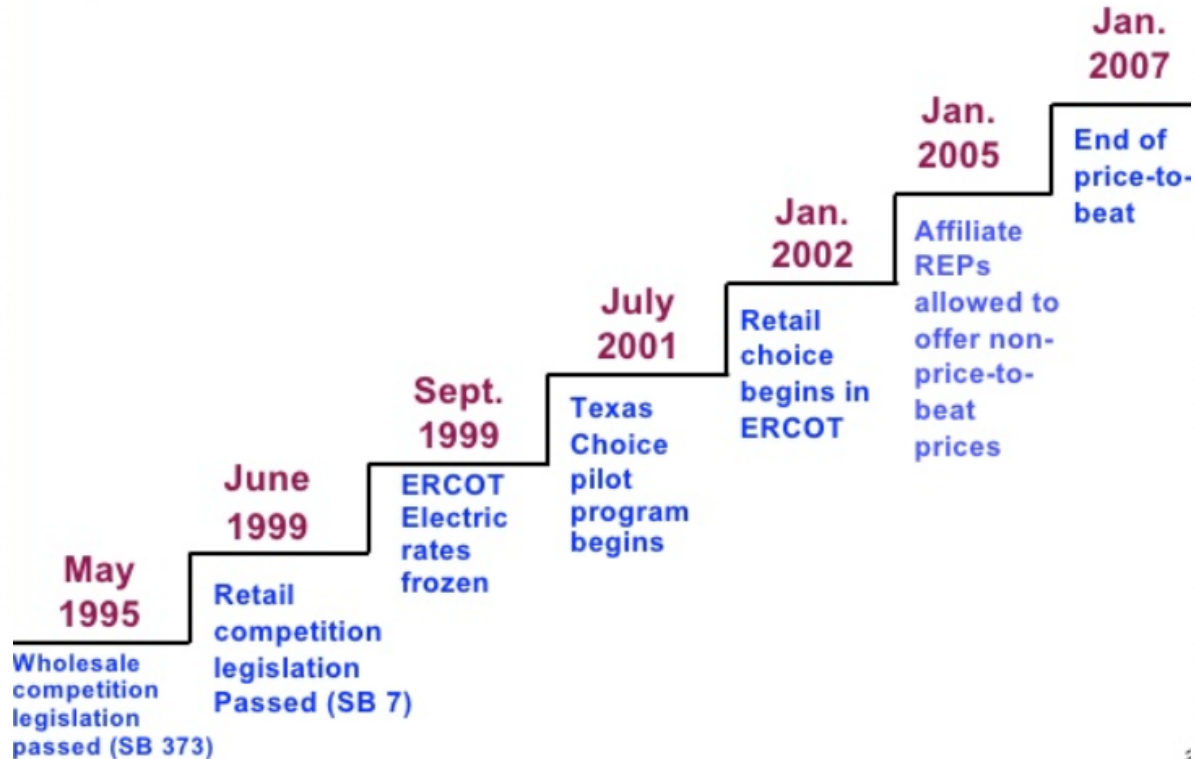


TEXAS



The views expressed in this presentation are the views of the presenter and not STREAM, the Retail Energy Supply Association (RESA), the Texas Electricity Association for Marketers (TEAM) or their respective members or employees.

