



Limiting Electricity Product Types Available to Customers

AECT Position: Oppose

HB 2254 by Sylvester Turner

Proposal

- HB 2254 would prohibit a retail electric provider (REP) from basing a fee or credit on whether the customer used a certain amount of electricity during the billing period.
- The prohibition would only impact future contracts between REPs and customers.

AECT Concerns Regarding HB 2254

- HB 2254 unfairly limits customer choice. Many customers find a minimum usage product to be beneficial. For a large family that routinely meets the minimum electricity usage for the product, the monthly credit is a valuable savings. Customers who use less energy benefit from a different product structure, which is readily available. In fact, each large competitive area of ERCOT has **at least 46 products available** that do not include minimum usage fees or credits. (Data as of March 20, 2015.)
- Existing law and the PUC's rules require clear disclosure of fee information, including minimum usage fees, to allow customers to make an informed choice. Failure to properly disclose fees will result in fines or other penalties under the PUC's enforcement authority.
- The competitive market allows REPs to create new and innovative offerings that best serve customer needs and attract new customers. This includes some products with "conservation credits," which reward customers for using less. HB 2254 would eliminate that flexibility.
- REPs must take into account multiple factors when designing retail products, including customer appeal, risk of default, and wholesale pricing. Removing the ability to use particular pricing structures takes away options for customers in the competitive market, and increases costs for REPs that will ultimately be reflected in retail prices.

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