Changing Disclosure Requirements

HB 1797 by Rep. Bohac

AECT Position: Amend

Proposal

- HB 1797 would define a fixed price contract in a manner more restrictive than the Public Utility Commission by not allowing any price changes throughout the term of the contract.
- HB 1797 would require retail electric providers (REPs) to notify customers receiving fixed-price electric service via mail at least one billing cycle in advance of the expiration of their electric contract.

AECT Position

- AECT believes the Public Utility Commission of Texas' (PUC's) recently adopted disclosure rules are appropriate.
    - The Commission's new rule defines fixed priced contracts in a manner that allows REPs to adjust prices (with notice) during the term due to changes in fees or costs that are beyond a REP's control, such as TDU charges. A change in definition as proposed that does not allow such changes shifts the risk of such underlying price changes to REPs who in turn must reflect the additional costs of such risk in the retail prices charged.
    - Under PUC rules, the REP shall send a written notice of contract expiration at least 14 days prior to the date of contract expiration but no more than 45 days in advance of expiration. As drafted, HB 1797 could require a REP to provide notice more than 45 days in advance of contract expiration in the event there is more than a 15-day partial month billing before the end of the term contract.
    - Providing notice further in advance of a contract expiration creates two fundamental and intertwined problems. Customers may try to switch before their term contracts expire, exposing them to early exit fees, and REPs would then have energy purchases for their accounts that must be re-sold.