

Changing Disclosure Requirements Relating to Contract Expiration Notification

SB 1468 by Sen. Wendy Davis

Companion: HB 995 by Chris Turner

AECT Position: Amend

Proposal

- SB 1468 would define a fixed price contract in a manner more restrictive than the Public Utility Commission of Texas (PUC) by not allowing any price changes throughout the term of the contract.
- SB 1468 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.
- SB 1468 also requires that the notice informs customers of their ability to choose a new REP via www.powertochoose.org.

AECT Position

- The PUC recently adopted revised disclosure rules (Project No. 35768) after carefully considering issues concerning customer notification:
 - For contract expiration notification, the PUC's rule requires that REPs deliver a written notice of contract expiration at least 14 days but no more than 45 days in advance of contract expiration. This timing is appropriate because a process is underway at the PUC to shorten the time require for customers to switch providers to seven days or less.
 - Providing notice further in advance of 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.