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Electricity and Natural Gas Restructuring

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Most states that chose to deregulate energy markets did so in the mid-to-late 1990s and early 2000s.

When talking about state restructuring of electricity and natural gas markets, it is important to note that no two restructured states are exactly alike. Restructuring (or deregulation, as it is often called) can take many different forms and play out in many different ways.

Texas' electricity market is perhaps the most open and deregulated in the country, with nearly all of the state's electric customers eligible for retail choice and a significant emphasis on unbundling electric services. Meanwhile, Michigan's deregulated electricity market is much more confined, with retail choice limited to just 10 percent of customers.

Restructured natural gas markets vary, as well, often depending on how forceful the state has been in implementing full deregulation. For example, while Colorado's natural gas market is technically deregulated to allow for customer choice, no such program actually exists in the state.

According to the U.S. Energy Information Administration (EIA), residential participation in customer choice programs has not risen to the level anticipated in many areas for both natural gas and electricity services, while commercial and industrial customers are much more likely to participate in the programs.

According to EIA, around 20 percent of customers with access to natural gas choice programs actually participated in those programs in 2015. At the same time, the number of customers participating in retail choice for natural gas has risen from 3.3 million in 2001 to around 7 million in 2015. The number of participating customers and the percent of customers participating leveled off in recent years.

This 2014 article from EIA offers some good background on natural gas retail choice programs:
<https://www.eia.gov/todayinenergy/detail.php?id=19031>.

This current article from EIA offers more up-to-date information:
https://www.eia.gov/energyexplained/index.cfm?page=natural_gas_customer_choice.

While the information is not as updated as that for natural gas, EIA has similar articles for electric retail choice. First, here is one highlighting the differences between residential and commercial/industrial participation: <https://www.eia.gov/todayinenergy/detail.php?id=6250>.

Second, is an article on residential participation in the PJM market:
<https://www.eia.gov/todayinenergy/detail.php?id=1450>.

Due largely to these differences in law and practice, and to the different approaches to deregulation, you can find several different interpretations regarding which states are deregulated.

For example, for all practical purposes, Georgia has a deregulated natural gas market and traditionally regulated electric market. However, since Georgia has allowed a small degree of mutually agreed upon electric retail choice to manufacturing and commercial customers since the 1970s, some organizations include Georgia in their list of deregulated states for electricity.

In addition, a number of states considered restructuring their electric industry—even passed legislation to do so, like in New Mexico—but then stopped and reversed course before it was implemented. The California electricity crisis of 1999-2000 scared quite a few states away from deregulation. Other states, like Montana and Virginia, did restructure for a time, but reversed course after a decade or so.

Due to this, I would recommend using EIA's interpretation, based largely on consumer choice programs.

According to EIA, the following 24 states and the District of Columbia offer retail choice to customers for natural gas services: California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Rhode Island, Virginia, Wisconsin and Wyoming. (Despite EIA's inclusion, Wisconsin technically discontinued its retail gas choice program around 2001.)

Electric deregulation is less common, with the following 17 states and the District of Columbia offering retail choice for electric customers: California, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, Montana, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island and Texas. (Despite EIA's inclusion, Montana technically stopped offering retail choice around 2007.)

Please reference the table below, which includes the year of implementation and the year of the enabling legislation or public utilities commission action. I tried to include all of this information where possible. However, there were certain states for which I couldn't find information. In the case of natural

gas deregulation and customer choice, this may be due to the fact that some of these programs were initiated through the state PUC, and not the legislature.

