

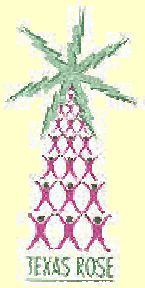
Texas Ratepayers' Organization to Save Energy

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

The Residential Electric Market is
Failing Consumers

Carol Biedrzycki

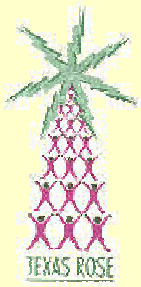
December 3, 2004



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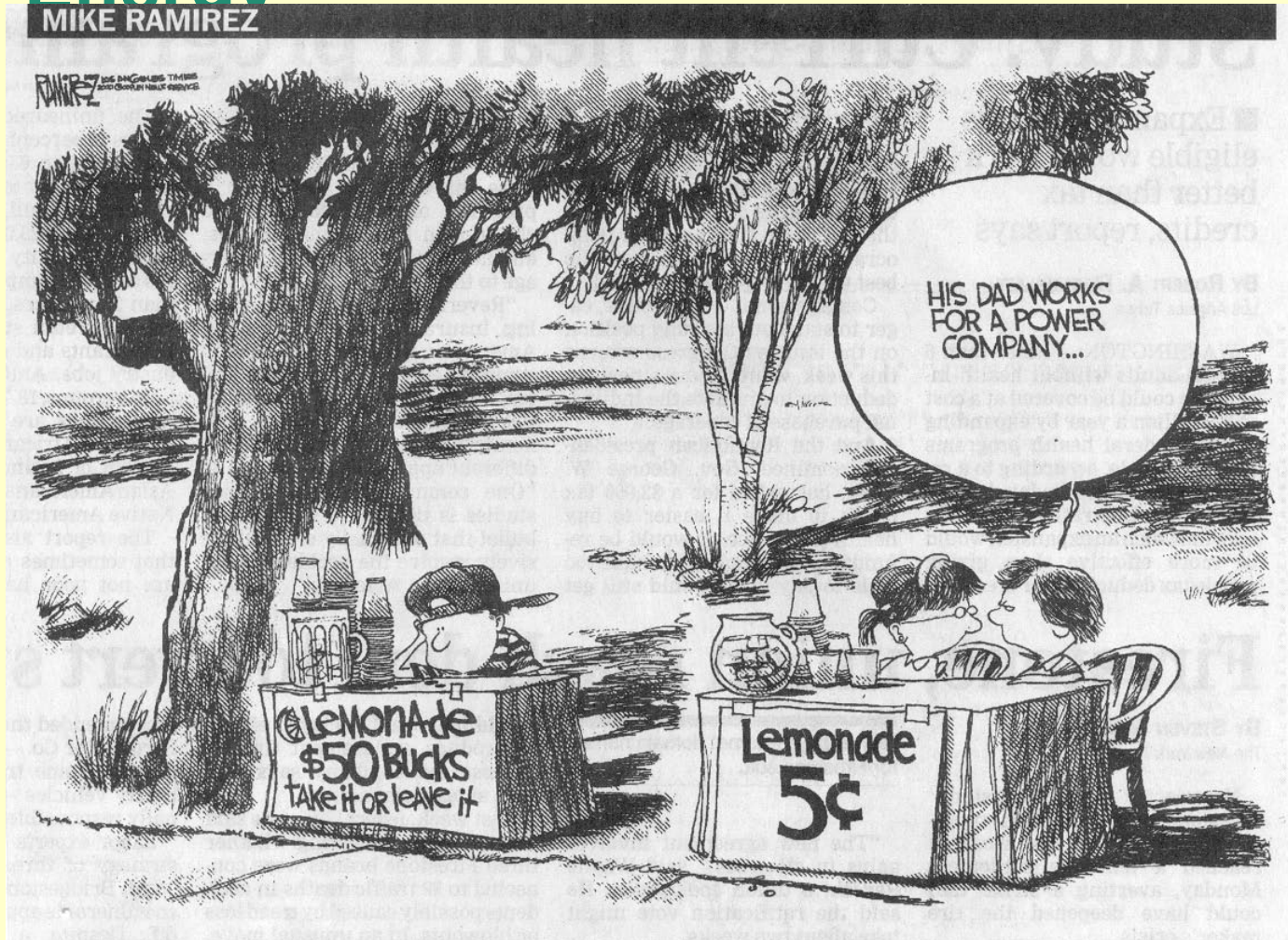
What Measures Success?

