

“INTERESTING TIMES”

Selecting your electric energy provider

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If you're like me, you're scratching your head about what to do about your electric service. Like it or not, as of January 5, electricity deregulation is here in Lubbock. After years of having just one choice for electricity, Lubbock Power & Light (LP&L), consumers will choose from multiple suppliers. **You must make your choice by February 15, or one will be made for you!**

How Did We Get Here?

For years, Lubbock Power & Light was the sole electric provider in Lubbock and operated as a city-owned utility company under the Southwest Power Pool (SPP) electrical grid. Lubbock operated their own power plant and purchased power from the SPP grid.

But with population growth and increasing demand, LP&L faced a dilemma. They needed to invest in a costly new power plant (paid for by taxpayers) or they could join the Electric Reliability Council of Texas (ERCOT), the grid operator that runs the Texas grid. Joining ERCOT provides access to a larger electricity market and more competitive pricing.

With deregulation, the generation, supply, and delivery of electricity are now handled by different companies. You choose a Retail Electric Provider (REP) to buy your electricity on your behalf, send your energy bill, and provide customer service.

Here are some reasons why deregulation can be beneficial:

- Deregulation may help customers avoid getting trapped with a utility's bad investment decisions. If a municipal utility executes a contract for supply and they make a bad investment decision, that municipal entity passes all of that cost and exposure on to their customers.
- In a deregulated world, you have options and can make your own decisions. Lubbock customers no longer need to worry that their utility may make risky decisions. Instead, the new energy supplier you selected is the one that's taking all that market risk as they are agreeing to give you a fixed rate, which takes the risk off you.

Bottom Line

LP&L will not be a retail electric provider and will not partner with any retailers or trade groups related with competition and the retail electric market. LP&L and City of Lubbock will not contact customers to assist them with the shopping process. Customers will not have the option to stay with LP&L

However, no matter what electricity company you choose, LP&L still delivers the power to your home and responds in the case of an emergency. Your other City of Lubbock utilities, like water, will remain unchanged.

Good news for a few - Customers with the South Plains Electric Cooperative do not need to choose a provider.

Timeline For Making A Choice

- **Customer Choice Enrollment** (January 5 to February 15, 2024): Select a Retail Electricity Provider (REP).
- **Default Provider Assignment** (February 19 – March 1, 2024): Those that don't choose an REP will be assigned to a Default Retail Electric Provider (DREP) at a variable market rate.
- **Provider Activation** (March 4 – April 5, 2024): Your electricity account will transition from LP&L to your new REP on your meter read cycle during this period.

For those of us affected, the bad news is we cannot opt out. All electric meters in LP&L have transitioned to the competitive market. If you fail to choose an electricity supplier during the enrollment period, you will be assigned to the Default Retail Electricity Provider (DREP). DREP rates are typically the highest in the market. ***It's to your benefit to shop and choose a supplier.***

Here's a timeline picture:



Deciding Who To Choose

Here's where the ulcers begin.

Navigating the Texas electricity market can be tricky. ERCOT manages power to 26 million Texas residents, 8 million locations, and 90% of the Texas grid. It is a nonprofit corporation governed by a board of directors. The Public Utility Commission of Texas and the Texas Legislature oversee its operation. It's important to note that neither ERCOT nor the Public Utility Commission (PUC) directly sets electricity rates in Texas. Instead, electricity rates in Texas are set by various electricity providers. Some plans have tiered rates, bill credits, or fixed monthly charges that can make a difference in your effective rate. The three rates choices in the "Power to Choose" software designed to help you with this decision (more on this a little later) are designed to highlight this.

Power to Choose (<https://powertochoose.org/>) is the official and unbiased electric choice website of the Public Utility Commission of Texas. This website is available to all electric providers to list their offers for free. Compare offers and choose the electric plan that's right for you. It's important to understand the details. You'll need to provide information regarding your preferences.

