

# Texas Energy Deregulation

In 1999, Senate Bill 7 deregulated the Texas energy market and opened up electricity to competition on January 1, 2002. Energy deregulation gives customers of investor-owned utilities in most service areas (see Service Area Map) the right to choose their Retail Electric Provider (REP) – the company that provides electricity to your home or business. For more information on Texas deregulation, go to the Texas Electric Choice web site at [www.powertochoose.org](http://www.powertochoose.org).

In a competitive electric market, the incumbent local electric company has been separated into three different companies – the Generation Company which produces the source of energy, the Local Wires Company that delivers electricity over the poles and wires, and the Affiliate Retail Electric Provider (TXU, Reliant, CP&L, WTU and TNMP) which now only sells electricity and provides customer service. Consumers who do not choose a new REP will have their electric service provided by the Affiliate Retail Electric Provider (AREP). The AREP offers a standard rate, or “Price to Beat,” which is set by the Public Utility Commission of Texas (PUCT) and is usually the highest rate in the market. Competing REPs may offer competitive rates lower than the “Price to Beat.” AREPs may also offer additional rate plans lower than the Price to Beat.

## **Generation vs. Delivery**

Prior to deregulation, one company provided both the generation and delivery of electricity. Now, these parts are separated. Generation, or the production of electricity, is open for competition. But the delivery of electricity continues to be regulated by the Public Utility Commission of Texas (PUCT) to ensure the safety and reliability of electric service. Further, the actual delivery of electricity over the poles and wires to homes and businesses will continue to be provided by the incumbent local electric company.

Texas Electric Choice gives consumers the best of all worlds. They can shop around for a new Retail Electric Provider (REP) who will also provide customer service and billing, yet consumers can keep the same company for the actual delivery of electricity and who responds to emergencies or power outages.

# Customer Protections

With the advent of deregulation, the Public Utility Commission of Texas (PUCT) continues to enforce customer protections and monitor the delivery of electricity to ensure the safety and reliability of electric service. The PUCT's mission is to protect customers, foster competition and promote high-quality infrastructure. It is important that you are aware of certain customer rights and are committed to following all PUCT regulations and Ignite Policies and Procedures regarding customer protection. **Most importantly, it is mandatory that you provide all customers with the Stream Energy Electricity Facts Label, Terms of Service and Your Rights as a Customer disclosures at time of enrollment.** If the enrollment is on your Ignite Homesite, then the customer must indicate that he or she has viewed the documents online before completing enrollment. Current versions of Stream Energy's Electricity Facts Label, Terms of Service and Your Rights as a Customer can be found in the Power Center for each Service Area for you to download and distribute. Since these disclosures may change on occasion, you will be notified via email or through the Power Center that they must be updated, but it is your responsibility to use current disclosures.

## Electricity Facts Label

**You must provide** each new customer with an Electricity Facts Label at the time of enrollment. Each Service Area has an Electricity Facts Label that is unique to that AREP. The Electricity Facts Label, similar to a nutrition label found on many food items, provides information on electricity prices, contract terms, sources of generation and emissions levels for each REP's offer. Each REP must present this information in a standardized format that will allow customers to make an "apples-to-apples" comparison of offers from competing REPs.

## Terms of Service (TOS)

**You must also provide** each new customer with a Terms of Service agreement at the time of enrollment. Each Service Area has a Terms of Service agreement that is unique to that AREP. This is the contract for electric service that outlines fees, length of contract and other important contractual information.

## Your Rights as a Customer (YRAC)

**You must also provide** each customer with a Your Rights as a Customer disclosure. This disclosure informs the customer of his or her rights and protections as mandated by the PUCT, including complaint resolution and privacy policy. The YRAC is generic and can be used in all Service Areas.

# Establishing New Service

## Enrollment Procedures

For the convenience of your customers, Ignite provides two customer enrollment methods. A new Letter of Authorization (LOA) can be established via paper enrollment form or on the Internet via the IA's Ignite Homesite. Remember that a new customer must always be provided with the Electricity Facts Label, Terms of Service and Your Rights as a Customer disclosures at the time of enrollment, for both methods of enrollment, as required by the Public Utility Commission of Texas and Ignite Policies and Procedures.

