

Changing Disclosure Requirements and Requiring REPs to Advertise for their Competitors

HB 995 by Rep. Chris Turner

AECT Position: Amend

Proposal

- HB 995 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 995 would require retail electric providers (REPs) to notify customers receiving fixed-price electric service via mail and e-mail, if available, 60 days in advance of the expiration of their electric contract.
- HB 995 also requires that the notice informs customers of their ability to choose a new REP via www.powertochoose.org.

AECT Position

- The Public Utility Commission of Texas (PUC) recently adopted disclosure rules (Project No.35768) after carefully considering these issues over many months of discussions.
 - 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.
 - The new rule requires that REPs deliver 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.
 - 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.
- Essentially, a 12-month contract would become something shorter, raising financial risks for REPs that must be factored into rates charged to consumers –and ultimately raising rates for all consumers.