<https://powertochoose.org/>

Begin by narrowing your choices by entering 3 pieces of information:

1. On average, how much electricity do you use in a month?

The choices are limited to 500kw, 1,000kw, 2,000kw or "I don't know." Because some plans have tiered rates, bill credits, or fixed monthly charges that can make a difference in your effective rate, these choices are requirements by the Public Utility Commission of Texas to help distinguish these issues.

2. What plan types are you interested in? Fixed Rate or Variable?

A fixed-rate plan has a set rate that doesn't change throughout the contract period, with minor exceptions. If you choose a plan with a fixed rate, your price per kWh will not change during your contract period except for changes in Transmission and Distribution fees, changes in non-recurring fees such as ERCOT or Texas Regional Entity administrative fees, or changes resulting from federal, state or local laws that impose fees beyond your REP's control. Remember, fixed-rate may help your household budgeting, but if market prices fall you may have to wait until your contract ends to enjoy a lower price (although the cost of switching before your contract end may be modest).

Variable rate plans have no monthly contract or cancellation fee, but the rate you pay per kWh can vary from month to month. Your rate can go up or down based on the market and the discretion of your electric company. Variable plans allow customers to benefit from falling market prices, but they also have an increased risk for higher rates if electricity prices spike due to natural disasters, cold winters, hot summers, or adverse market conditions. The rates different companies charge each month varies, but because customers can switch any time at moderate cost, companies have an incentive to keep their rates low.

3. How long do you want your contract to last?

You can choose anything between 3 months and 36 months. Typically, the longer contract provides the lowest cost. Keep in mind, in most cases, should you find a more attractive alternative, the cost of canceling your current commitment is relatively modest.

The program also provides information on items such as:

Does the rate include all costs?

- The average kWh rate includes the energy rate, transmission and distribution charges, the monthly customer charge, and any other recurring fees. Make sure to ask about non-recurring fees and other charges and taxes not included in the average kWh rate to estimate your monthly bill.
- Non-recurring fees include: Changes in TDU (Transmission and Distribution Utility) fees. Your TDU charges will vary each month depending on your usage. The less electricity you use each month, the lower your TDU charges will be. TDU is responsible for safely delivering the energy from power plants to your home. Your TDU is determined based on your service address.

Does the plan require a minimum electricity usage?

- Unique to the provider

What are my payment options?

- Unique to the provider

What happens when my contract period expires?

- Many plans will default to a month-to-month basis if you allow your existing contract to expire without having a new contract in place. The month-to-month default price will likely be higher. Be sure to have a new contract in place before your current contract expires.

Is there a penalty if I break the contract?

- Most fixed rate contracts have a penalty for switching to another company; however, this is generally a modest cost.

Once you've provided all of this information, the program takes you to the Shop/Compare tables. This table is chock full of detailed information. The most obvious is the "price/kWh," but the one I'd suggest you use as your primary screener is the Company Rating. Other important items are the complaint history and cancellation fee and the details in the "Fact Sheet."

Here's an example.

Shop. Compare. Choose.

79416 | 1-10 OF 58 | SORT BY PRICE/kWh | VIEW 10 PER ...

COMPARE	Company	Plan Details	Price/kWh	Pricing Details	Ordering Info
<input type="checkbox"/>	 CHANGE energy COMPANY RATING: 1 star COMPLAINT HISTORY	• Power Saver 3 • Fixed Rate • 3 Months • 7% Renewable • NEW CUSTOMERS	1,000 kWh 13.5¢ 500 kWh 2000 kWh 13.5¢ 13.5¢	Cancellation Fee: \$20 per month remaining Fact Sheet Terms of Service YRAC	Special Terms (844) 840-1066 OR SIGN UP
<input type="checkbox"/>	 FRONTIER UTILITIES COMPANY RATING: 4 stars COMPLAINT HISTORY	• Frontier Power Saver 3 • Fixed Rate • 3 Months • 26% Renewable • NEW CUSTOMERS	1,000 kWh 13.5¢ 500 kWh 2000 kWh 13.5¢ 13.5¢	Cancellation Fee: \$150.00 Fact Sheet Terms of Service YRAC	Special Terms (877) 261-1024 OR SIGN UP
<input type="checkbox"/>	 Gexa ENERGY COMPANY RATING: 4 stars COMPLAINT HISTORY	• Gexa Eco Choice 3 • Fixed Rate • 3 Months • 100% Renewable • NEW CUSTOMERS	1,000 kWh 13.6¢ 500 kWh 2000 kWh 13.6¢ 13.6¢	Cancellation Fee: \$150.00 Fact Sheet Terms of Service YRAC	Special Terms (866) 329-4392 OR SIGN UP
<input type="checkbox"/>	 APG&E COMPANY RATING: 4 stars COMPLAINT HISTORY	• TrueClassic 3 • Fixed Rate • 3 Months • 6% Renewable • NEW CUSTOMERS	1,000 kWh 13.9¢ 500 kWh 2000 kWh 13.9¢ 13.9¢	Cancellation Fee: \$150.00 Fact Sheet Terms of Service YRAC	Special Terms (877) 544-4857 OR SIGN UP

