Harvard Electric Policy Group
Thirty-Seventh Plenary Session

Retail Competition in Texas Electricity Markets: Is It Working? How Can We Tell?

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Public Utility Commission of Texas

Austin, Texas
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1. Texas Electric Area Map

ERCOT - Electric Reliability Council of Texas
SERC - Southeastern Electric Reliability Council
SPP - Southwest Power Pool
WECC - Western Electricity Coordinating Council
2. Price to Beat (PTB)

• Purposes of PTB
  – Price protection for small non-switching customers
  – Allow new REPs headroom to gain customers
  – Allow all REPs to adjust retail prices based on changes in wholesale prices
• Available from the affiliated REP to customers below 1 MW until January 1, 2007
  – But not mandatory after January 1, 2005
• PTB rates generally 6% less than January 1, 1999 rates, adjusted for fuel-cost increases
# 3: Number of REPs and Residential Product Offerings, 2002 Versus 2004

<table>
<thead>
<tr>
<th>TDSP Service Area</th>
<th># of REPs (December ‘02)</th>
<th># of REPs (October ‘04)</th>
<th># of Products (December ‘02)</th>
<th># of Products (October ‘04)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TXU Electric Delivery</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>14</td>
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<tr>
<td>Centerpoint</td>
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<tr>
<td>Texas New Mexico Power</td>
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<td>AEP Central</td>
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<td>10</td>
<td>8</td>
<td>13</td>
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<tr>
<td>AEP North</td>
<td>3</td>
<td>7</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>
4. Electricity vs. Gas Prices, 02/02-09/04

February 25, 2003
Natural Gas - $24.96 per MMBtu
ERCOT Energy - $293 per MWh
5. Average Res. PTB vs. Average Lowest Competitive Offer, 01/02-09/04

- average price to beat
- average lowest competitive offer
6. PTB vs. Lowest Competitive Offer vs. Gas Prices, 01/02-10/04

[Graph showing the comparison between PTB, lowest competitive offer, and 20 day rolling average of 12 month forward gas prices from January 1, 2002 to October 2004.]
7. PTB vs. Lowest Competitive Offer vs. Pre-Competition Retail Price

Source: Average Annual Rate Comparison for Residential Electric Service, PUC Electric Division
8. Customer Switches, 01/02-09/04

- Commercial and Industrial
- Residential
9. Customer-Switching Percentages, 01/02-09/04

- Residential
- Small Commercial
- Large Commercial and Industrial
10. CREP Service Composition by Number of Customers and by MWs Provided

Source: Performance Measures Reports, Project No. 24462, PUC Electric Di
11. Total Customer Complaints to PUC, 09/01-08/04
12. Electric Complaints By Type, 09/03-08/04

- Provision of Service, 1371, 12%
- Non-Jurisdictional, 106, 1%
- Meters, 453, 4%
- Electric Solicitation, 10, 0%
- Discontinuance, 1937, 18%
- Cram, 369, 3%
- Slam, 781, 7%
- Submetering, 83, 1%
- Quality of Service, 299, 3%
- Billing, 5601, 51%

Source: PUC Customer Protection Division