

Policy Brief 6: Energy Choice Competition for Power Markets:

Low hanging fruit for conservative buy-in. Opening up monopoly dominated (and sometimes crony-dominated, or even socialist) power sectors to tech neutral energy choice competition is already well-accepted by most free market conservatives as an obviously beneficial policy, fully consistent with classical free market and laissez-faire principles. Conservative donors right now support grants to free market think tanks to liberalize energy markets, because they understand why competition delivers cheap, reliable, abundant energy, and also prosperity. A few occasionally are surprised to learn that competitive energy markets like Texas and Chile also deliver higher levels of clean energy penetration, with a lower emission grid, at lower cost than highly regulated power markets. But they like that too. The realization that competition and clean go together is an entry point for conservatives to clean free market policy in general.

But energy choice is easier said than done, because monopolies dig in. Monopolies often put up an effective fight to keep out competition. It can be very difficult to loosen their grip on the market. Also, since rules that govern monopolies can be very complicated and differ from place to place, the policies and strategies needed to open up the market can get complicated and also vary from place to place in response. The average voter has a hard time understanding power sector policy, or what works best.

Texas and Chile have energy choice competition because they made it simple for voters. Leaders in Texas and Chile kept the message simple, as in, we need fully competitive power sectors in order to give consumers the kind of energy they want, for the cheapest possible price.

Clean Capitalist Coalition think tanks lead on energy choice competition in many markets. Four CCC think tanks in particular develop energy choice competition strategies as their core mission. Each of these has their own market focus and approach. Links below describe each think tank's strategy and proposals.

Earth Stewardship Alliance: ESA focusses on the core strategy of "fencing in the monopoly" – i.e. limiting it to wires-only. Power generation and sales would be open to full retail and wholesale competition, managed by an independent system operator (ISO) with no stake in boosting the wire-monopoly profits. ESA currently works in Virginia as a member of the Virginia Energy Choice Coalition. The VERC Platform neatly summarizes what energy choice competition should look like at the state level.

Fundación Eléutera (Honduras): Eléutera, a member of the Atlas Network of free market think tanks, received a grant this July to help guide Honduras towards energy choice competition. Founder Guillermo Peña Panting is in a position to put that plan into effect, having been appointed to the governing board of the Honduran Electrical System Operator in August. He has also recently floated the intriguing idea of an interconnected Central American power grid, with cross-border energy choice competition. Conceivably, grid connections and power trading

could stretch from Texas to Panama, with huge economic and environmental benefits for the entire region. Such a grid could deliver far cheaper, cleaner, more reliable energy to the small nations of the region, and great economic opportunity as well.

Energy Choice Coalition holds that every consumer should have the ability to choose their energy provider in a fair and open market. They bring together think tanks, technology developers, energy suppliers, industrial users, consumer groups, and other organizations to promote true competition and innovation in electricity markets.

Advanced Energy Economy is an organization of businesses using policy advocacy, analysis, and education to bring about a prosperous economy based on secure, clean, affordable energy. They work at state and federal levels to open markets to competition that includes emerging advanced energy technologies. If you really want to know how to implement energy choice in the US, take a deep dive into the AEE report: "[Wholesale Market Barriers to Advanced Energy - And How to Remove Them.](#)"

The cross-border Fundación Eléutera proposal offers something very new and interesting: it builds international clean free markets. Many energy choice advocates only talk about choice within one power market, not across multiple power markets. But the international benefits of cross-border clean free energy markets could be multiple and enormous.

Lack of energy competition drives global poverty, migration, pollution, black markets. Across the world, in many underdeveloped countries, entrenched, politically connected monopolies, often controlled by cronies or sometimes socialists, deliver energy poverty and rolling blackouts via extremely expensive, subsidized, very dirty fossil fuel dominated power sectors. In places like Honduras, this stifles economic development. It is impossible to develop anything, because there simply is no power available for new buildings or plants. The result is economic stagnation, leading to regional poverty, black markets for everything, good and bad, and a migration crisis, driving US and EU political polarization and multiple regional crises.

Small, isolated power grids are often dirty, expensive and unreliable. Larger power grids in general are cheaper, and better able to integrate and balance intermittent clean technologies. Most foreign national power grids are too small, and so deliver expensive, dirty energy.

Huge regional benefits result if nations connect small national grids and open them up to cross-border competition at every level. This would lead to a great influx of investment, in clean energy and everything else, benefiting US and regional companies, and reversing migration trends. More competitive, interconnected US grids would have similar benefits as well. Such interconnected competitive grids would create clean free energy markets.

International clean free markets for energy would spread US energy innovation everywhere, fast. Innovations can't spread if markets are closed. Open energy markets mean large opportunities for American power infrastructure companies and investors... and innovators.

Joint US-Chilean leadership on energy choice competition in Central and Latin America at COP 25 in Chile this December would have enormous benefits for the entire hemisphere.