



Center for Economic Freedom Policy Update Spotlight on Energy, Telecom, and Insurance

Sunset Commission to Vote on Recommended Fee & Regulatory Increases Next Week

According to its web site, the Sunset Advisory Commission was created by the Texas Legislature in 1977 “to identify and eliminate waste,



duplication, and inefficiency in government agencies. ... The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities.”

However, instead proposing efficiency and innovation, the Sunset Commission [Staff Report](#) on the Public Utility Commission recommends higher taxes and more regulation.

The [Staff Report](#) recommendations on the Texas Department of Insurance are much better and would take baby steps toward more efficient government.

The Sunset Commission will vote on the Staff Report recommendations Tuesday. See below and our sunset reports on the [PUC](#) and [TDI](#) for details.

Green Energy & Electricity Regulations Costs Consumers Millions

While deregulation has increased consumer choice and reduced market prices, the cost of electricity has increased because of regulations, taxes, and subsidies.



There are three proposals at the PUC that would increase the cost of electricity to Texas consumers. One is an increase in the goals of the state's [energy efficiency program](#). The increase would cost consumers about \$345 million in 2014, and as much as \$681 million in 2016. A expansion of [subsidies for solar and biomass generation](#)—on hold for the moment—could cost over \$100 million a year. Finally, an expansion of deferred payment plans would increase the debt of electricity companies by millions of dollars. Texans will pay these costs in the form of higher taxes, higher electricity prices, or higher overall prices. The PUC will likely vote on the energy efficiency rules at their July 30 [open meeting](#).

The Center has produced reports on the [energy efficiency program](#) and the [deferred payment plans](#). You can also read our work on the costs of renewable energy subsidies [here](#), [here](#), and [here](#). Also, see below for more facts and figures.

Commentary



Consumers Are King... *Except When Government Gets in the Way*

The concept of the consumer-driven economy is everywhere. We are told a consumer-driven recovery is going to turn our economy around. Consumer-driven health care was supposed to drive down medical costs.

Yet the real power of consumers is generally ignored by those proposing government solutions to problems.

This is evident in the current sunset review of the Texas Department of Insurance (TDI) and Public Utility Commission (PUC) taking place in Austin. The sunset review process is supposed to find ways to make government more efficient. Instead, it has turned into yet another way to reduce consumer welfare in the marketplace. ... [Click here to read the rest of the commentary](#)

POLICYCAST



A Sunset Review of the Public Utility Commission of Texas

Every Texas state agency is required to go through a comprehensive review at least once every 12 years by the Sunset Advisory Commission. These reviews are to determine whether the agencies are still needed, and if so, to identify and eliminate waste, duplication, and inefficiencies. The Texas Public Policy Foundation recently published reports on two of the agencies up for commission decisions at its July meeting. Last week, Bill Peacock, Director of the Foundation's Center for Economic Freedom, discussed the Texas Department of Insurance. In the spotlight this week is Bill sharing his thoughts and research on the Public Utility Commission of Texas. [Download the mp3 here](#)

Details on the Sunset Recommendations for the PUC

- The Sunset Commission will meet [Tuesday, July 6](#) to vote on these Staff report recommendations:
 - authorize the PUC to create a new licensing scheme for the renewal of registrations, certifications, and permits
 - authorize the PUC to charge a fee for the new licenses on top of the \$60 million in fees already being paid by companies—and their customers
 - allow the PUC to intervene in the market through emergency cease-and-desist orders before companies were found guilty
 - increase fines to \$100,000 per incident per day
- All of these have been proposed without a single example in the Sunset Staff Report of problems in the Texas electricity and telecommunications markets, the most competitive markets in the U.S.

Facts and Figures on Utility Taxes and Energy Subsidies

- If the PUC doesn't act on the proposed energy efficiency rules by Aug. 12, the rulemaking process will have to start over from scratch. So it is likely that the PUC will address the rules at its [open meeting](#) on July 30
- The energy efficiency program cost Texas consumers about \$105 million in 2009
- The proposed increases could cost consumers as much as \$681 million annually
- The efficiency of the state's energy efficiency program cannot be verified by the information currently collected
- Electricity prices already contain subsidies for wind energy producers and energy efficiency programs—the annual price tag for these will top \$1 billion in the near future
- The average household pays around \$154 a year in franchise fees on electricity, cable, telephone, and gas bills – for an annual cost to Texas consumers of more than \$400 million