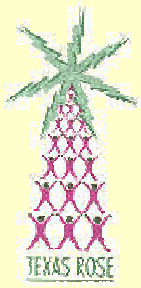
- Lower Prices
- High Quality Customer Service
- Many Choices
- High Rate of Switching



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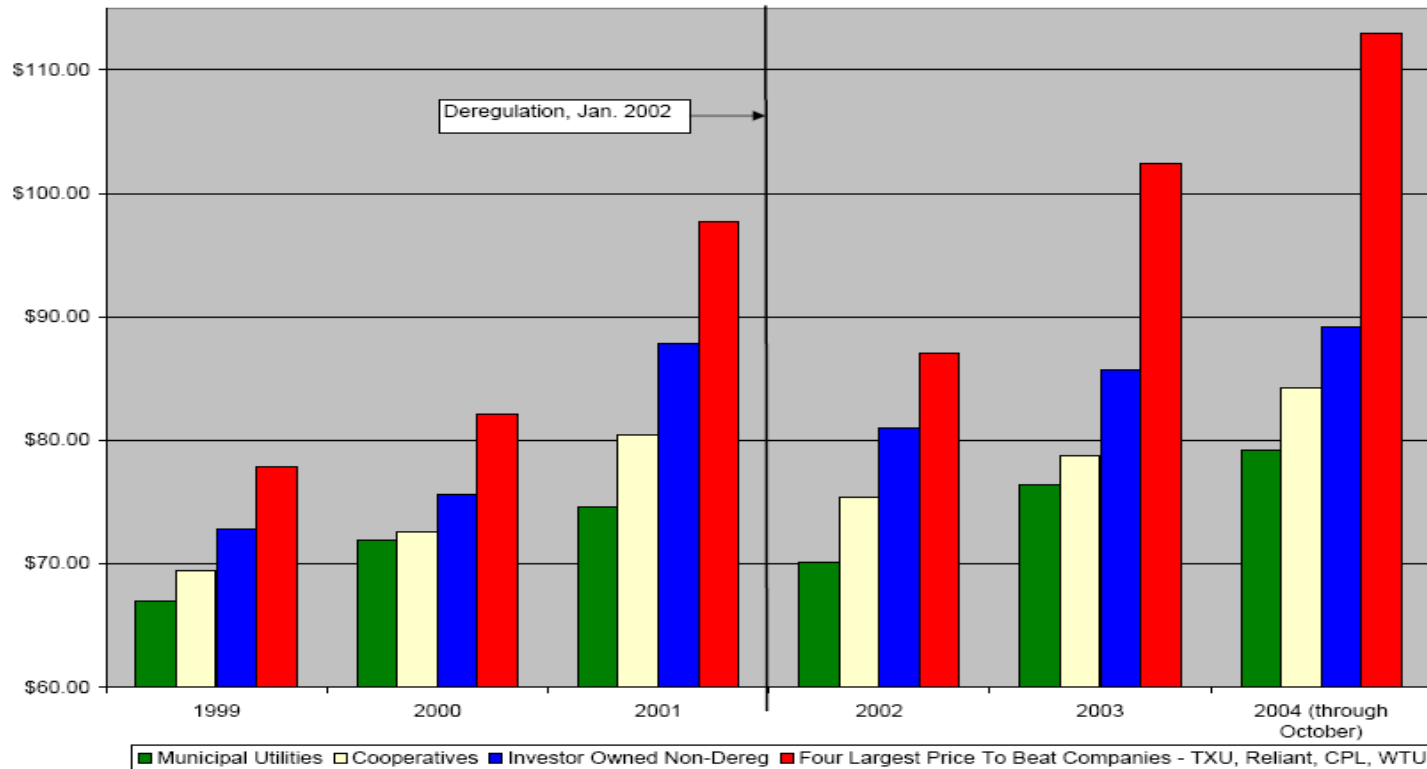
MIKE RAMIREZ



