

**§25.454. Rate Reduction Program.**

- (a) **Purpose.** The purpose of this section is to define the low-income electric rate reduction program, establish the discount rate calculation, and specify enrollment options and processes.
  
- (b) **Application.** This section applies to electric utilities as defined in the Public Utility Regulatory Act (PURA) §31.002(6); retail electric providers (REPs); providers of last resort (POLR) as defined in PURA §39.106; and the municipally owned electric utilities and electric cooperatives no sooner than six months preceding the date on which a municipally owned utility or an electric cooperative implements customer choice.
  
- (c) **Definitions.** The following words and terms when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.
  - (1) **Discount amount** – The amount of discount an eligible low-income customer is entitled to receive from any REP in the customer's area, expressed as cents per kWh.
  - (2) **Discount percentage** – The percentage of discount established by the commission annually, or as needed, and applied to the lower of the price to beat or POLR rate in a particular service territory.
  - (3) **Discount rate** – A rate charged by a REP or POLR that includes the commission-established discount.

- (4) **Electric service identifier (ESI Id)** – The basic identifier assigned to each point of delivery used in the registration system and settlement system managed by ERCOT or another independent organization.
- (5) **Low-income customer** - An electric customer, whose household income is not more than 125% of the federal poverty guidelines, or who receives food stamps from the Texas Department of Human Services (TDHS) or medical assistance from a state agency administering a part of the medical assistance program.
- (6) **Low-Income Discount Administrator (LIDA)** – A third-party administrator contracted by the commission to administer the rate reduction program.
- (7) **POLR rate** – The rate for the standard retail service package offered by the provider of last resort (POLR) in the area under §25.43 of this title (relating to the Provider of Last Resort).
- (8) **Price to beat (PTB)** – A price for electricity, as determined pursuant to PURA §39.202, charged by an affiliated REP to customers in its service area.
- (9) **Rate reduction program** – A program to provide reduced electric rates for eligible low-income customers, in accordance with PURA §39.903(h).
- (10) **Registration agent** – Entity designated by the commission to administer settlement and premise data and other processes concerning a customer's choice of electric service provider in the competitive electric market in Texas.

- (d) **Rate reduction program.** All eligible low-income customers shall be entitled to receive a discount rate, as determined by the commission pursuant to this section, on their electric bills from their retail electric providers.
- (1) **Eligibility criteria.** A low-income customer, as defined in subsection (c) of this section, is entitled to receive a discount rate.
- (2) **Discount percentage.** The commission shall establish a discount percentage each year at the time the commission sets the system benefit fee. The discount percentage:
- (A) Shall not be less than 10% and may, if there were funds sufficient to support a higher level, be set as high as 20%.
- (B) May be recalculated during the year as necessary.
- (3) **Discount amount.** A REP shall provide to each eligible low-income customer a rate discounted by an amount as established by this subsection for the area in which the customer is located.
- (A) The commission shall calculate and establish the low-income discount amount for distinct geographical areas, which shall correspond to the certified electric utility service areas, or smaller areas designated by the commission as POLR service areas.
- (B) The discount amount shall be calculated by taking the lower of the POLR rate and the PTB to establish the baseline rate. The discount amount shall be calculated by multiplying the baseline rate by the discount percentage.

- (C) If the commission changes the discount amount, by either changing the discount percentage or establishing a new baseline rate for any area, then REPs must implement the resulting change in the discount amount in their billings to customers within 30 days of the date the commission issues its order.
- (D) REPs are entitled to reimbursement under §25.451(j) of this title (relating to Administration of the System Benefit Account) for amounts equal to the documented discount amounts they have provided to eligible low-income customers.
- (4) Each eligible low-income customer shall be entitled to receive from any REP in the customer's area a discount rate equal for each kWh of electricity consumed. The discount rate shall be the rate the customer would otherwise be charged by that REP minus the discount amount.
- (e) **Terms of customer enrollment.** Eligible customers will be enrolled in the low-income discount rate program through automatic enrollment or a self-certification process implemented by a low-income discount administrator.
  - (1) **Automatic enrollment.** Automatic enrollment is an electronic process of identifying customers eligible for the low-income discount rate by matching data from agencies that operate programs serving eligible clients with electric utility data maintained by the ERCOT ISO's registration agent. The transfer of data for the purposes of establishing and maintaining the automatic enrollment process shall occur between TDHS, ERCOT

ISO, and the low-income discount administrator (LIDA). To accomplish the purposes of this subsection, the commission shall:

- (A) Contract with a person to perform the LIDA function. This person shall perform all necessary tasks to establish and maintain the automatic enrollment system, or any other related task, as specified in the contract.
  - (B) Enter into a memorandum of understanding with TDHS to establish the respective duties of the two agencies.
  - (C) Develop a protocol to define the automatic enrollment process and the respective duties of the participating entities sharing data.
- (2) **Self-certification.** Self-certification is a form of alternate enrollment available to those eligible electric customers who do not receive benefits from TDHS, but whose combined household income does not exceed 125% of federal poverty guidelines. Self-certification enrollment process shall be administered by LIDA. LIDA's responsibilities shall include:
- (A) Processing the self-certification applications, which shall be filed on a form developed by the commission.
  - (B) Adding qualified applicants to the list of eligible electric service identifiers (ESI Ids).
  - (C) Forwarding to the REPs the list of ESI Ids, with monthly updates.
  - (D) Maintaining a toll-free number for inquiries. This number shall be displayed on the self-certification application.

