

The ERCOT Competitive Electric Market Includes Substantial Oversight to Protect Customers and Significant Shopping Opportunities

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Recently, some have cited concerns that the competitive electric market should be regulated more closely, limiting the offers retail electric providers (REPs) can provide customers. The concern is that electric service can be confusing, and that REPs should not be allowed to sell electric service that includes certain price or fee structures. However, existing laws and regulations already address many of those concerns.

Fact: Consumers are Protected in the Competitive Market

While the ERCOT retail market is competitive, REPs must register with and are closely monitored by the Public Utility Commission of Texas (PUC).

The law and the PUC's rules require clear disclosure of all information to customers so they can make an informed choice. Retailers face potential fines or penalties if they fail to disclose prices or fees, or charge fees prohibited by the PUC's disclosure rules. At the same time, retailers need the flexibility to determine business practices that mitigate their risk in the most economical manner. This flexibility allows retailers to create new and innovative offerings and best serve their customer base. Below are several examples of fees that REPs may choose to offer:

- **Minimum usage fees:** These fees may be beneficial for REPs seeking to cover basic administrative costs while providing a lower per-kWh rate. In any case, minimum usage fees or other recurring fees must be included in the disclosures required by PUC rules.
- **Credit card processing fees:** REPs, like other businesses, are not allowed to charge fees for processing credit card payments.
- **Early termination fees:** These fees help offset the cost of losing a customer, including pre-purchased power needed to service a customer's contract. This allows the REP to offer lower prices to customers who expect to remain with the REP through the length of their contract.

REPs structure rates and fees in many different ways to meet different customers' needs. A customer can choose a REP based on the fees included in its service offering, just as a customer may choose a REP for its energy price, fuel mix, rewards program or other programs.

Fact: There are Many Options in the Market to Allow Customers to Best Suit their Needs

There are dozens of REPs and hundreds of offers available in the competitive market. As of January 2015, customers in competitive areas typically had about 250 plans available. Each REP is required to provide an Electricity Facts Label to allow customers to make apples-to-apples comparisons among REPs and offers.

Fact: Prices Remain Low in the Competitive Market

Today, customers can find prices well below the electric rates of 2001, just before the competitive market opened. With so many REPs competing for customers, REPs need flexibility to offer services that differentiate themselves in the market to attract customers and grow their businesses.

Conclusion: The competitive market continues to bring customers the prices and services they desire. Creating new regulations is simply not necessary.

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