



Testimony to the Senate Business & Commerce Committee
Presented by Sandra Haverlah for
Texas Consumer Association
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Texas Consumer Association (TCA) believes in and supports a healthy competitive market that works to the benefit of ordinary Texans. While there is always room for improvement, TCA is encouraged by the progress made in the competitive electricity market since 1999 when SB 7 was passed. On the issue of prices in the market, the last 18 months has been particularly encouraging.

The industry has long claimed that rising retail prices were primarily due to increased fuel prices – specifically natural gas since it fundamentally establishes wholesale and retail prices in this market. Over the last several months, as wholesale gas prices have decreased, so have retail electric prices. In a general sense, this is indicative of a market that is responding at the customer level to changes in fuel costs.

Specifically, the recent drop in prices is providing consumers with some excellent deals. A quick check on the PUCT's *Power to Choose* website, for the downtown Dallas area provides the following highlights (10/20/2010):

- Variable, monthly rate plans at just below 7 cents a kilowatt hour (kWh).
- A 100% renewable energy variable rate offer for 7.7 cents kWh. (I would be surprised if you could find a cheaper rate for 100% renewable energy anywhere else in the U.S.)
- Several six month fixed rate plans at just below 8 cents kWh.
- Several 12 month fixed rate plans between 8 and 9 cents kWh.
- Competing 12 month fixed, 100% renewable rate plans for just below 9 cents kWh. (Again, I would be surprised if that price is available anywhere in the U.S.)
- Competing 18 month fixed plans for 9 cents kWh.
- Several 24 month fixed rate plans just below 10 cents kWh.

As a comparison, I'm a customer of Austin Energy and my rate from Austin Energy is just below 10 cents a kWh.

So, the good news is that the competitive market is offering a wide range of consumer choices, very good prices, and the market has responded at the consumer level as wholesale fuel prices decreased. However, there are issues that TCA believes could be improved on that the legislature should address.

- **System Benefit Fund:** All electricity consumers contribute to the System Benefit Fund (SBF). The fund is intended to provide discounts for low income customers, weatherization for qualifying customers and consumer education. Unfortunately, a large portion of the fund continues to be used for budget balancing purposes. The legislature should, once and for all, put ALL of these funds into a "lock box" that the PUCT can direct for its intended purpose.

- **Variable Rate Plans:** Variable rate plans provide a monthly, per kilowatt rate. However, Retail Electric Providers (REP) that offer these plans can, and frequently do, change the rate each month with no notice to the consumer. To address some of the bad customer experience issues that result, TCA recommends:
 - Requiring that any variable rate plan offer listed on the PUCT's *PowertoChoose* website stay in effect for at least one full 30 day billing cycle. This eliminates the possibility of a REP changing the price mid-billing cycle for new customers.
 - Requiring REPs to provide written notice to customers if they plan to increase the price of the variable plan. In 2009, the legislature addressed this issue for fixed term plans, but not for monthly variable plans. REPs should provide consumers sufficient advance notice of any price increase so that consumers can make a decision to stay or switch to a new provider.
 - The PUCT's *PowertoChoose* website should include an easily visible notice to consumers that rates offered under any variable rate plan are subject to change.

- ***Powertochoose* Website:** The PUCT's website provides information on current pricing plans offered by REPs in the competitive market. As the primary shopping tool for consumers in Texas, it needs to be a world-class website. TCA recommends that the PUCT conduct a top-down analysis and redesign of the website to make it more user friendly and easier to understand.

- **Demand Side Management and Renewable Energy:** Reducing electricity demand by providing consumers with information, new products, tools, and services is essential to meeting this state's long term energy needs. Some progress has already been made with the deployment of smart meters and product offerings in the retail market. However, REPs need to dramatically increase investment for bringing more of these products to market.

Thank you for the opportunity to submit these comments and please contact me if you would like more information.