

THE VALUE OF COMPETITION

Vistra Energy believes that electric competition has been a success in markets where competition has been fully embraced, **providing better overall value for residential and business customers by giving them increased choice, convenience, and control.** Here's how:

ELECTRIC COMPETITION DELIVERS: CHOICE...

Choice is at the heart of the value of electric competition. In areas where competition has been fully embraced, customers have:

- **Choice of** how their electricity is generated.
- **Choice of** the kind of competitive electricity supplier they want, whether it's the one that offers the lowest cost, a provider who's available 24-7-365, or the one that offers free electricity during certain hours or days.
- **Choice of** the level of convenience and control associated with their electricity service.

In U.S. jurisdictions where competition has been fully implemented, approximately 50 competitive electricity suppliers vie for the opportunity to serve residential customers, offering a broad variety of plans. There are more than 300 different residential service offers in each territory, not to mention the number of companies that focus on non-residential customers or provide additional "concierge"-type services to consumers.

ELECTRIC COMPETITION DELIVERS: CONVENIENCE...

Meeting customers where, when, and how they want is a hallmark of competition, providing value that goes beyond the "commodity" price. Spurred by competition, competitive electricity suppliers have introduced innovations to make convenient and personalized customer experiences possible — giving consumers greater control and peace of mind, so they worry less about monthly electricity bills. For example, Vistra's retail business offers a mobile app in certain markets to help customers keep track of their usage, view their monthly bill, and even get alerts if they're using more electricity than planned.

Because of competition, customers can shop for a competitive electricity supplier that matches their customer service-level preference. For instance, they can pick a supplier featuring access to a live agent 24/7, or opt to potentially save money by choosing one that relies predominantly on online support. Some suppliers offer the ability for customers to interact with them through third-party products such as Amazon's Alexa. In certain jurisdictions, customers can even contract with a "concierge" service that will switch them automatically to electricity plans that meet their value criteria.

Did You Know...

- In eight states with energy choice, **nearly half of all residential customers and nearly 90% of businesses have elected to choose providers.** ^[1]
- **Nearly half** of residential consumers are interested in having the **option to utilize time-of-use rates.** ^[3]
- Also, in the Texas electricity market known as ERCOT, **a majority of product offerings include a renewable % above the statutory requirement** (over 50% of all renewable load was sourced to **voluntary** renewable products, compared to only 20-30% across the broader market) ^{[4] [5] [6]}

Did You Know...

- Among surveyed consumers, level of service and brand trust combine to **represent the No. 1 factor for remaining with a provider.** ^[2]
- **64% listed customer service as** being an extremely motivating factor for switching providers. ^[3]
- **60% of customer service interactions were online or mobile,** but strong live agent engagement remains critical. ^[2]
- **75% of surveyed customers were inclined to purchase from a company with mobile apps.** ^[2]

ELECTRIC COMPETITION DELIVERS: CONTROL...

At the end of the day, electric competition is really about control. Who controls the choice around retail electricity service: **the consumer or the utility?** Competition trusts consumers to know what they want and to seek out those plans and services that provide them with the best overall value, not just price. It treats each consumer as an individual, allowing them to pick the electric service that best fits their unique need – whether that’s finding the least frills, lowest-price plan; a plan that lets you set a budget and easily track your usage; a plan that provides community solar and third-party product integration; or a plan that is full-service, 100% renewable with on-site solar as well. Electric competition gives control to families, individuals, and businesses to pick the electricity plan that makes the most sense for them.

Did You Know...

- Usage data, conservation tips, and customized usage pricing drives stronger customer engagement with energy consumption behavior.
- Nearly 22% of residential consumers use a software app for energy management DAILY. ^[3]

ELECTRIC COMPETITION DELIVERS.

Electric competition can spur innovative, value-added services that deliver on the promises of choice, convenience, and control. It can enhance the overall value of electric service **but only if the market is allowed to move competition forward.** Restrictive generation procurement standards, regulated entities participating in the market with subsidized rates, transition mechanisms that do not expire – these all inhibit the ability of competition to reach its full potential and unleash its benefits to consumers. **Citizens have stated that they like electric choice. State Legislatures and regulatory bodies are critical to helping take competition forward.**

HOW TO DELIVER COMPETITION FORWARD:

- 1. Decide to implement a competitive electricity market.** The first step of any initiative is to make the determination to do it. Many states have already decided to take this first step and have passed laws and/or regulations making their electricity markets competitive.
- 2. Unbundle competitive services from regulated utilities.** While traditional, rate-regulated utilities have a role to play in the transmission and distribution of electricity, they must be transitioned out of the competitive parts of the market to truly unleash the value of competition. Both the generation and retail aspects of traditional utilities should be either sold or spun off to their own separate entities. Customers should not be “owned” by the utility. Only when the competitive entities fully own the risks and rewards of participation in the market can competition flourish.
- 3. Ensure transition mechanisms are transitory.** Transition mechanisms, like a transitory regulated rate, are needed to help move from a fully rate-regulated-monopoly provision of service to a competitive model. However, competition is severely hindered when transitory mechanisms become a permanent facet of the market. Transitory mechanisms must be allowed to expire if competition is to move forward.
- 4. Establish appropriate customer protections.** A competitive market provides consumers choice, but also dangers. It is critical to establish appropriate customer protections, with effective enforcement to punish bad actors and to protect those customers most at risk.
- 5. Educate, educate, educate!** While competition is part of the everyday experience in many areas, shopping for electricity is not a common practice for most consumers. Consumer education on how to shop, how to read an electric bill, what to look for in a plan, and how to measure competitive electricity supplier performance are all critical to transitioning to a fully competitive market and moving electric competition forward.