

# Key Facts About The Proposed Florida Electricity Deregulation Amendment

## A Drastic & Costly Proposal

Promoters of a Constitutional Amendment to dismantle and deregulate Florida's existing electricity system are collecting signatures to place the measure on the November 2020 statewide ballot. If approved by Florida voters, this drastic and costly proposal would increase electric rates, eliminate existing consumer protections, and block plans to expand the use of solar and other types of clean energy in Florida. It would also threaten the reliability of our electricity supply, increasing the risk of power outages and extended blackouts after hurricanes and natural disasters.

### Electricity deregulation has failed in other states

Beginning in the 1990s, 24 states passed laws to deregulate their electricity systems. The results were so negative that 10 of those states reversed course and canceled plans to fully deregulate. For example, California's failed attempt to deregulate electricity led to skyrocketing electric rates, rolling blackouts, and over \$40 billion in added costs for consumers and taxpayers.

Today, it's been nearly 20 years since any state has decided to deregulate its electricity system because the results have been so bad for consumers.

In other states that deregulated electricity, the average residential electric rate is **37% higher** than Florida's

Source: Average Price of Electricity to Ultimate Customers by End-Use Sector by State (2018 Annual), U.S. Energy Information Administration, Published Feb. 2019

### A deceptive scheme promoted by special interests

This proposed amendment is being promoted by the special interests it would benefit. Its primary sponsor, a corporation calling itself "Infinite Energy," stands to make hundreds of millions of dollars by reselling electricity in an unregulated marketplace. They've designed this deceptive proposal to trick voters into thinking it's about choice, but in reality, the amendment would force 75% of Florida residents to change electricity providers – they could not choose to keep their current electric companies.



### Billions in higher costs for consumers & taxpayers

According to an initial economic analysis, it would cost up to \$12 Billion to dismantle Florida's existing electricity system through this proposal. That's because it would force Florida's existing electric companies to sell their assets – including 50 power plants – at a tremendous loss. Ultimately, these costs would be paid for by all Floridians in the form of higher electric bills and higher taxes – hurting consumers, small businesses, and our state economy.

Under the electricity deregulation amendment, "there will be significant costs to state and local governments..."

Source: Report from Florida's nonpartisan Financial Impact Estimating Conference, March 2019

The amendment would also result in the loss of over \$1 Billion in annual revenue for state and local governments, which is currently paid by Florida electric companies. That would mean less funding for vital services like fire departments and emergency response – and higher taxes on consumers and small businesses.

## Leaves Florida vulnerable to power outages & extended blackouts after hurricanes

Other states have faced power outages and rolling blackouts as a result of electricity deregulation. Texas, for example, saw large-scale blackouts in 2006 and 2011 that forced the state to import power from Mexico. Even today, Texas remains at risk for outages during high-demand periods, such as hot summer days.



In Florida, we depend on our electric companies to restore power when hurricanes and other natural disasters strike. But this amendment would eliminate existing storm recovery agreements and other resources currently in place to help restore power after such disasters.

By breaking up our state's existing electricity system – and forbidding existing electric companies from continuing to sell to consumers – this proposal would force us to rely on new, unknown corporations that have no experience or track record dealing with our state's unique challenges.

## Eliminates consumer protections against rate increases & deceptive marketing practices

Electricity is a vital service that everyone depends on to work and live. That's why traditionally, most states – including Florida – have had state agencies regulate the retail price of electricity paid by consumers to prevent unreasonable increases and volatility in electricity rates.

Under this proposed amendment, the Florida Public Service Commission would no longer be able to limit electricity rate increases. Instead, unregulated energy providers would be able to increase electric rates – with no accountability to Florida consumers and no limits on how much they could charge consumers.

In deregulated states like New York, Massachusetts, Connecticut, and Illinois, studies show customers have

paid hundreds of millions of dollars more for electricity than if they had stayed with their original electric companies. Consumers have also been victimized by predatory marketing scams and bait-and-switch schemes, which often target seniors and people living on fixed incomes.

### Texas has received over 100,000 consumer complaints related to electricity deregulation

*Source: Official Texas PUC consumer complaint data, Jan. 2002 – Dec. 2018*

## Shuts down plans to bring more renewable energy to Florida

Florida has emerged as a leader in low-cost renewable energy, ranking 4th in the nation for new solar panel installations in 2018. Florida's existing electricity companies have announced plans to install over 40 million new large-scale solar panels over the next decade, which will provide affordable clean energy to hundreds of thousands of Florida homes and businesses while significantly reducing carbon emissions.

However, this amendment would disrupt Florida's progress toward a clean energy future – freezing investment in renewable energy and increasing our dependence on fossil fuel energy sources.



## Locks a risky experiment into Florida's State Constitution

No state has ever deregulated its electricity system through a Constitutional Amendment. It's a very risky approach because when things go wrong, it would take many years to repeal from Florida's State Constitution – and even longer to fix the damage it would cause.