At this time Ignite does not accept new service connections for new Energy Accounts. New service must first be established with the AREP and then a request to transfer electric service to Ignite can be initiated.

## Service Area

Stream Energy offers service in the TXU, Reliant, West Texas Utilities, First Choice and Central Power and Light service areas. Remember that the Electricity Facts Label and Terms of Service can be found in the Power Center.

## Credit Checks

Before new customers' request for service can be processed and forwarded to ERCOT, they must undergo a credit evaluation process to determine if a deposit or additional documentation is required. If a deposit is required to establish service, the customer will be contacted by a Customer Service Representative and a deposit and/or a direct debit agreement will be requested. If the offer of deposit and/or direct debit agreement is rejected, then the enrollment will be cancelled, unless the customer supplies a letter of credit (payment history) from his or her current electricity company with two or less late payments in the last year.

## Third Party Verification

If the customer enrolls by phone they will be transferred to Third Party Verification (TPV) to affirm their identity and confirm their desire to switch their energy service to Ignite. If the customer enrolls on the Internet via the IA's Ignite Homesite then we will affirm their identity and confirm their desire to switch using other methods online and during the Quality Control follow-up call.

## Quality Control

After the customer is enrolled for service, he or she will receive a Quality Control (QC) call from a Customer Service Representative. The purpose of the QC follow-up call is to confirm the enrollment process was acceptable to the customer, to identify any potential enrollment problems and to discuss deposit options (if applicable). After the QC call is complete, the enrollment will be sent to ERCOT for switch confirmation. If the customer cannot be reached after five (5) attempts, then the account will be placed in Pre-verify Failure status until the customer calls QC for verification.

## Enrollment Status

It is your responsibility as an Ignite Associate to help your customer complete the enrollment process and become an active Energy Account. You can only develop a Monthly Energy Income on active accounts, so it is in your best interest to help facilitate activation. The following status codes will be assigned to each Energy Account as it progresses through the enrollment process.

- Preverify Status – once the data entry is complete by enrollment form or online, an account is established in the Ignite system and is placed in Preverify Status. The account will stay in this status until Credit, TPV and QC requirements are met.