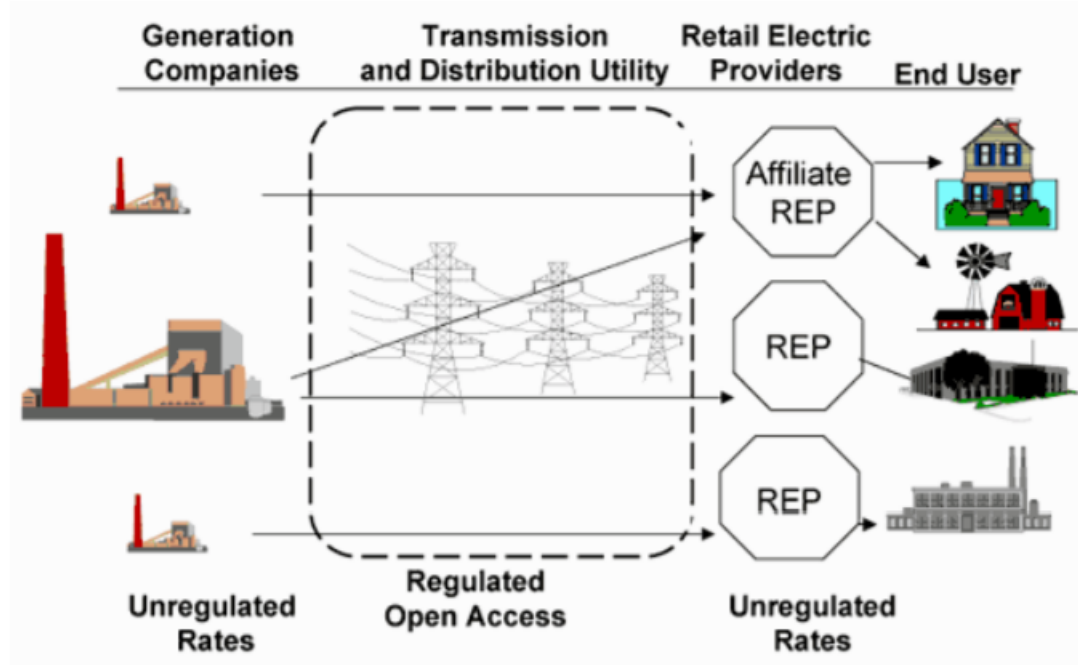
Steps to Opening the Retail Electric Market in Texas



4

Source: www.aect.net

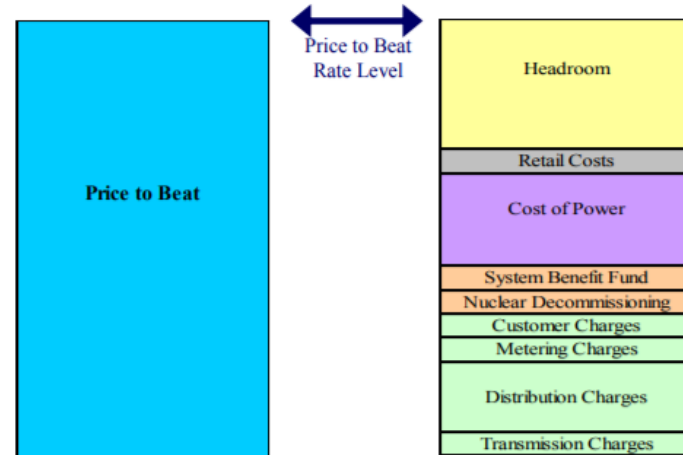
Texas Competitive Electric Market Structure - 2002



Source: Public Utility Commission of Texas, *2003 Report on the Scope of Competition in Electric Markets* (www.puc.state.tx.gov)

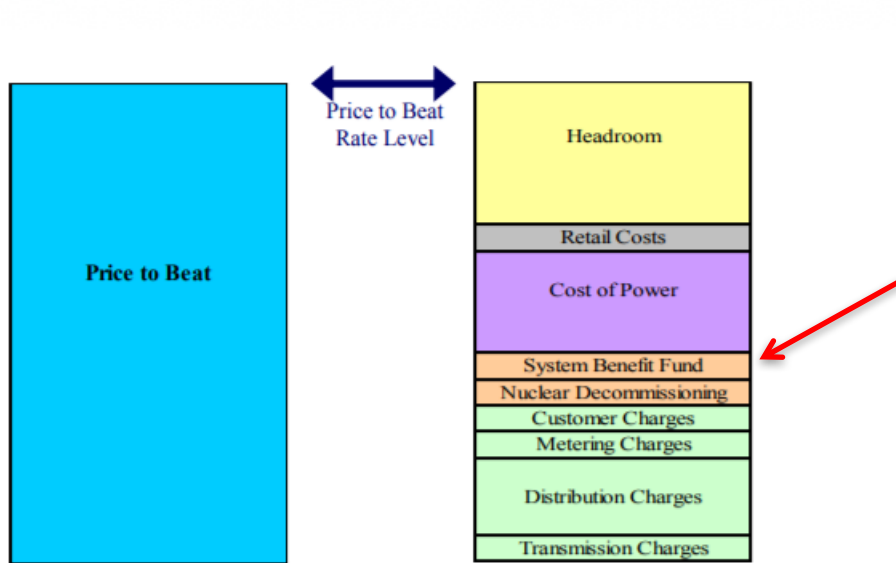
Price to Beat

- Key Component to Texas success
- Price Floor set by PUCT
- Applied to AREPs only
- Set to Expire on 1/1/07
- No AREP products below PTB until 01/01/05 or 40% of resi or small comm market had moved to competitors.



