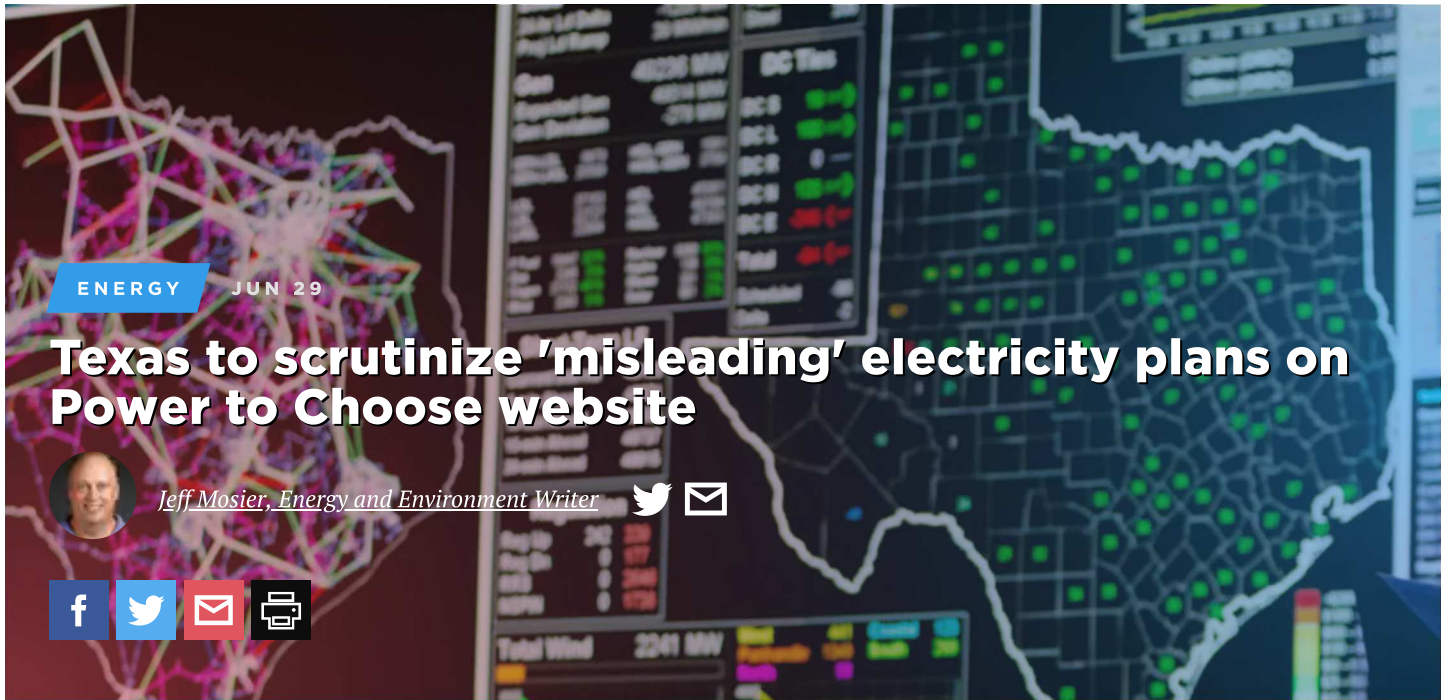




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# Texas to scrutinize 'misleading' electricity plans on Power to Choose website



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Texas utility regulators are researching how they can remove misleading electricity plans from the state's [Power to Choose website](#), a recurring problem in that public marketplace.

Some current deals advertise prices as low as 2.3 cents per kilowatt-hour, but a customer's actual cost would average four or five times that much. Texas Public Utility Commission members are saying that some of the most attractive deals are — at best — misleading.

PUC Chairwoman DeAnn Walker asked the agency's staff on Thursday to take a "deep dive" on the transparency of electricity plans. She said there's been an uptick recently in complaints about plans on the website.

"I know we have a competitive market, and people can come up with their products," Walker said. "But it does concern me that we have things on the Power to Choose [website] that, while



The PUC action comes at time when 100-degree temperatures are becoming more common and electricity prices are expected to rise along with demand for electricity. The closure of three large coal-fired plants early this year cut into the state's reserve capacity, and the limited supply was expected to push up prices.