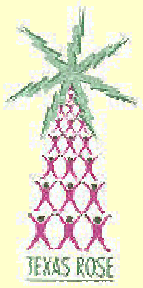


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The Price To Beat Is Broken
Average Monthly Residential Electric Bill (Annualized) 1999-2004

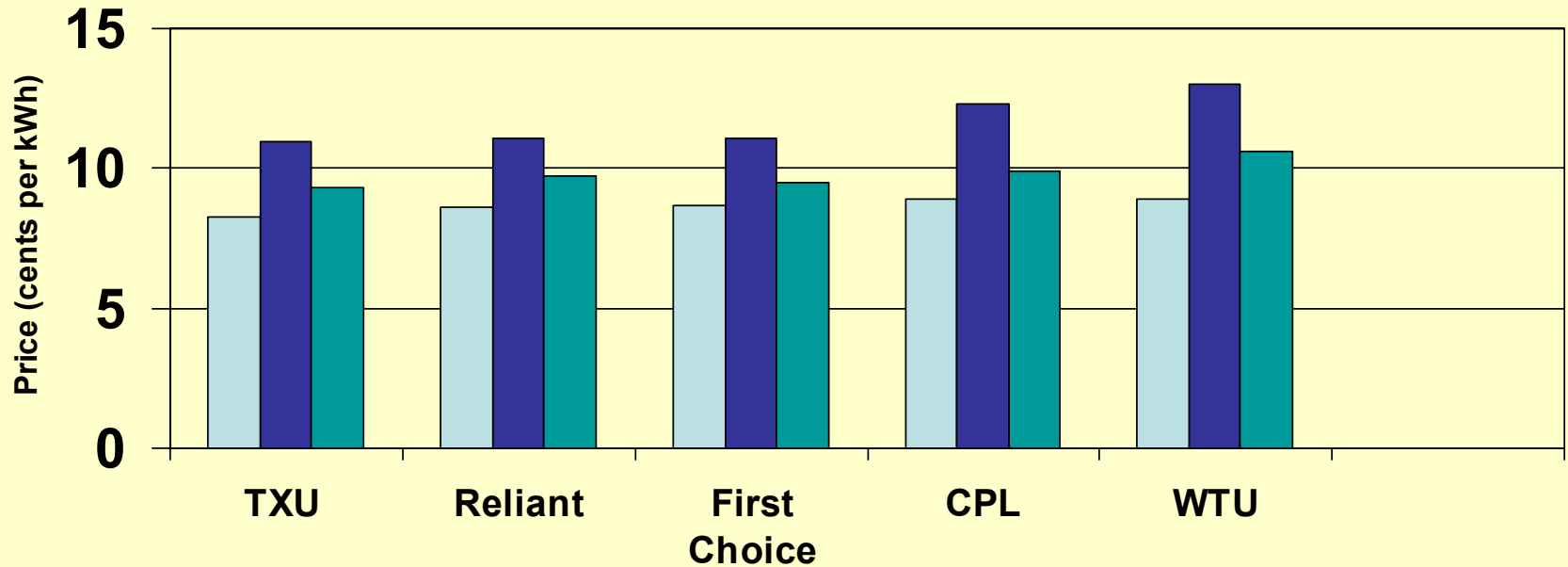


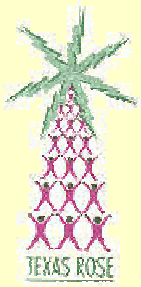
Consumers Union (11/16/2004) Source: PUC Monthly Retail Electric Service Bill Comparison, PUC Monthly Residential and Commercial Electric Bill Information for Areas Not Open to Competition for Residential Electric Service. Both available at <http://www.puc.state.tx.us/electric/rates/index.cfm>. Over 4 million residential and small business electric customers pay the price to beat rate.



