



7th Annual Policy Orientation
January 22-23, 2009

Texas Electric Competition: Promises and Results

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Competition Promises To:

Initiate customer education and customer choice

Innovate new product offerings and energy efficiency programs

Incent investment in infrastructure

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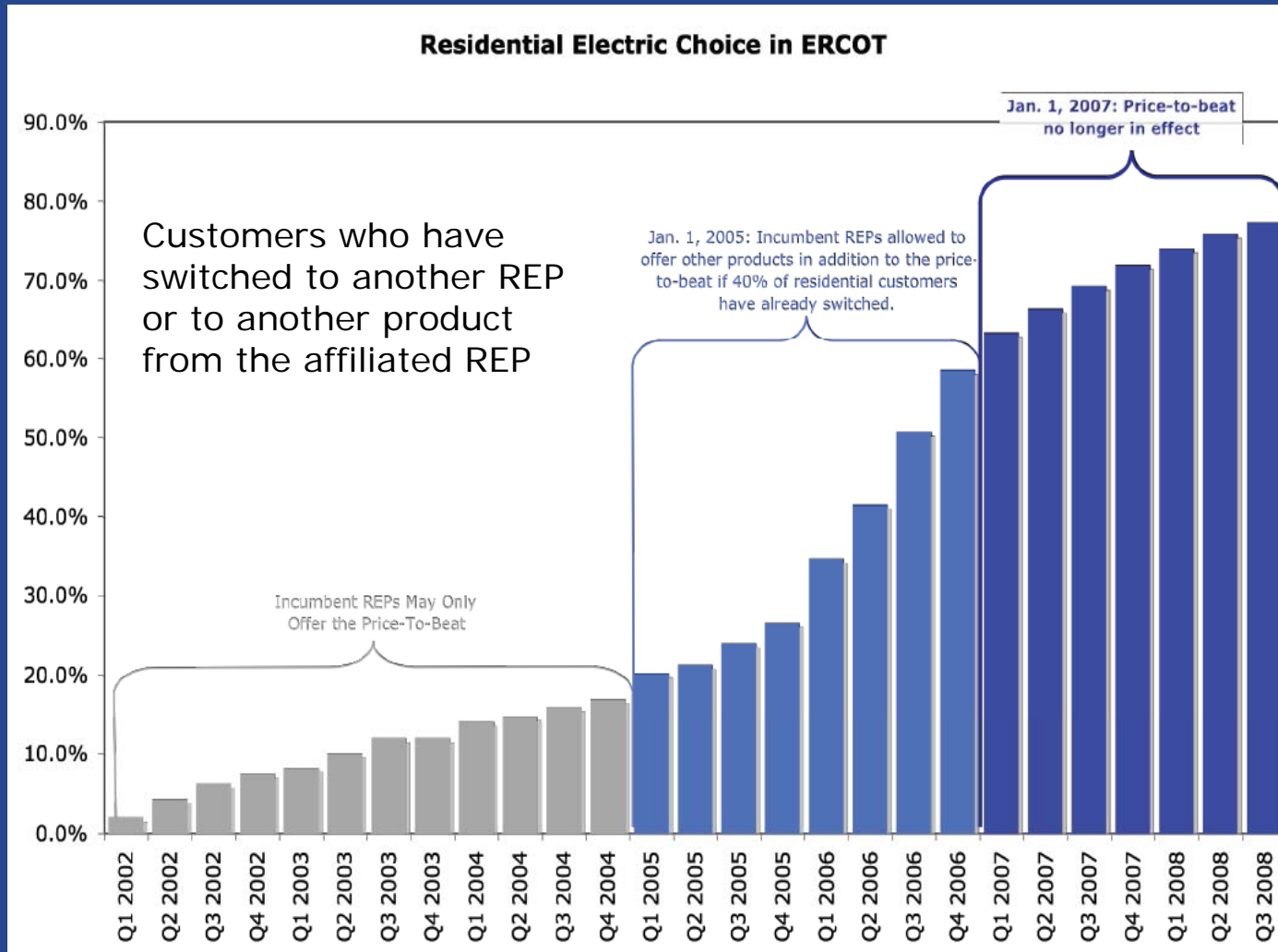
- Educated customers are more efficient consumers
 - Salt River Project “pre-pay” has been a big success with high customer satisfaction and energy savings
 - PUCT’s “Power To Choose” website provides information on electricity choice
 - REPs have an incentive to educate customers who will buy their products
- When given a choice consumers elect to exercise it—this has been the case in Texas

