

Concurrence for Item 2 1-04-01

Commissioner Bilas concurring,

As a free market economist it is difficult to recant and utter these sentiments. I do so because I do not see true competition in the market and because our market surveillance economic experts assert market manipulation must exist to cause these unprecedented prices. It is a testament to the dysfunctional state of the market that I say what I do today. I am deeply troubled by the lack of power this Commission has to go after the real culprits in this scenario which, through their collusion, are bringing the utilities to the brink of insolvency and the reliability of the electric system to the edge at great cost to consumers. To paraphrase Adam Smith, never do men of the same trade get together when they do not do harm to the public. It must be stopped. Those generators making windfall profits at present have no incentive to curb their behavior. One might say that the wholesale market is FERCEd up and there is nothing this Commission can do about it. After long reflection, I must conclude that the surest way out of this dilemma is for the Legislature to immediately establish a California Power Authority to set the rules of the game and to have the power of condemnation at fair market value over in state generation. Calls for behavior modification have not worked. Action must be taken.