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Changes in Residential Rates





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Customer Service

Frank and Ernest

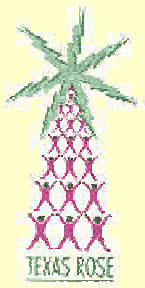
“ TO PLACE AN ORDER,
PRESS 1.

TO MAKE A COMPLAINT,
PRESS 274895602
546687974635241.”



E-Mail: FandE@thecomics.com
www.frankandernest.com
THAVES
9-8

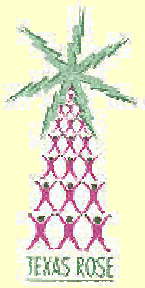
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Customer Complaints

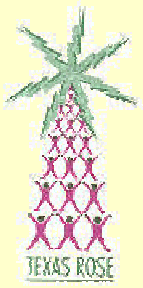
- From Oct. 2003 to Oct. 2004:
 - Monthly number ranged from 1,471 to 631 and averaged 785 per month.
 - In 2001, an average of 182 complaints were filed each month.



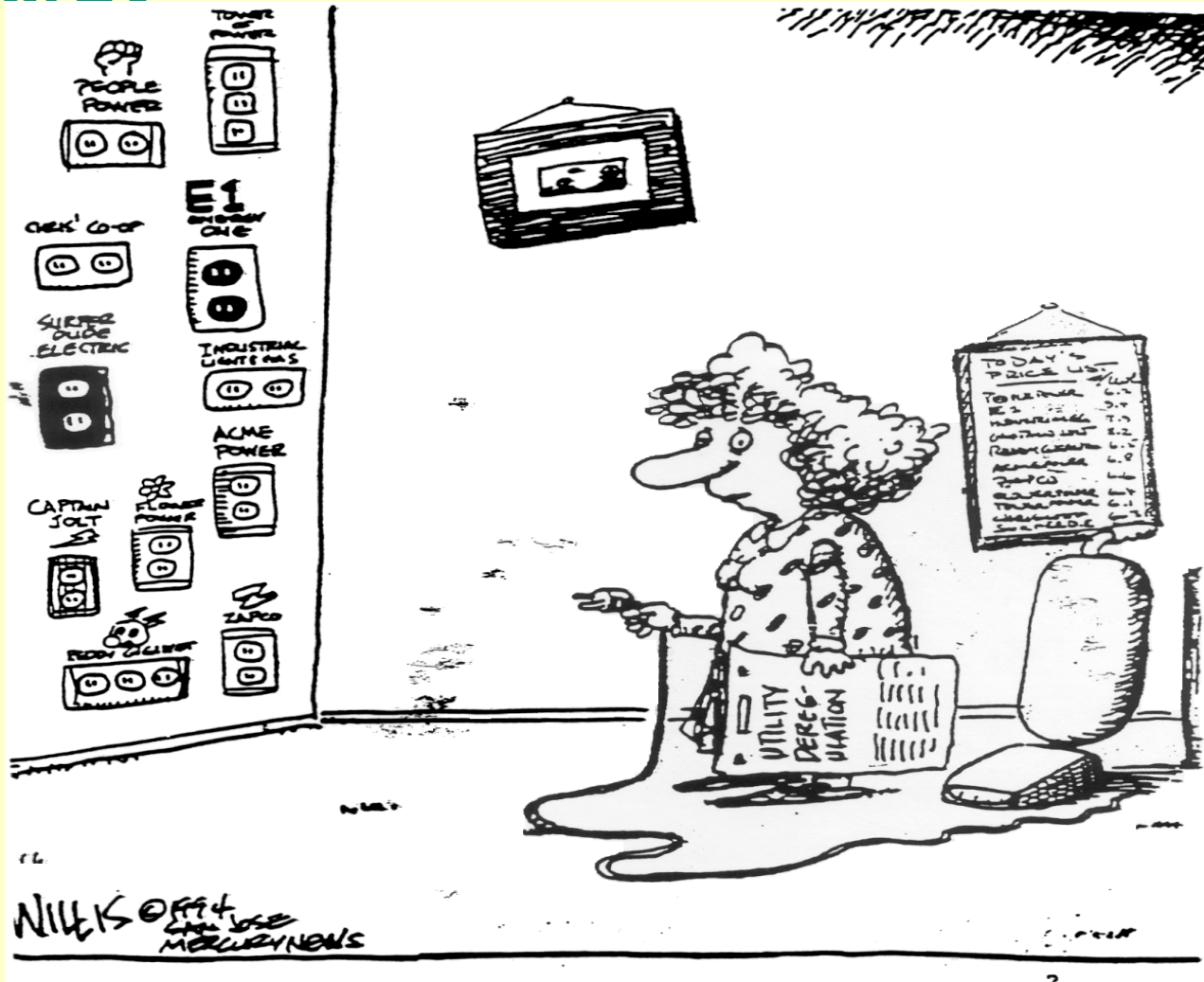
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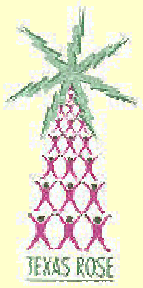
Changes Since Deregulation

