

# Cogeneration and Competitive Power Journal

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## U ncommon Commentaries

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### MANDATORY OPEN ACCESS FOR ELECTRICITY: IS THERE A BETTER WAY?

"Mandatory open access to the power grid is the wrong paradigm for restructuring. Although open access is advocated by virtually all of today's reformers, it is not a model of fundamental, free market reform. Forced open access to the grid is not even a variant of deregulation: It is an interventionist contrivance that will *delay* genuine competition.

"In free markets, new electric generators have no right to force utilities to transport their power to customers; but they do have the right to figure out how to get power to customers themselves. If franchises are abolished, new competitive electricity generators might reach customers by forming cross-industry consortia to share rights of way owned by gas, telecommunications and railroad companies, and by partnering with real estate developers. Parallel networks are the norm in other network industries. Utilities faced with such competitive threats will often be induced to offer open access voluntarily.

"The profit motive, not regulation, must drive the evolution of transmission and distribution services. Innovation cannot flower if newcomers can simply dump their electricity into the grid for others to manage. The temporary savings of open access are not a plus if secured at the expense of property rights and a genuine reduction of government oversight of the power industry."

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