



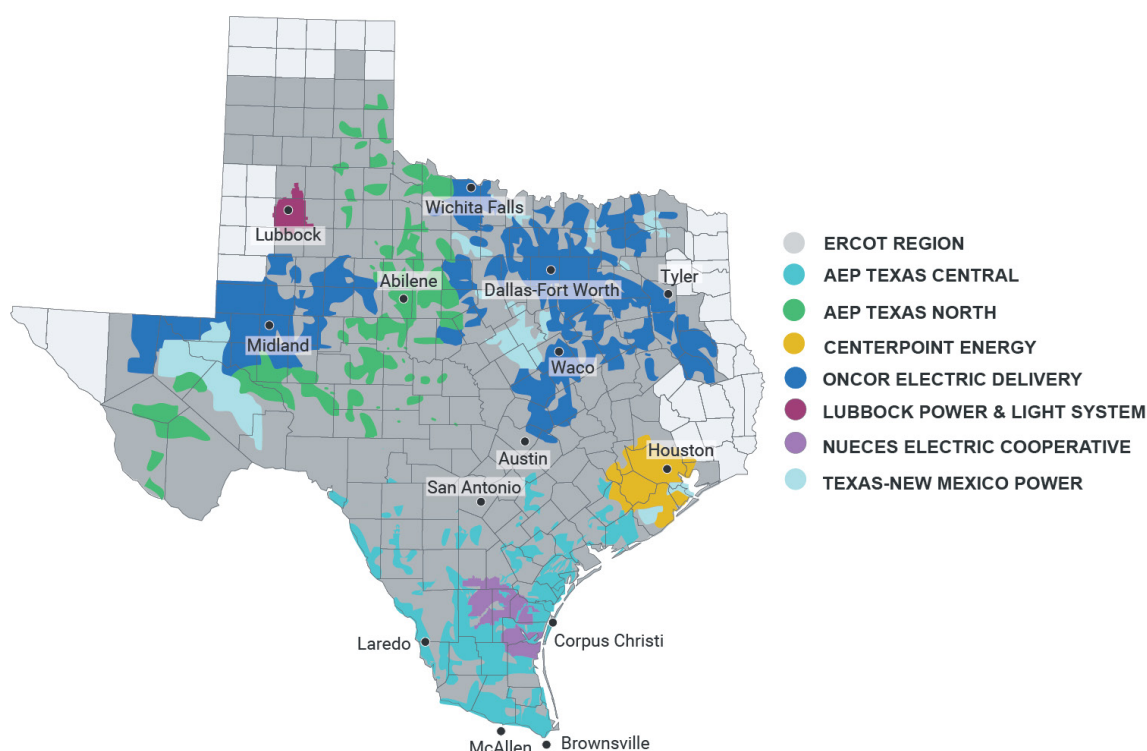
November 2025

ERCOT Grid Insights

Addressing issues important to maintaining a reliable and resilient grid

ERCOT RETAIL MARKET

In this issue: An overview of Texas' retail electric market and ERCOT's role in administering consumer choice in competitive areas of the state. In addition to ERCOT's competitive choice areas, there are various load-serving entities known as Non-Opt-In Entities (NOIEs) within the ERCOT Region that provide electric service to customers but have not opted-in to Texas' competitive retail electric market. That means customers in these NOIE areas do not have a choice as to who provides their electricity. The graphic shown is a geographical representation of competitive retail and NOIE areas in the ERCOT Region.



Competitive Retail Market of Texas

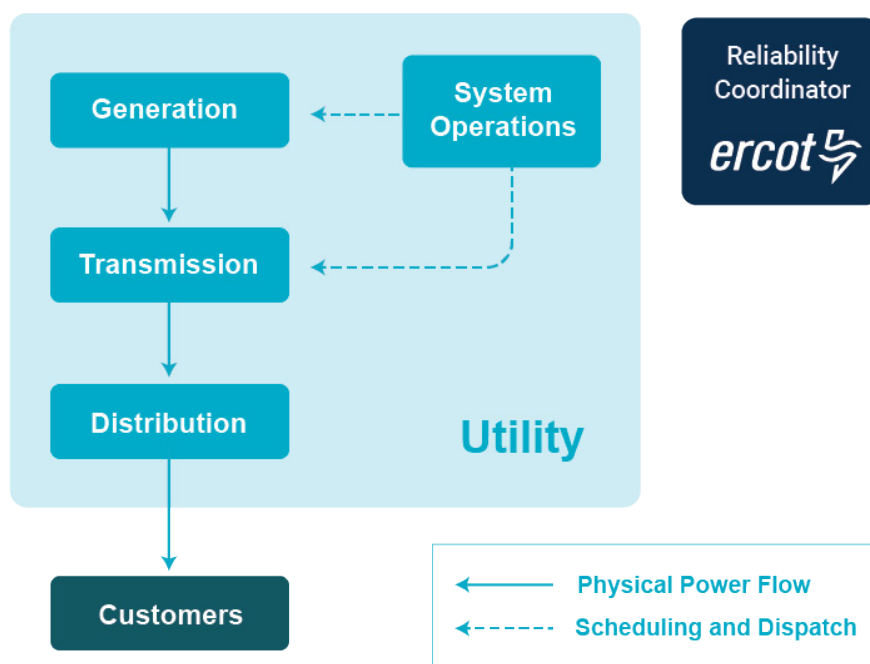
By Investor-Owned, Cooperative, and Municipal Utility Service Areas