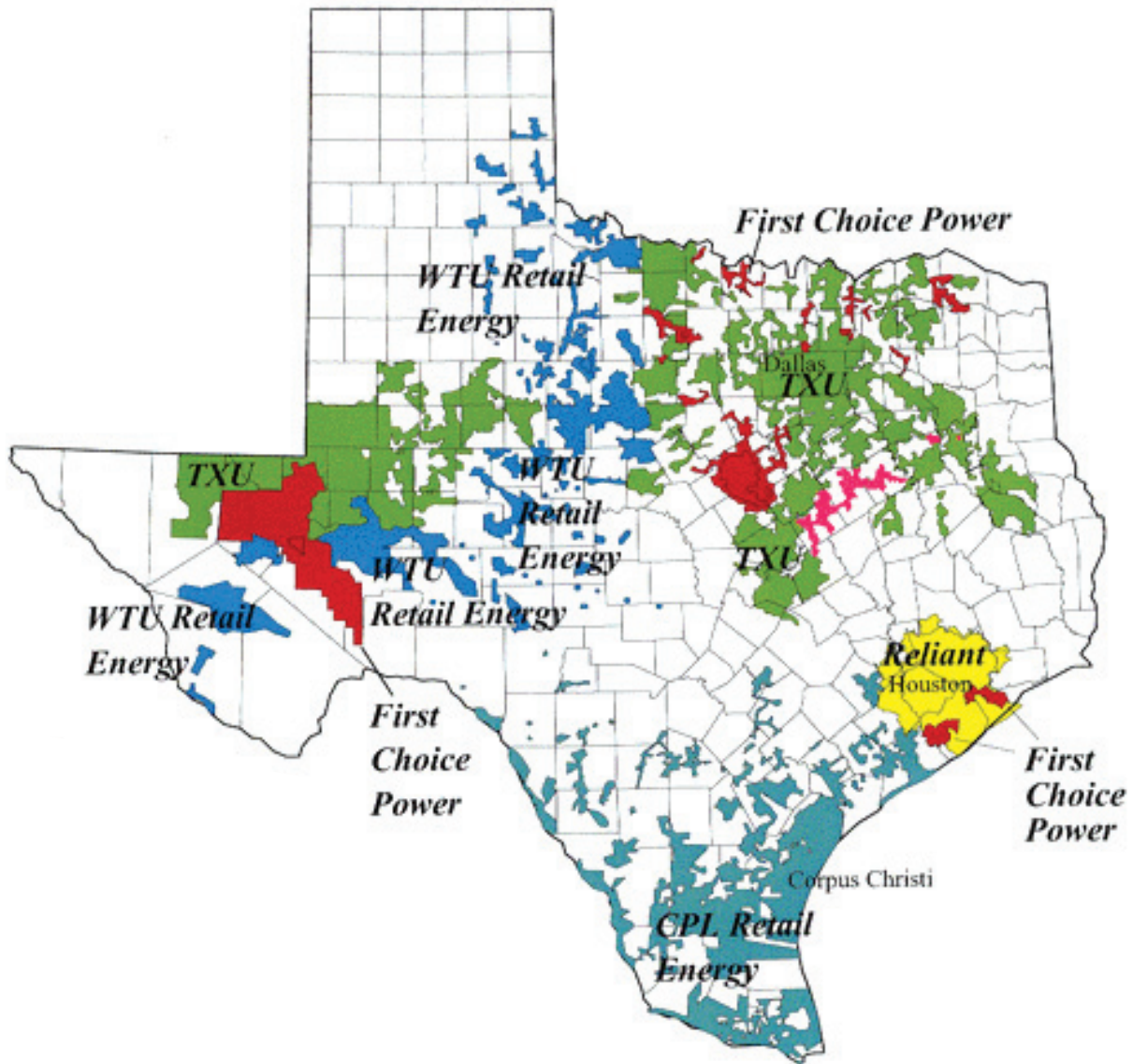
- Pre-verification Failure – occurs upon failure of the Quality Control call.

- Pending Status – when the Preverify requirements have been met, then the account will be submitted to ERCOT for enrollment. The account will move in to Pending Status when the Switch Confirmation and activation date is received back from ERCOT. All Bonuses are paid on Pending Status.

- Active Status – when the Switch Confirmation is received from ERCOT, it will contain an activation date that will be on the next meter reading. The account will move in to Active Status on that date.

# TEXAS

## Affiliate Retail Electric Provider Service Area Map



### LEGEND:

#### Affiliate Retail Electric Provider

- First Choice Power
- CP&L Retail Energy
- WTU Retail Energy
- Reliant Energy Retail Service
- TXU Energy, Inc.
- TXU SESCO Energy Services

# Glossary

## **Affiliate Retail Electric Provider**

The Affiliate Retail Electric Provider (AREP) was part of the original electric company that generated and sold electricity in your area. That company has been split into the AREP and the Local Wires Company. Now the AREP only sells electricity and provides customer service.

## **Competitive Retail Electric Provider**

The Competitive Retail Electric Provider (CREP) is certified by the PUCT, sells electricity to homes and business, and provides functions like customer service and billing.

## **Delivery**

The transmission of electricity over poles and wires to a home or business. These services are provided by the Local Wires Company, which is still responsible for maintaining the poles and wires and responding to emergencies and power outages. The PUCT still regulates delivery to ensure the safety and reliability of electric service.

## **Electric Reliability Council of Texas (ERCOT)**

The corporation that administers and maintains the reliability of the state's electrical power grid. When you choose a new REP, ERCOT will send you a postcard confirming your switch from one REP to another.

