

Electric Competition, Texas-Style

Lone Star State Expected To Avoid Many Of The Problems Plaguing California

(NAPSA)—As Texas prepares for the introduction of competition for retail electric service, some customers may be concerned that Texas might experience some of the same problems that have plagued California. After all, it's hard to ignore the rolling blackouts, higher prices and other problems that have occurred in California.

Texas began by transitioning the regulated electric marketplace to a deregulated one in stages, first opening up the state's wholesale electric market to competition in 1995. This practice encouraged new companies to come in and build generation plants, thereby increasing Texas' electric capacity.

Although Texas and California have both experienced tremendous demand for power, Texas has built, or is building, more than 50 new power plants since 1995. During that same period, California has added very little generation to meet customer demand.

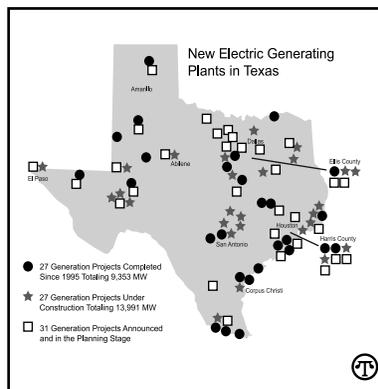
Texas generates 99 percent of the power it uses. In contrast, California imports up to 25 percent of its power from other states during peak electricity demand.

Texas has a lead-time of two to three years to construct new power plants—while California's lead-time is approximately seven years.

Texas' restructuring law allows electric providers to enter into long-term contracts with suppliers, which helps shield customers from price volatility. California did not allow long-term contracts. This forced electric providers there to buy power in the spot market, where they often had to pay an unnaturally high price when demand for electricity was high.

Texas uses a variety of fuel sources to generate its power—natural gas, coal, nuclear energy, wind and water. California relies on hydroelectric power for roughly 25 percent of its generation capacity, which is great when it rains, but not so great when it doesn't.

Above all, Texas' electric restructuring law gives most customers the power to choose their own Retail Electric Provider (REP)—the company that provides their electricity. Customers are now able to choose their electric provider, much like they shop for groceries, a new



More than 50 new power plants have been or are being built in Texas in the last six years. California has only completed two in that timeframe.

vehicle, or any number of other products and services.

Customers can choose a REP based on what matters most to them—whether that's price, environmentally friendly power generation or a name they know.

State legislators allowed cities that own their electric systems, as well as electric cooperatives, to decide for themselves whether they want to give their customers a choice of providers or keep things as they are today.

Under competition, the Public Utility Commission of Texas (PUC) will continue to regulate the transmission and distribution of electricity to ensure that power is delivered as safely and reliably as it is today. And, the PUC will continue to enforce customer protections, just as it does today.

The bottom line is quite simple: Texans now have the power to choose the company that provides their electricity. Over time, that should lead to lower prices, as well as speed the development of new products and services, as competition has done with other deregulated industries.

Customers interested in learning more about the differences between Texas and California can call the *Texas Electric Choice* toll-free answer center 1-866-PWR-4-TEX (866-797-4839) or visit www.powertochoose.org for an easy-to-read brochure. Customers also can ask for a list of REPs serving their area and learn how they can start shopping for a new electric provider today.

Note to Editors: Although utility deregulation is being tested throughout the country, *Texas Electric Choice* is available only within the state of Texas.