

RETAIL ELECTRICITY IN TEXAS WHY, WHERE, WHAT AND HOW?

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OVERVIEW AND AGENDA

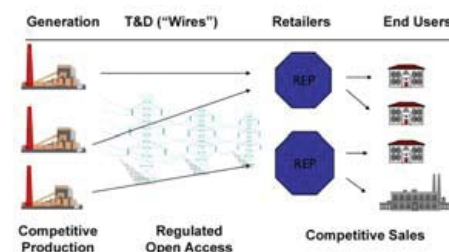
- WHY DO WE HAVE RETAIL COMPETITION?
- WHERE DOES IT EXIST?
- WHAT ARE WE COMPETING OVER?
- HOW CAN CUSTOMERS TAKE ADVANTAGE OF COMPETITION?

WHY?

Overview of Deregulation Efforts in Texas

- **LEGISLATIVE BACKGROUND**
 - 1999: Senate Bill 7, creating retail competition in ERCOT
 - Competition in ERCOT retail market begins January 2002
- **JUSTIFICATION FOR RETAIL COMPLETION**
 - Savings to consumers
 - Innovation
 - Wider range of services
 - Flexibility

OVERVIEW OF REGULATORY STRUCTURE¹



1. https://www.puc.texas.gov/agency/topic_files/101/PUC-History_Dereg_ERCOT.pdf

WHERE?

- MOST, BUT NOT ALL, OF ERCOT IS AVAILABLE FOR RETAIL COMPETITION
- NOTABLE EXCEPTIONS INCLUDE MUNICIPALLY OWNED UTILITIES AND CO-OPERATIVES THAT DO NOT OFFER CUSTOMER CHOICE (“NON OPT-IN ENTITIES”)

ERCOT SERVICE AREA



AREAS OPEN TO RETAIL COMPETITION



WHY?

Overview of Results

- **RESIDENTIAL CONSUMERS**
 - Some data/analysis suggests that prices in competitive areas is still higher than non-competitive areas
 - Other data suggests that competition has led to reductions (or less increases) in pricing versus non-competitive areas.
 - Significant amount of agenda-driven analysis and publications
- **COMMERCIAL AND INDUSTRIAL CONSUMERS**
 - Less data readily available; limited analysis
 - *Question:* If prices aren't demonstrably lower, does it mean deregulation has failed?
 - *Answer:* Not if you consider increased options available to consumers who wish to take advantage of the opportunities

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