- Contract Call Centers
- Customer Registration Systems
- Amended Customer Protection Rules
- Rise and Fall of the System Benefit Fund
- Information is friendly only to Internet users.



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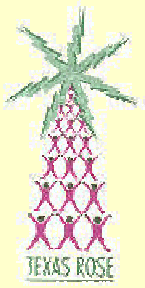




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Not So Competitive Offers in Houston

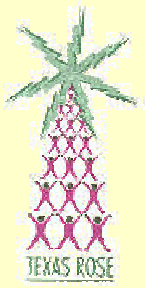
<u>Retail Electric Provider</u>	<u>Cost per 1000 kWh</u>	<u>Price per kWh</u>	<u>1st Year Savings</u>
Reliant Energy (<i>Price to Beat</i>)	\$111	\$0.11100	0
TXU Energy Services – <i>Electricity</i>	\$100	\$0.10000	10%
Gexa Energy Corp – <i>Power Plan</i>	\$ 96	\$0.09600	14%
Green Mountain Energy Co – <i>Pollution Free Plan</i>	\$111	\$0.11050	Variable
Direct Energy LP – <i>Electricity</i>	\$104	\$0.10400	6%
ACN Energy Inc. – <i>Electricity</i>	\$112	\$0.11245	-1%
Cirro Energy – <i>Residential Electric Service</i>	\$106	\$0.10600	5%
Green Mountain Energy Co. – <i>100% Wind Plan</i>	\$120	\$0.12050	-8%
First Choice Power – <i>Easy Price Plan</i>	\$113	\$0.11300	-2%
Entergy Solutions Ltd – <i>Savings Advantage Plan</i>	\$111	\$0.11100	0%
Starlight Electric – <i>Star Treatment Plan</i>	\$97	\$0.09700	13%
Amigo Energy – <i>Residential Services</i>	\$105	\$0.10490	5%



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Customer Choice is Limited

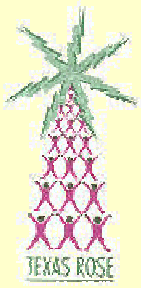
- Aggregation is yet to come to the residential sector.
- Renewable power is a premium product offered by only a few providers.
- Energy efficiency is marketed mostly through regulated programs