State	Electricity (Year)	Natural Gas (Year)	Enabling Legislation (Year)
California	Yes (1998)	Yes (1995)	A.B. 1890 (1996)
Colorado	No	Yes (1999)*	S.B. 153 (1999)*No programs exist.
Connecticut	Yes (1999)	Yes (1999)	H.B. 5005 (1998)
Delaware	No	Yes (2000)	H.B. 10 (1999)
Florida	No	Yes *	*Can't confirm year. Residential choice is limited.
Georgia	No	Yes (1998)	S.B. 215 (1997)
Illinois	Yes (2002)	Yes (1997)	Alternative Gas Supplier Law (2002); Illinois Electric Service Customer Choice and Rate Relief Law (1997)
Indiana	No	Yes*	*Can't confirm year. Residential choice is limited.
Iowa	No	Yes*	*Can't confirm year. Residential choice is limited.
Kentucky	No	Yes (2000)*	Initiated in PSC proceedings .
Louisiana	No	Yes *	*Can't confirm year. Choice is limited.
Maine	Yes (2000)	Yes (1998)	Maine Restructuring Act (1997); Natural Gas Deregulation (1997)
Maryland	Yes (2000)	Yes (1995)*	Electric Customer Choice and Competition Act (1999); *Can't confirm year.
Massachusetts	Yes (1998)	Yes (1998)*	Electric Industry Restructuring Act (1997); *Can't confirm year.
Michigan	Yes (2000)	Yes (1996*, 2000)	S.B. 937 (2000) & P.A. 142 (2000); *pilot gas choice program, MPSC proceedings .
Montana	No* (1997-2007)	Yes (1997)	*Montana deregulated its electric sector by passing S.B. 390 (1997), but is no longer deregulated after passing the Electric Utility Industry Generation Reintegration Act (2007); Natural Gas Utility Restructuring and Customer Choice Act (1997).
Nebraska	No	Yes (1998)	*Can't confirm year.
New Hampshire	Yes (1998)	Yes (2001)	Electric Utility Restructuring Law (1996), PUC issued statewide restructuring plan in 1998; PUC approved customer choice options (2001).
New Jersey	Yes (1999)	Yes (1999)	Electric Discount and Energy Competition Act (1999).

New Mexico	No*	Yes **	*State considered electric restructuring, but reversed course in the early 2000s; **Can't confirm year.
New York	Yes (1997)	Yes (1999)	PSC restructured state electric and gas services administratively.
Ohio	Yes (1999)	Yes (1997)	S.B. 3 (1999); PUC unbundling pilot program (1997).
Oregon	Yes (2002)	No	S.B. 1149 (1999).
Pennsylvania	Yes (1996)	Yes (1999)	Electricity Generation Customer Choice and Competition Act (1996); Natural Gas Choice and Competition Act (1999).
Rhode Island	Yes (1997)	Yes (1997)	Utility Restructuring Act (1996).
Texas	Yes (2002)	No	Restructuring of the Electric Utility Industry (1999).
Virginia	No (1999-2009)*	Yes**	*Virginia Electric Utility Restructuring Act (1999) but re-established retail rate regulation with H.B. 3068 (2007); **Can't confirm year.
Wisconsin	Yes*	No	* Choice program only applies to large business users.
Wyoming	No	Yes (1997)	PSC proceedings (1996).
District of Columbia	Yes (2001)	Yes (2000)	PSC proceedings (2000); PSC proceedings for gas choice pilot (1999).

Additional Resources:

If you're looking for a nice summary of how the move to deregulation played out in one state, this document from the Connecticut General Assembly's research division is quite informative:

<https://www.cga.ct.gov/2002/olrdata/et/rpt/2002-R-0541.htm>.

Similarly, here is a document from the Maryland Office of the People's Counsel on the subject:

<http://opc.maryland.gov/RegulatoryActivities/Electricity.aspx>, along with a 2006 report from the Department of Legislative Services:

http://dls.state.md.us/data/polanasubare/polanasubare_bustecnecodev/Road to Electric Restructuring 2006.pdf.

Massachusetts Division of Energy Resources report on Electric Industry Restructuring Act:

<http://www.mass.gov/eea/docs/doer/electric-deregulation/mm3.pdf>.

Michigan PSC report on the status of electric competition:

http://www.michigan.gov/documents/lara/Status_of_Electric_Competition_2013_449353_7.pdf.

ElectricChoice.com offers its own breakdown of both electric and natural gas deregulation:
<https://www.electricchoice.com/map-deregulated-energy-markets/>