- (E) Conducting outreach and distributing self-certification applications.
- (3) **Period of customer enrollment:** Once enrolled, the eligible customer shall receive the discount rate for 13 months from the date of enrollment.
  - (A) The continued eligibility status of the customer shall be reviewed during the twelfth month after the date of initial enrollment, and every 12 months thereafter.
  - (B) Customer who continues to receive TDHS benefits as defined in subsection (c) of this section, will have eligibility for the discount rate renewed for a new 13-month cycle.
- (f) **Protocol.** The purpose of the protocol is to define responsibilities of the participating entities. Other technical information may be added to the request for proposal for the LIDA and memoranda of understanding between the parties as necessary to establish the automatic enrollment process, in accordance with this section.
  - (1) **TDHS shall:**
    - (A) No later than April 1, 2001, provide the LIDA with a complete database of its clients, stripped of all information except as listed below, and sorted by ZIP codes. For each client, the database shall include:
      - (i) Full name; and
      - (ii) Service and mailing addresses, including city, state, and 5-digit ZIP code, following the U.S. Postal Service standards;

- (B) Provide the LIDA with monthly updates of the names, or ESI Id if available, and addresses of new clients and any address changes for existing clients who move.
  - (C) Provide monthly updates of clients who are no longer receiving benefits from TDHS as of the twelfth month of client enrollment in the low-income discount program.
  - (D) Distribute the self-certification applications in TDHS offices statewide.
- (2) **ERCOT ISO shall:**
- (A) No later than April 1, 2001, allow the LIDA to have access to a database of residential premises that includes for each premise:
    - (i) Service address, including city, state, and 5-digit ZIP code, following the U.S. Postal Service standards; and
    - (ii) ESI Id.
  - (B) Provide the LIDA with monthly updates of new residential premises and their ESI Ids.
  - (C) Provide the LIDA with monthly updates of residential premises that have had a change of tenant (i.e., move-out/move-in).
  - (D) Provide the LIDA with monthly updates of those customers and ESI Ids who switched retail electric providers.
- (3) **LIDA shall:**

- (A) Retrieve the initial database of residential premises and ESI Ids from ERCOT ISO.
- (B) Retrieve the initial database of clients from TDHS.
- (C) Establish a list of eligible ESI Ids by initially, and then periodically, comparing the addresses from the ERCOT ISO and TDHS databases and identifying records that reasonably match.
- (D) Retrieve on a monthly basis the ERCOT ISO's update of change of tenants and remove those ESI Ids from the list of eligible ESI Ids.
- (E) Retrieve on a monthly basis the ERCOT ISO's list of new premises and add those to the database used for matching.
- (F) Retrieve on a monthly basis the TDHS list of addresses of new clients and clients who have moved and add those that reasonably match the ERCOT ISO list to the list of eligible ESI Ids.
- (G) Implement a program whereby potential low-income customers can self-certify for enrollment in the rate reduction program, as specified in subsection (e)(2) of this section.
- (H) Develop procedures to notify customers of enrollment, expiration, and opportunities for renewal of the rate discount program.
- (I) Annually report to the commission as to the number of customers enrolled through the automatic enrollment process and the number of customers enrolled through self-certification.

- (J) Make the database of eligible ESI Ids available to the REPs.
- (4) **A REP shall:**
  - (A) Retrieve on a monthly basis the list of eligible ESI Ids from the LIDA.
  - (B) Compare the list of its customers with the list of eligible ESI Ids, and enroll those ESI Ids that match in the rate discount program. The customer enrollment shall take place within the first billing cycle if notification is received within seven days before the end of the billing cycle or within 30 days after the REP receives notification from the LIDA, whichever comes first.
  - (C) Develop procedures to notify customers of enrollment, expiration, and opportunities for renewal of the rate discount program.
  - (D) Notify customers twice a year about the availability of the rate discount program.
- (g) **Confidentiality provision.**
  - (1) All data transfers shall be conducted under the terms and conditions of a TDHS confidentiality agreement so as to protect customer privacy. The acquired data shall only be used for the purposes of implementing automatic enrollment.
  - (2) Data shall not be provided to the retail electric providers in advance of registering customers. LIDA's protocols and procedures shall be developed in a way that maintains the customer eligibility for the rate discount as proprietary data not to be used for any other purpose.

