

**FOR IMMEDIATE RELEASE**

## Analysis Group Finds Texas Transition to Competitive Power Markets Successful

---

**Boston, November 17, 2008** — Texas has experienced a successful transition to competitive power markets according to a new study, performed by [Dr. Susan Tierney](#) of Analysis Group, a leading national economic consulting firm.

In "[ERCOT Texas's Competitive Power Experience: A View from the Outside Looking In](#)," the Analysis Group team led by Dr. Tierney examines through two lenses the question of whether Texas has succeeded in its electric restructuring. First, it examines whether Texas has structural attributes associated with a successful competitive market. Among these attributes are: many buyers and many sellers; low barriers to entry; non-discriminatory access of market participants; means to mitigate market power; informed consumers; transparency of prices and options; and stable and transparent market rules.

Second, the paper quantitatively evaluates results in the Texas electric industry. These retail and wholesale market metrics include: trends in real prices compared to input costs; diversity of retail products and suppliers; market share of incumbent companies; customers' options and choices; retail consumer protections; entry of generation and transmission; and entry of renewable resources.

"After examining the performance of Texas's electricity market from a qualitative and quantitative perspective, it is evident that Texas has had an overall successful competitive power market experience," said Dr. Tierney, author of the study.

The paper explores specific factors that have helped achieve this success, including customer focus and education, design of retail default service, strong alignment of retail and wholesale market design, and a stable regulatory environment.

However, Dr. Tierney notes, "Texas's success to date does not mean that improvements should not continue to be made." Recent events demonstrate a need to improve ERCOT's (the Electricity Reliability Council of Texas) congestion management and the market design for the pricing of congestion. Also, technological advances on the customer side of the meter provide the Texas market a great opportunity to allow customers to manage their electricity use (and household electricity bills) and to reduce the need for new power plants. The study was commissioned by Reliant Energy, Inc.

Dr. Tierney, a Managing Principal at Analysis Group, is an expert on energy policy and economics, specializing in the electric and gas industries. She has consulted to companies, governments, non-profits, and other organizations on energy markets, economic and environmental regulation and strategy, and energy facility projects. A former Assistant Secretary for Policy at the U.S. Department of Energy and state public utility commissioner, she is chairman of the board of the Energy Foundation and a member of the National Commission on Energy Policy.

Analysis Group, Inc. ([www.analysisgroup.com](http://www.analysisgroup.com)) provides economic, financial, and business strategy consulting to leading law firms, corporations, and government agencies. The firm has more than 475 professionals, with offices in Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park, New York, San Francisco, Washington, and Montreal.