Source: Public Utility Commission of Texas, *2003 Report on the Scope of Competition in Electric Markets* (www.puc.state.tx.gov)

Price to Beat vs. Competitive Retailer Rates (Jan 2002 – Jan 2007)



Quick Note on the System Benefit Fund (SBF)

- Four Funded Programs – 2 most important:
 - Electric discount rate for low income customers (LITE-Up Texas)
 - Low-income Energy Efficiency
- 2015 – Lawmakers voted to end SBF
 - Lite-Up Assistance ended 08/31/16
- 2017 – Retailers may offer their own assistance programs.

Source: Public Utility Commission of Texas, *2003 Report on the Scope of Competition in Electric Markets* (www.puc.state.tx.gov)

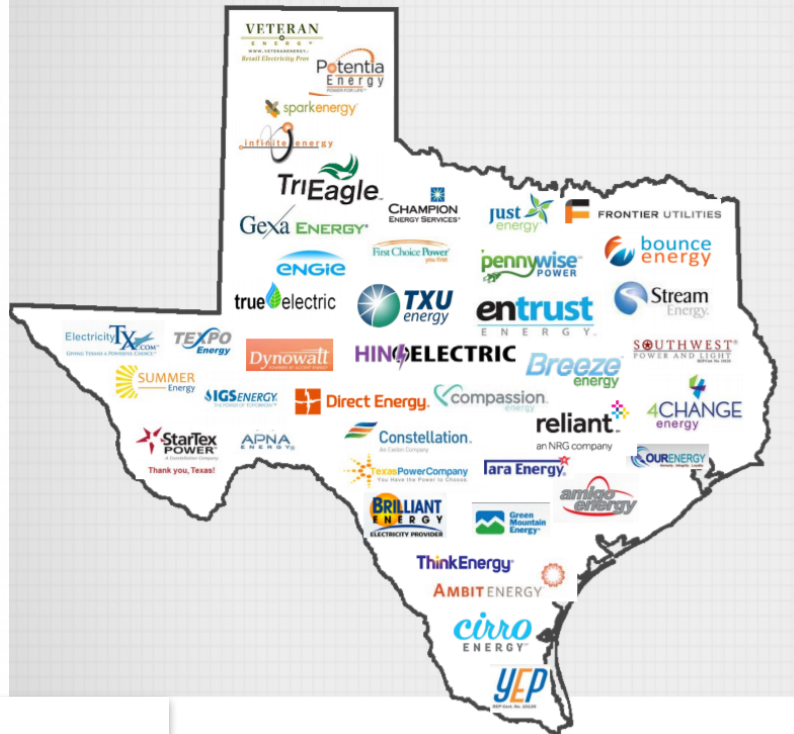
Where Is the Texas Market Today?

2017


JANUARY							FEBRUARY							MARCH								
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat		
1	2	3	4	5	6	7				1	2	3	4					1	2	3	4	
8	9	10	11	12	13	14		5	6	7	8	9	10	11		5	6	7	8	9	10	11
15	16	17	18	19	20	21		12	13	14	15	16	17	18		12	13	14	15	16	17	18
22	23	24	25	26	27	28		19	20	21	22	23	24	25		19	20	21	22	23	24	25
29	30	31						26	27	28						26	27	28	29	30	31	
APRIL							MAY							JUNE								
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat		
						1					1	2	3	4	5	6				1	2	3
2	3	4	5	6	7	8		7	8	9	10	11	12	13		4	5	6	7	8	9	10
9	10	11	12	13	14	15		14	15	16	17	18	19	20		11	12	13	14	15	16	17
16	17	18	19	20	21	22		21	22	23	24	25	26	27		18	19	20	21	22	23	24
23	24	25	26	27	28	29		28	29	30	31					25	26	27	28	29	30	
30																						
JULY							AUGUST							SEPTEMBER								
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat		
						1					1	2	3	4	5					1	2	3
2	3	4	5	6	7	8		6	7	8	9	10	11	12		3	4	5	6	7	8	9
9	10	11	12	13	14	15		13	14	15	16	17	18	19		10	11	12	13	14	15	16
16	17	18	19	20	21	22		20	21	22	23	24	25	26		17	18	19	20	21	22	23
23	24	25	26	27	28	29		27	28	29	30	31				24	25	26	27	28	29	30
30	31																					
OCTOBER							NOVEMBER							DECEMBER								
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat		
1	2	3	4	5	6	7					1	2	3	4					1	2	3	4
8	9	10	11	12	13	14		5	6	7	8	9	10	11		3	4	5	6	7	8	9
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22	23	24	25	26	27	28		19	20	21	22	23	24	25		17	18	19	20	21	22	23
29	30	31						26	27	28	29	30				24	25	26	27	28	29	30
																						31