The framework of Texas' retail electric market is built around the principles of competition, reliable service, open access to the transmission system, and, importantly, consumer protections and oversight measures. This framework promotes reliability, innovation, transparency, and consumer choice in one of the most competitive retail electric markets in the nation.

ORIGIN OF TEXAS' DEREGULATED RETAIL ELECTRIC MARKET

What: In 1999, the Texas Legislature passed Senate Bill 7 (SB7), which aimed to introduce competition in Texas' electric market by allowing consumers to choose their retail electric provider.

Prior to this, most electric utility companies were vertically integrated — owning the entire supply chain, from generation through delivery — effectively giving them a monopoly on the production and sale of power within their service territories. SB7 separated the generation, delivery, and retail functions of investor-owned utilities, known as IOUs, and assigned the Public Utility Commission of Texas (PUC) the responsibility of creating a system to implement deregulation by January 1, 2002.



Electricity Supply Chain from Generation through Delivery in areas with Electric Competition

Retail competition was — and remains — an option for Municipally Owned Utilities (MOUs) and Electric Cooperatives (ECs), but most have chosen to not “opt-in” to retail choice, and, therefore, consumers located within most MOU and EC service areas do not have a choice of

RETAIL SWITCHING

What: ERCOT acts as a central hub for administering retail electric switching transactions, tracking more than 8.5 million customer accounts across over 170 CRs. ERCOT maintains a unified database of customer-provider relationships which aids in preventing duplicate or conflicting transactions (as in multiple CRs attempting to enroll the same customer).

How it Works: When a customer wishes to begin service with a retail provider or switch services from one provider to another, the customer contacts the new company and signs up for service. The retail provider notifies ERCOT, which sends (1) a verification letter to the customer, (2) an enrollment notification request to the applicable TDSP, and (3) a loss notification to the existing retail provider, if the customer is switching providers. On the specified switch date, the applicable TDSP performs a meter read, sending the final meter read to ERCOT, which then updates its registration database and forwards the meter information to both the new retail provider as its initial meter read and to the previous retail provider as its final meter read for that customer. The retail providers are responsible for billing consumers for the cost of acquiring and delivering electricity.

Grid Significance: ERCOT ensures seamless customer transitions between retail providers, which helps avoid service interruptions and billing errors and maintains consumer confidence in Texas's deregulated retail electric market. Maintaining accurate customer-provider relationship records also supports efficient grid operations.

OVERSIGHT AND CONSUMER PROTECTION

What: The PUCT is the regulatory body responsible for providing oversight and customer protection to Texas' deregulated retail electric market.

How it Works: The PUCT licenses and monitors retail electric providers (REPs), enforcing consumer protection rules, such as billing transparency and contract disclosures. To assist Texans in shopping for an electric provider, the PUCT operates the official and unbiased electric choice website [powertochoose.org](https://www.powertochoose.org). The PUCT also helps customers understand their rights in the deregulated retail electric market and manages a formal complaint process. Additionally, it oversees special protections for customers who rely on electricity to power life-sustaining medical equipment.

Grid Significance: The actions of the PUCT and ERCOT, working together, help maintain public trust and confidence in a fair and open electric market — an essential foundation for long-term energy investment in the state. Continued investment in infrastructure and emerging technologies contributes to the reliability and stability of the Texas power grid.

MARKET OUTCOMES

What: The deregulation of Texas's retail electric market brings both benefits and opportunities for Texans.

How it Works:

- Through deregulation, Texans enjoy competitive electricity pricing and a variety of plan options.
- The ability to lock in electricity rates for months or years helps REPs avoid rate spikes, while customers benefit from stable prices. Prices can vary significantly between contracts in a deregulated retail market, especially during periods of peak usage or extreme weather.
- Competition also encourages companies to adopt cleaner, more efficient technologies to attract environmentally conscious consumers.

Grid Significance: Texas' retail electric market continues to evolve with innovations in generation, battery storage, and demand response resources, as well as innovative rate plans and competitive pricing. ERCOT remains committed to strengthening grid resiliency, promoting transparency, and maintaining consumer confidence while ensuring Texans continue to benefit from a competitive electric market.