. They will have to decide on their own.

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And they all will make a decision—either to choose a new, “retail” energy provider or to remain with the same one. As they face their first retail energy supply offer, consumers will make their decision, and—slowly—the collective voice will start to be heard.

Why so slowly? Because some will choose a retail energy provider right away, while others decide to wait and see. And yet others will resolve to stay right where they are. People will choose energy the same way they have chosen the offer of any new service or product. Consider the early consumer response to the now ubiquitous ATM machine—with the proven consumer benefit of anytime/anywhere convenience, “holdouts” who would only go to bank tellers to make sure their paycheck was actually deposited have all but disappeared.

In the meantime, the early collective consumer message regarding energy choice will not be very clear, and parties with vested interests will only hear what they want to hear. But over time, the consumer, like he has done with every new buying decision he has ever faced, will learn how to decide for himself. And when the time comes, the one message heard above the rest will be that energy choice works—if only because of historical precedent set by other new consumer choices born of deregulation.

Telecom and banking deregulation were also new consumer choices with about 20 years of history to assess. And while these new consumer choices have had issues and side effects, the overall assessment of the benefits of choice in these industries yields a resounding “thumbs-up.”

TELECOM INDUSTRY

To truly understand the power of consumer choice and competition on identifying new solutions to consumer needs,

the telecom industry offers many technology and service examples of innovation.

Buried underneath the abundant “Dime-a-Minute” plans, and a myriad of special features including: call waiting, caller id and call forwarding, is a simple, somewhat forgotten bit of history. Before telecom deregulation, moms and dads across America generally were called on Sunday mornings from a phone with a cord. Now you can call them from anywhere in the world, with a wireless phone, at any time of day, and be pretty sure they will answer. If not, you can leave them a message.

Would these innovations exist without consumer choice?

Maybe. But certainly not as quickly. And not with the current sense of indispensability.

In the early days and like most new consumer choices, telecom choice was about saving money. And with lower rates offered by competitors, AT&T lost over 10 points of market share in the three years following the rise of consumer choice. You may wonder why your phone bill seems more expensive. It's because you're actually calling more and enjoying new services with meaningful benefits.

BANKING INDUSTRY

What has the deregulation of the banking industry realized? Quite a bit, if you think back to the way banking used to be. The face of banking has definitely changed for the better. Trying to cash an out of state check is no longer the ordeal it used to be. And going to go to the bank on Friday to get money for the weekend is a breeze these days, compared to the old days. Banking has been revolutionized due to direct depositing, on-line banking and 24-hour access to cash.

The banking industry does have its warts though, and some consumer advances were likely to develop regardless of banking deregulation. However, since the advent of banking deregulation, consumers now enjoy more innovative services that deliver on traditional retail consumer benefits—more, cheaper, easier and faster.

What do these simple historical assessments suggest about the benefit of consumer energy choice? While there will plenty of opinions to weigh in, I choose to listen to the collective voice of the consumer. It may take awhile, but the voice, and benefits, will come clear. ■

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