The Rubber Hits The Road – The Decision-Making Process

Here's how I did my own evaluation.

When I put in my ZIP Code (79416) and selected “Show All Plans,” I found 62 listings with rates from 13.5¢/kWh at 2000 kWh (Change Energy with a one-star Company rating) and 20.5¢/kWh at 2000 kWh (Constellation with a 5-star rating).

I then narrowed it down to the criteria I would recommend for consideration:

Estimated Usage 2,000kWh (assuming a moderately large home). Reduce to 1,000 or 500 for smaller homes.

24-month contract length, which provides the most flexibility (I then checked for 36 months to see if there was a significant difference when the cost of changing was no more than \$200).

Plans without minimum usage – No way I will not meet any minimums.

Fixed-Rate Plan Type. I believe the Variable places too much risk on the user.
 Renewable Energy – 0-25% I found 6 providers – As much as I'd like to have 100%, I also do not want to worry about the wind farms shutting down due to weather issues. When I used 26%-50% I added 3 more providers. So, I considered the universe of 9. As Champion had 4 offerings and Abundance had 3 (different contract lengths) it was really a universe of only four.

	<u>12 months</u>	<u>24 months</u>	<u>36 months</u> (for 2,000kWh)
Champion Cancelation Renewable	15.9 ¢ \$150 16%		17.1 ¢ \$250 16%
TXU Cancelation Renewable	15.9 ¢ \$150 7%		17.3/8.7 ¢ (Season Pass) \$395 7%
Reliant Cancelation Renewable	16.9 ¢ \$150 20%		
Abundance Cancelation Renewable	16.4 ¢ \$99 26%	16.1 ¢ \$250 26%	15.9 ¢ \$300 26%

Many providers have special offers. For example, TXU offers half energy charges December through February and June through August but at an increased base rate. TXU calls this their “season pass”)

Company Rating – 5 Star. I do not believe the potential savings is worth the risk of having service problems. I then looked at the complaint history. It raised some concerns about TXU and Reliant, but I decided to keep them in my list until I checked further. (Having subsequently reviewed the BBB ratings I kept them in my potential provider universe). I do not want to have my electric service a potential headache. I have enough other worries.

Web search results:

Champion Energy – BBB A+ - Houston based, founded 2005

TXU- BBB A+ - Dallas based, founded 2002

Reliant – BBB N/R – Houston based, founded 2000. An NRG Energy company
BBB-A+

Abundance – BBB Not Listed – Local Lubbock company

I won't say which of these providers I selected as the decision was based on my unique needs (e.g., energy usage) but I did select one of the five. I hope my selection process will help you select the one that best meets your needs.

Other Resources

[Lubbock Power & Light \(lpandl.com\)](http://lpandl.com)

Schedule of Community Events for Retail Electric Competition Meetings

Retail Electric Competition Explainer Videos

Individual Provider Sites

For Example - <https://enroll.bkvenergy.com/?ZipCode=79416&promo=SEOVIC0001>

I hope this helps you in making a decision. The good news is, it's not too expensive to make a change down the road if you decided your first choice was a mistake. So don't obsess about your decision.

Harold