Migration from Native Affiliate REP

	% of Load ¹	% of ESI IDs	
	at <u>11-30-08</u>	at <u>11-30-08</u>	at <u>11-30-07</u>
Residential	46%	44%	41%
Small Non-Residential	76%	50%	44%
Large Non-Residential	73%	75%	71%

¹ - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Customers Are Choosing



Source: AECT Website

Questions For Making an
Informed Choice :

What generation source do you want?

What type of contract are you looking for?

What price are you willing to pay?

**What kind of risk are you willing to
assume?**

**How much energy do you want to use or
conserve?**

Source: Former PUCT Commissioner Julie
Parsley

Competition Promises To:

Innovate new product offerings and energy efficiency programs

- Made possible by advanced meters
- Examples of innovative products:
 - Fixed price
 - Variable price
 - Renewable generation
- Energy efficiency products offered by REPs and TDSPs through third-party vendors

Load Zone Price Data

Total Load Weighted Average Price (\$/MWH)*

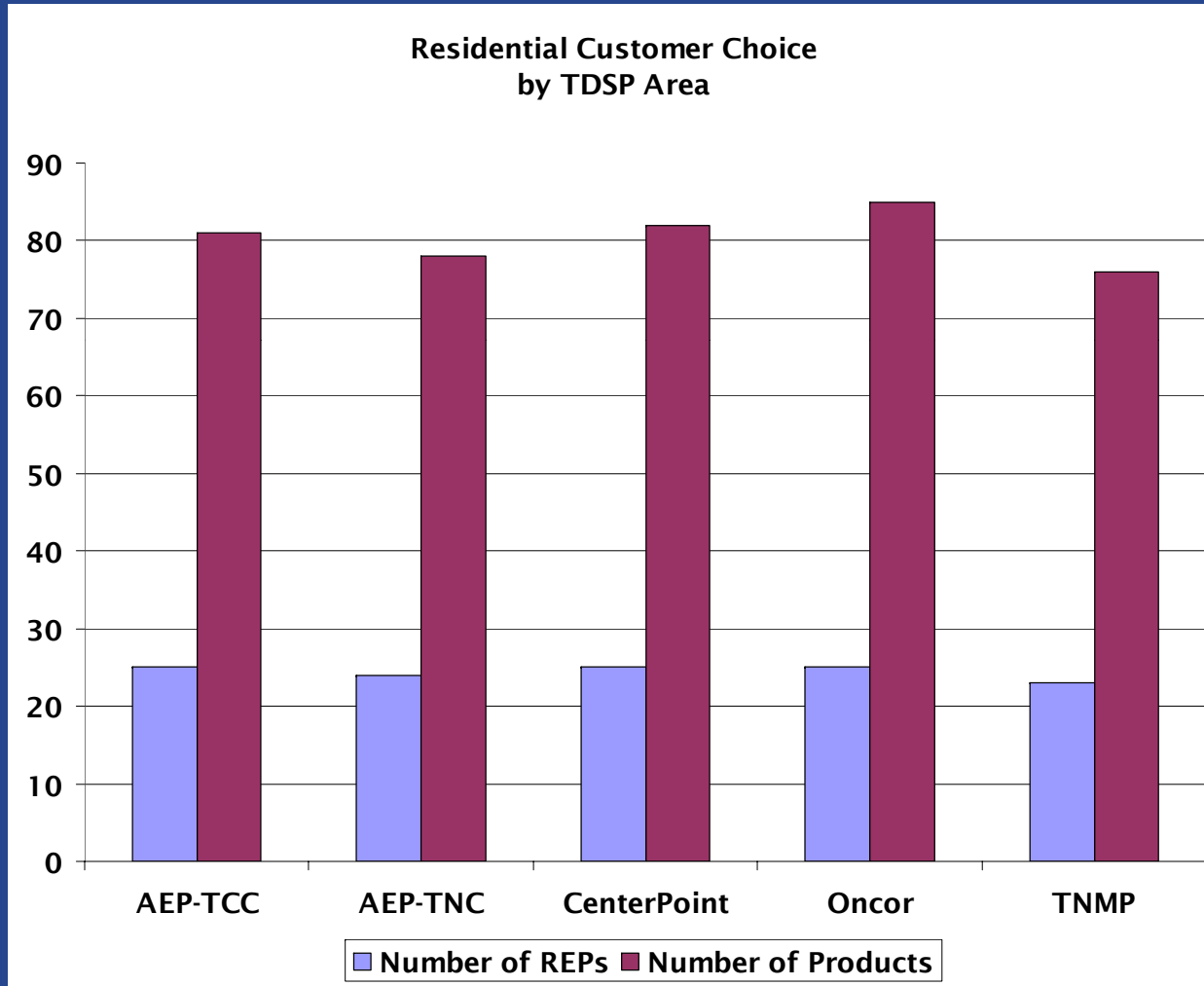
[MCPE weighted by Total Zonal Load]

