

Oppose Not Allowing Change in Retail Contracts Resulting from a Change in the Law

HB 2852 by Rep. Farabee

AECT Position: Oppose

Proposal

- HB 2852 would prohibit allowing a retail electric provider (REP) from increasing the price charged under a contract for electric service to recover costs to the REP that result from a change in the law.

AECT Position

- By forcing REPs to absorb costs added to nonbypassable charges that are beyond the REP's control, HB 2852 would increase financial risk for REPs to serve customers.
- The risk created by this legislation would reduce the ability of REPs to offer fixed price contracts, which are a popular option in the market.
- Moreover, the risk must be realized by REPs in the rates charged in order to avoid sustained losses. This results in increased prices among all customers, as REPs reestablish prices based on the *possibility* of an increase resulting from a change in law, even if a change does not occur.