## **Electricity Facts Label**

An information sheet required by the PUCT that provides customers with standardized information on a REP's prices, contracts, sources of power generation and emissions. It allows customers to make an "apples-to-apples" comparison of REP offers. Retail Electric Providers must provide this disclosure to all customers at time of enrollment.

## **ESI-ID**

The ESI-ID is your Electric Service Identifier. Each meter is assigned an ESI-ID that can be found on your electric bill and is required for enrollment.

## **Generation**

The production of electricity. In Texas, electricity is produced by a number of methods, including natural gas, coal, nuclear power, wind, water and solar energy. The generation of electricity is deregulated.

## **Kilowatt-hour (kWh)**

A unit of energy equal to one kilowatt (kW) of power expended for one hour of time. The amount of electricity used each billing period is expressed in terms of a kilowatt-hour, and is noted on your bill.

## **Local Wires Company**

The company that transmits and delivers electricity to a customer's home or business along the poles and wires (formerly a local electric utility). This company is still responsible for the maintenance and repair of these poles and wires and responding to emergencies and power outages.

## **Price to Beat**

Affiliate Retail Electric Providers offer standard rates, called the “Price to Beat,” which are set by the Public Utility Commission. The Price to Beat is designed to allow competing REPs the opportunity to offer lower rates.

## **Provider of Last Resort**

The Provider of Last Resort serves as the “back-up” provider when a REP leaves the market for any reason. If this happens, customers may switch back to the Affiliate Retail Electric Provider or choose another Competitive Retail Electric Provider offering electric service in the area.

## **Public Utility Commission of Texas (PUCT)**

The state agency that is responsible for the regulation and oversight of electric services in Texas. Under Electric Choice, the PUCT continues to regulate the delivery of electricity and enforce customer protections.

## **Slamming**

Switching electric service without a customer’s approval. This practice is illegal, and penalties are enforced by the PUCT.

## **Terms of Service (TOS)**

A contract between a Retail Electric Provider and a customer that outlines fees, length of service and other important information. Retail Electric Providers must provide this disclosure to all customers at time of enrollment.

## **Your Rights as a Customer (YRAC)**

A document that informs you of your rights as mandated by the PUCT. Retail Electric Providers must provide this disclosure to all customers at time of enrollment.

# Frequently Asked Questions

**Q: Will the reliability of my electric service change with deregulation?**

**A:** No matter which Retail Electric Provider you choose, your electricity will continue to be delivered safely and reliably by the Local Wires Company, a company still regulated by the PUC.

**Q: What happens if I have an emergency or power outage?**

**A:** Because your local regulated utility is still responsible for maintaining your service, you will call them in the event of an outage at the number provided on your bill.

**Q: What happens if my Retail Electric Provider leaves the market?**

**A:** You will not be without electricity. Your Retail Electric Provider must give you 30 days advance notice to give you time to select a new provider. However, if you do not choose a new provider, your service will automatically be switched to the “Provider of Last Resort” for your area.

**Q: What has stayed the same in electric service with deregulation?**

**A:** Your current Transmission and Distribution Utility, or “Local Wires Company,” continues to deliver electricity to your home. Your Local Wires Company still responds to service interruptions and continues to maintain the poles and wires. You will continue to receive the same reliable service you are used to with your Local Wires Company, regardless of which Retail Electric Provider you receive service from.

**Q: What has changed in electric service with deregulation?**

**A:** You can now choose to buy your electricity from a different electric provider than the original provider for your area. These companies are called Retail Electric Providers. Additionally, your bill now looks different than bills you have received in the past, but each Retail Electric Provider provides the same standard information.

**Q: Do all Texans have the power to choose a new electric provider?**

**A:** No. City-owned utilities and member-owned electric cooperatives have the option of giving their customers a choice of providers, or keeping things the way they are. To see if competition is active in your area, see the Service Area Map or go to your Ignite Homesite and check your zip code for serviceability.



# Billing Timeline

