



The Electric Industry: Glossary of Terms and Acronyms

Affiliated Retail Electric Provider (Affiliated REP or AREP)

A retail electric provider affiliated with or successor in interest to an electric utility certified to serve in its traditional service area. The AREP must make available the price-to-beat to its residential and small-commercial customers through December 31, 2006.

Aggregator

A buying group that signs up customers to bargain on their behalf for electricity and related services.

Broadband Over Power Lines (BPL)

Technology that provides “smart grid” services to TDUs and broadband services to customers, coupling radio energy onto power lines for distribution into homes.

Competitive Retail Electric Provider (Competitive REP, CREP or CR)

A retail electric provider not affiliated with the local electric utility. The competitive REP may offer any electric prices and services that best fits its business model.

Congestion

Transmission congestion results when transmission system operators must limit or re-dispatch generation to maintain the voltage integrity of the grid to ensure reliability. The cost of transmission congestion, assuming that demand is fixed and must be met, is the net cost of the replacement power that must be supplied by other means (e.g., from generators located closer to the loads to be served) to make up for deliveries that cannot be executed as requested.

Cramming

Illegally adding charges to a customer’s electric bill for services not requested or authorized by the customer.

Direct Assignment

In ERCOT’s current, zonal market, direct assignment is the cost incurred by ERCOT to relieve congestion between zones. It is charged to those companies scheduling power between zones.

Distribution lines

Local wires, transformers, substations and other equipment used to deliver electricity to homes and most businesses.

Economic Dispatch

The concept of using power from the lowest-cost plant to meet electric demand whenever possible.

Electric Reliability Council of Texas (ERCOT)

An Independent System Operator (ISO) designated by the PUC. ERCOT oversees the grid that covers about 75 percent of the land area and 85 percent of the electric load in Texas.

Electric Service Identifier (ESID)

An identification number for electric meters. Every meter within ERCOT has been assigned an ESID. ESIDs are used when a customer moves from one premise to another, as well as to measure switching activity in terms of number of customers.

Federal Energy Regulatory Commission (FERC)

The Federal agency charged with regulating interstate energy transactions. Because ERCOT is contained fully within Texas, it is not under FERC’s jurisdiction. The other transmission grids (SERC, SPP and WECC) are regulated by FERC.

Fuel Factor

The component of the price-to-beat that may be adjusted by the affiliated REP. The fuel factor is designed to allow affiliated REPs to change electric prices to reflect changes in the cost of power.

Grid

A network of transmission and distribution lines used to deliver electricity.

Headroom

As defined by rule, the difference between the average price-to-beat and the sum of the average non-bypassable charges or credits approved by the PUC and the representative power price.

Independent System Operator (ISO)

An ISO is a FERC-regulated control area operator of the ISO transmission grid. Its responsibilities include providing non-discriminatory access to the grid, managing congestion, maintaining the reliability and security of the grid, and providing billing and settlement services.

Load

The amount of electric power required to meet customers' demand at any given time, expressed in kilowatts (kW) or Megawatts (MW).

Locational Marginal Price (LMP)

The price assessed for congestion costs to a node. See Nodal Market.

Nodal Market

A method of assessing congestion costs to nodes within zones. Currently, in the zonal market, costs within each zone are socialized based on the size of each generator's load. In a nodal market, these costs would be individually assessed based on a smaller node. See Uplift.

Nonbypassable Charge

A charge that is assessed to all retail electric providers by the TDU. These include the System Benefit Fund, transition charges and operational charges.

North American Electric Reliability Council (NERC)

The organization consisting of all electric grids in North America. ERCOT, SERC, SPP and WECC are all part of NERC.

Office of Public Utility Counsel (OPUC)

OPUC is an created to represent the interests of residential and small commercial customers in state utility matters before the PUC, courts, and other utility regulatory agencies.

Peak Load

The maximum expected load for a given period of time.

Price-To-Beat (PTB)

The price-to-beat is a price approved by the PUC that must be made available by the affiliated REP to residential and small-commercial customers through 2006. The affiliated REP may also offer other prices to these customers as well.

Provider of Last Resort (POLR)

A company that serves as the interim provider for customers whose retail electric provider has left Texas' market.

Qualified Scheduling Entity (QSE)

A Qualified Scheduling Entity submits balanced energy schedules for each 15-minute period for a portion of the electric grid. Each QSE is certified by ERCOT.

Regional Transmission Organization (RTO)

A form of ISO.

Reliability-Must-Run Status (RMR)

When determining whether a power plant should be retired, a reliability council (such as ERCOT) may designate it as RMR, meaning the power plant must remain operational to ensure the grid operates reliably.

Renewable Portfolio Standard (RPS)

A legislative or regulatory mandate or goal for power generated from renewable sources.

Reserve Margin

The amount of capacity above the maximum expected usage expressed as a percentage of peak demand. For example, a 20 percent ERCOT reserve margin means that on the hottest day of the year, ERCOT would still have a 20 percent surplus of generation available, assuming its forecast is accurate.

Retail electric provider (REP)

A person that sells electric energy to retail customers in this state. A retail electric provider may not own or operate generation assets.

Slamming

The unauthorized, illegal transfer of a customer's electric service by a retail electric provider.

Southeast Electric Reliability Council (SERC)

SERC monitors the grid that covers most of the southern United States, including parts of southeast Texas, including the Beaumont, Port Arthur and The Woodlands areas.

Southwest Power Pool (SPP)

The SPP grid covers Oklahoma, Kansas, portions of Arkansas, Louisiana and the Texas Panhandle and parts of northeast Texas, including the cities of Amarillo, Lubbock, Texarkana, Longview and Marshall.

System Benefit Fund (SBF)

The System Benefit Fund is a charge assessed to customers in areas of the state open to electric competition to support an array of programs designed to help low-income Texans, as well as administrative costs of the PUC and the Office of Public Utility Counsel.

**Transmission and Distribution Utility (TDU)
Transmission and Distribution Service Provider (TDSP)**

A company that provides transmission and distribution service. TDUs/TDSPs remain fully regulated by the PUC.

Transmission Congestion

See Congestion.

Transmission Lines

Lines that are used to deliver power from electric generating plants at high voltage to facilities that distribute the power at lower voltage to homes and most businesses.

Unbundling

The separation of traditional electric utilities into 3 companies—retail, wires and generation—by either separating into affiliated companies owned by a common holding company, separating into nonaffiliated companies or selling assets to a third party. Unbundled utilities are governed by code of conduct rules to ensure a fair and competitive market.

Uplift

In ERCOT's current, zonal market, uplift is the cost incurred to relieve congestion within a zone. It is shared by all companies based on their total load.

Western Electricity Coordinating Council (WECC)

Covering all or part of 14 states, two Canadian provinces and northern Baja California, Mexico, WECC is the largest grid in North America. El Paso and its suburbs are located in the WECC service area.

Wholesale Market Oversight (WMO)

The subset of the electric utility division of the Public Utility Commission of Texas (PUC) that monitors Texas' wholesale markets for market abuse.

Zonal Market

A method of assessing congestion costs between several zones. For example, ERCOT has five congestion zones, which each pay a separately assessed socialized congestion cost.