TEXAS IS HIGHLY COMPETITIVE



Key Points

- 109 Retailers
 - 404 unique products
 - 97 solely from 100% renewable 
- 92% of all customers have exercised ability to switch since 2002.
- Competitive retailers serve over 7M meters:
 - 6.1M residential customer
 - 1M commercial customers
 - 4K industrial customers
- Only 4,465 electric complaints from 09/01/14 to 08/31/16

Texas Electric Market - Today

Retail Prices

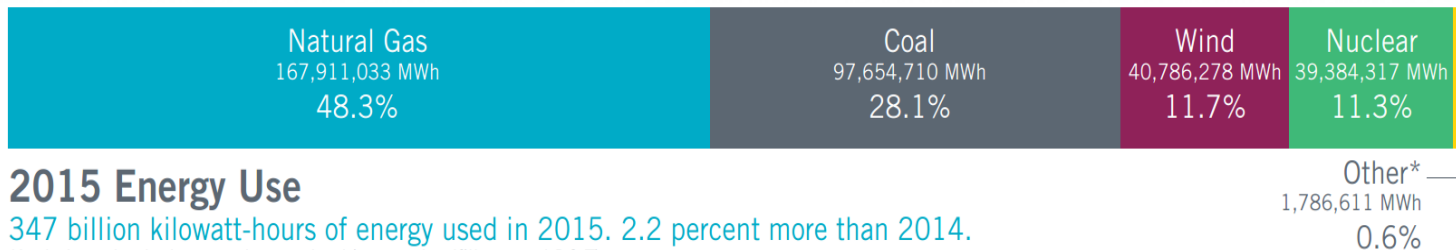
- Average lowest available residential price = 5.1¢ per kWh in September 2016.
- Average across all plans available in Texas competitive market was 9.8 ¢ per kWh.
- Rates in ERCOT have decreased since the 2002 transition to a competitive market.
- Both fixed and variable plans were much lower than nationwide average of 13.45 ¢ per kWh in July 2016 and 13.62 ¢ per kWh in July 2015.

TDU Service Territory ⁶	Last Regulated Rate (2001), ¢/kWh ⁷	Last Regulated Rate, Adjusted for Inflation	Current Lowest Fixed Price ⁸	Percentage Change
AEP Central	9.6	13.1	5.6	-57.25%
AEP North	10.0	13.6	5.0	-63.24%
CenterPoint	10.4	14.1	5.4	-61.7%
Oncor	9.7	13.2	4.5	-65.91%
TNMP	10.6	14.4	5.0	-65.28%

TDU Service Territory	Current Lowest Fixed Price (¢/kWh) ¹¹	Current Average, All Available Plans ¹²	Nationwide Average ¹³
AEP Central	5.6	9.4	13.45
AEP North	5.0	9.4	
CenterPoint	5.4	9.1	
Oncor	4.5	8.3	
Sharyland – McAllen	5.6	9.8	
Sharyland Utilities	4.5	13.3	
TNMP	5.0	9.2	

Source: Public Utility Commission of Texas, 2017 Scope of Competition in Electric Markets (www.puc.state.tx.gov)

Texas Electric Market - 2017



2015 Energy Use

347 billion kilowatt-hours of energy used in 2015. 2.2 percent more than 2014.

*Includes solar, hydro, petroleum coke, biomass, landfill gas and DC Ties



2015 Generation Capacity

*Includes solar, hydro and biomass

Degree of choice that should be present in the CA market along a scale of Less, Same, or More?

I vote . . .



HAPPY HALLOWEEN!