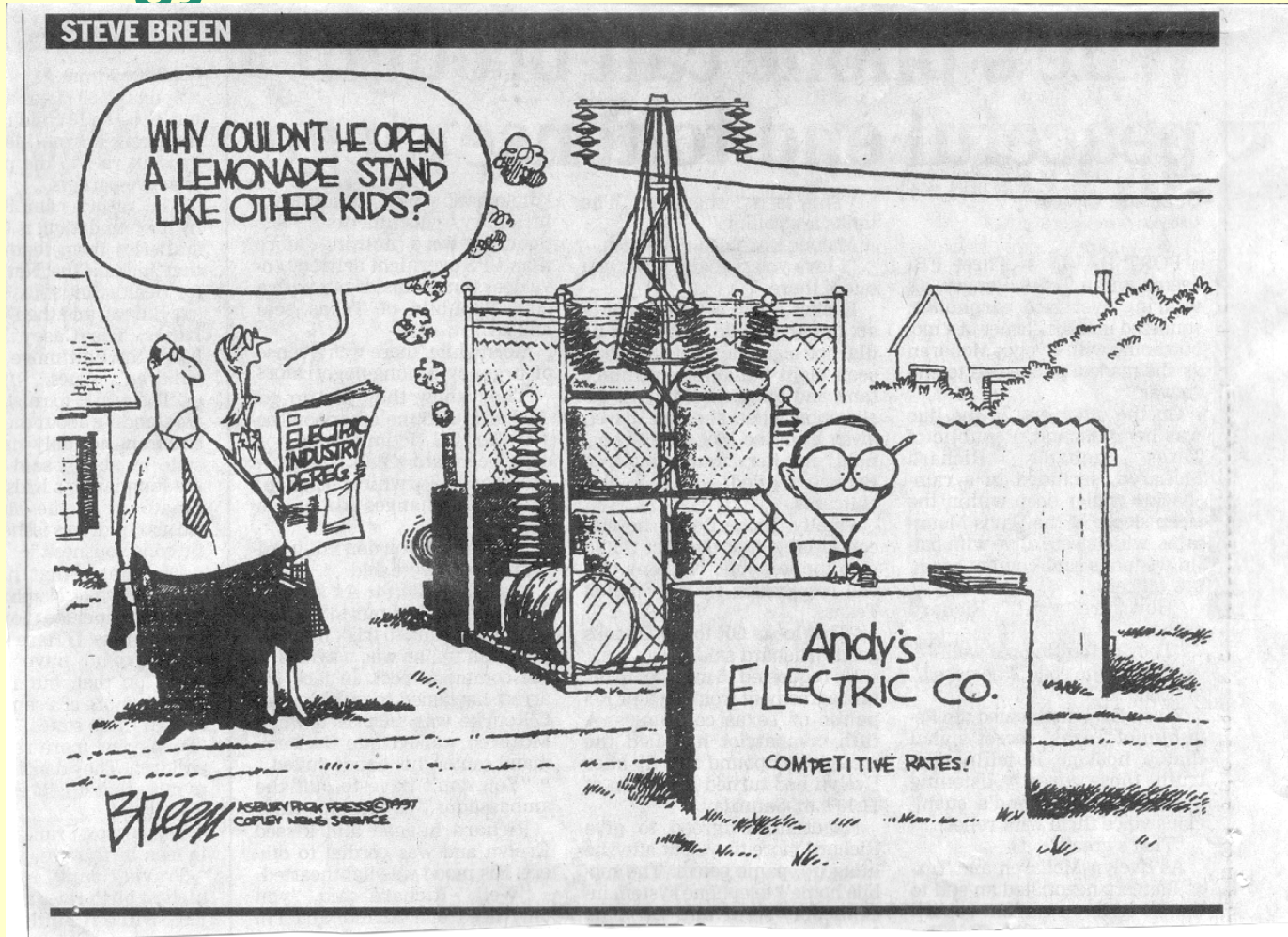
Texas Ratepayers' Organization to Save Energy

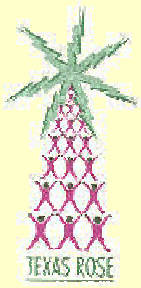
Customer Choice is Limited

- Many customers are locked out of the market.
- High priced prepaid service is alive and well.
- Credit scoring is a growing issue.



