# Texas utility rates likely to increase this summer by Jordan Adam

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Whether you are a Business Electricity consumer or residential electric consumer be prepared for steep rise in electricity rates this summer. This is largely due to an industry lacunae developing as there is no activity in the rise of new energy generation units.

New private Texas Electricity Company on the other hand are wary of setting up of generation units for two reasons- first, the costs of natural gas are very low and second, there is no guarantee on the profits that new Texas Electricity generators can gain.

And despite the demand for newer generation units, it is surprising that there are few promoters and developers interested in setting up of these units. According, to Texas electricity markets, post the deregulation, only private investors can set up generation units. This was done to prevent further taxing of consumers or the other alternative of raising the Electricity Rates.

The most common proposed solution by governments and stakeholders has been to Increase the market cap. Now, Market Cap is a very vital mechanism in the electricity industry as it is the maximum any electricity producer can charge for every unit of electricity his consumers will use. The current market cap on Electric Rates is Three thousand dollars.

Initially most industry watchers were not overly alarmed by the proposed increase, since there is a distinct lack of alternative incentives that electricity generators can be offered to increase or venture into electricity production in the state. Texas Electric, is today a cauldron of activity as the present commissioner of Texas Public Utilities is proposing to increase the market cap by over 50 percent to four thousand five hundred from 1 July, 2012. Besides, the proposal is to increase incrementally over the next several years to reach a final market cap of seven thousand five hundred dollars.

Once the market cap is announced formally it only translates to one thing- INCREASE in electric rates. Considering the impact this will have on consumers some simple alternatives are now being offered by industry experts.

First, option proposed is to explore the market capacity as well as to improve and streamline daily bid stack. There is a compelling need for arriving at a mutual price point which are between low 100s as well as the absolute market cap.

Market Cap raise will result in strong discussions. While on the one hand, raise in market cap will bring in the investors to build newer generation plants. It will however mean more years of high energy rates for business as well as residential consumers.

Perhaps exercising their Electric Choice  will be the only option available to consumers in the state to gain some relief from expensive electricity rates. It is definitely the turn of the consumer to act upon the right conferred on him and chooses his service providers wisely so as to send a strong message that increases in electricity rates is not good to consumers as well as the industry.

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