WATCHDOG

## Your updated 2018 guide to shopping for electricity in Texas

On [PowerToChoose.org](http://PowerToChoose.org), there are currently more than 320 different plans offered to consumers in most parts of the Dallas-Fort Worth area.

The state website was created to be an unbiased one-stop shop for plans when Texas' competitive electricity market opened in 2002. The site allows customers to sort electricity contracts based on prices — or other factors — without pay-for-play deals that would allow companies to rise to the top of searches.

However, consumer advocates and the public have complained for years that retail electric providers were gaming the system. They sometimes designed plans in a way that moved offers to top of the site even if the fine print made the deals much pricier.

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*Shop. Compare. Choose.*

Welcome to Power to Choose, 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.

ENTER YOUR ZIPCODE

Need help? Answer 3 simple questions. **NARROW YOUR SEARCH >** OR **VIEW RESULTS >**

Want to see plans for your area?

The Power To Choose website lets consumers plug in their ZIP code to see providers' plans available in their area. p

On Thursday, Walker asked Connie Corona, PUC's division director of competitive markets, to analyze some rates that appear to be cheap and see what they would cost an average consumer. She calculated the costs based on typical "load profiles," meaning how usage is typically distributed in each month.

She found one plan listed at 2.3 cents per kilowatt-hour for a customer averaging 1,000 kilowatt-hours. But usage isn't perfectly steady: A typical consumer might use 1,400 kilowatt-hours in August but only 700 in April, Corona said.

"When you calculate using the real-world usage patterns, it — over the course of, say, that 12 months — comes out to be about 10.8 cents [per kilowatt-hour]," Corona said.

PUC officials did not disclose the name of the provider in that example. In the Oncor service area, which covers most of North Texas, there were two companies offering plans that cost 2.3 cents for 1,000 kilowatt-hours. Two others offered 2.4-cent plans.

For one of those plans, a customer using 500 to 1,000 kilowatt-hours would get the best deal, paying a flat fee of \$23 a month. A customer using more than 1,000 kilowatt-hours would then pay 13.9 cents per kilowatt-hour above that threshold plus a flat fee of \$149.

Jake Dyer, a spokesman for the Texas Coalition for Affordable Power, said that if companies offered deals that truly averaged 2.3 cents or 2.4 cents, they would go bankrupt. Those fees wouldn't be enough to pay the cost that goes to Oncor, the company that owns and operates the power lines in most of North Texas. Those costs are included in customers' electricity bills.

Commissioner Arthur C. D'Andrea said it's understandable that retail electric providers would try to game the website. But he said that it "deceives" consumers and that he would like to see possible solutions this summer.

"The data I've seen, it just doesn't reflect any economic reality," he said. "It's obviously intended to mislead."

Those confusing deals have led to the creation of a new industry, sometimes called electricity valet services — companies that help consumers choose the "best" plan for their usage pattern. One of those companies, Griddy Energy, even created a website called Power to Confuse as a parody of Power to Choose.

Those companies help consumers find the best deals by plugging the contract terms into a formula using the person's past electricity usage or the typical usage patterns for a similar home.

In some cases, those companies get a referral fee when a customer selects a provider through that service. Others say they are completely independent and charge a flat fee for their service.

At Thursday's meeting, Walker encouraged retail electric providers to re-examine the transparency of their plans.

Leticia Castellanos, a vice president at Stream Energy, a large Texas provider, encouraged customers to go to Power to Choose first but then to go to the company websites to "get a better understanding of pricing and other benefits."

"Stream believes that customers refer to Power to Choose as a resource to get a better understanding of what retail energy providers in Texas offer," she said. "And while this provides Texas consumers with transparency, the incredible amount of information could also easily confuse electric customers shopping for the right energy provider."

The Power to Choose website, which started even before the 2002 start of deregulation, has changed over the years to [discourage deceptive deals](#).

"The REPs [Retail Electric Providers] seem to be fairly ingenious in coming up with these gimmicky deals that allow some of these offers to be listed very prominently on the website," said Dyer, the Coalition for Affordable Power spokesman. "We've seen these sorts of offers before."