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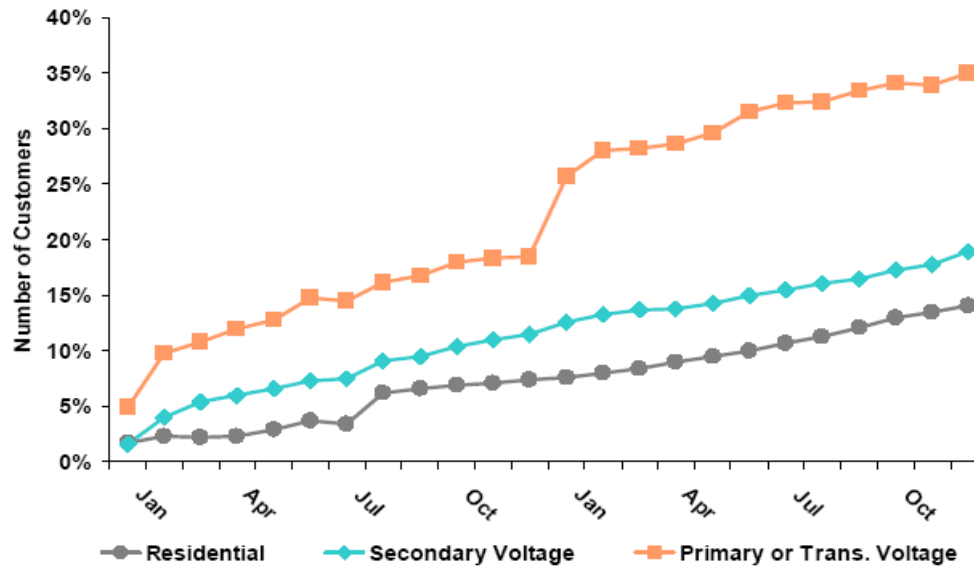


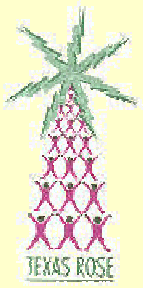


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CUSTOMER SWITCHING RATES

Percentage of Customers Served by Non-Affiliated REPs in ERCOT by Class

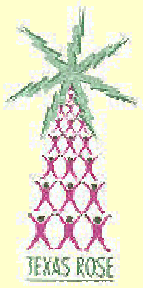




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2002 RISE OF SYSTEM BENEFIT FUND

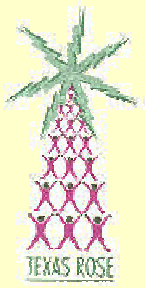
- Funded by a 65¢ per MWh Fee
- Continuation of Weatherization
- 10 to 20% Rate Discount
- Customer Education
- Budget supplements to the PUC and OPUC



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2003 FALL OF SYSTEM BENEFIT FUND

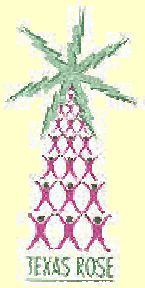
- \$185 of \$407 million swept to the state general revenue fund
- Weatherization budget zeroed out
- Rate discount decreased from 17 to 10 percent
- 350,000 of 780,000 households dropped



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Deregulation is Expensive

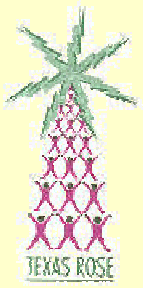
- Transition Charges
- Late Fees
- ERCOT Administrative Fee
- Low-Income Rate Discount
- Transmission Upgrades and Congestion Management
- Customer Education
- Market Monitoring



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Deregulation is Confusing

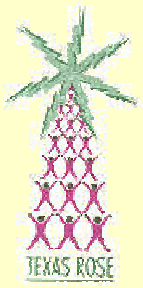
- Price to Beat and Electricity Facts Labels are not readily available.
- Terms of service agreements are difficult to compare.
- Misleading savings claims make it difficult to compare offers.



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Deregulation is Unfair to Low-Income Consumers

- Looking at electricity prices, use of credit scoring for denying service and the loss of system benefit fund programs, low income Texans are better off living in regulated service areas.



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