LOAD ZONE	Dec 2008	Nov 2008	Oct 2008	Sep 2008	Aug 2008	July 2008	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008
South	\$43.50	\$41.11	\$55.19	\$46.77	\$88.47	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$43.93	\$40.69	\$48.98	\$45.38	\$89.19	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$43.09	\$40.88	\$56.01	\$48.61	\$88.40	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$29.60	\$34.62	\$41.16	\$43.72	\$84.92	\$90.98	\$82.22	\$58.01	\$58.59	\$38.52	\$56.84	\$52.04

LOAD ZONE	Dec 2007	Nov 2007	Oct 2007	Sep 2007	Aug 2007	July 2007	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007
South	\$51.87	\$50.46	\$49.79	\$67.99	\$60.74	\$50.78	\$58.71	\$57.90	\$59.71	\$56.15	\$54.37	\$53.13
North	\$52.18	\$48.96	\$51.14	\$67.91	\$60.35	\$52.71	\$58.60	\$55.85	\$57.98	\$56.29	\$54.94	\$52.87
Houston	\$51.27	\$52.59	\$54.78	\$67.30	\$61.24	\$51.51	\$59.75	\$60.07	\$61.76	\$56.02	\$53.83	\$52.07
West	\$52.89	\$42.15	\$48.53	\$64.86	\$57.90	\$52.09	\$58.34	\$55.02	\$55.31	\$55.45	\$54.84	\$52.79

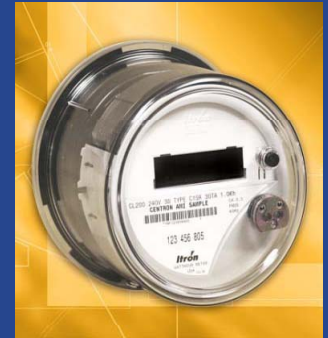
*Represents the average price for loads within the zone

More Competitors & More Products



Advanced Meters Promote Innovation

- Encourage new product offerings by REPs, such as in-home monitors
- Promote demand response and energy efficiency
- Allow faster service connections, disconnections, and meter readings
- Provide readily-available information about market conditions and system reliability to market participants



Competition Promises To:

Incent investment in infrastructure

- Investment since the opening of retail and wholesale markets: **\$20-25 Billion!**
- Increased investment in generation sources other than natural gas, such as wind and coal, with nuclear also under consideration



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