



# Energy Department

Mark Vanderhelm  
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November 13, 2017

The Honorable Fred Upton  
Chairman  
Subcommittee on Energy  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Upton:

Please find attached Walmart's responses to the Questions for the Record for the hearing held on October 5<sup>th</sup>, 2017 and entitled "Powering America: Consumer-Oriented Perspectives on Improving the Nation's Electricity Markets." Thank you again for the opportunity to share Walmart's perspective before the Subcommittee on Energy.

Sincerely,

Mark Vanderhelm  
Vice President, Energy  
Wal-Mart Stores, Inc.

## Walmart's Responses to the Additional Questions for the Record

### The Honorable Fred Upton

1. In your testimony you talk about Texas Retail Energy, a wholly-owned subsidiary of Walmart which directly serves Walmart stores.
  - a. Will you describe how Walmart is directly participating in wholesale markets? And what benefits does this provide?
  - b. Is Walmart able to participate in wholesale markets in all areas of the Country? If not, what is preventing Walmart from doing so?

Responses:

1.
  - a. Texas Retail Energy (FERC Power Marketer ER05-1515) directly participates in the wholesale markets to procure power to serve Walmart facilities in most markets where the generation portion of retail electric utility service has been deregulated and customers have the ability to choose their generation service provider.

Customer choice of retail generation service gives us the freedom to choose a supplier to best meet our business goals with service offerings that provide choices on price, reliability, generation portfolio mix, and risk management practices. When we compare our cost per kWh in 2016 to our cost per kWh in 2007, we find that our cost in customer choice jurisdictions decreased by almost 7 percent on average.<sup>1</sup>

Texas Retail Energy delivers additional benefits as direct participation in the wholesale markets and retail generation service reduces overhead and transaction costs and allows us to best align our business needs with our power procurement practices at the lowest possible cost. Additionally, competitive wholesale markets provide a transparent and easily transactable platform for the procurement of renewable energy and allow customer demand to directly contract for supply. Texas Retail Energy has entered into contracts with two wind farms to directly serve our Texas facilities, all without utility and regulatory intervention.

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<sup>1</sup> California, Connecticut, Delaware, Illinois, Massachusetts, Maryland, Maine, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, and Texas.

At present time, Texas Retail Energy participates in the wholesale market and directly provides retail generation service to Walmart facilities in the following markets:

- The Electric Reliability Council of Texas portion of Texas
- Ameren Illinois territory (Midcontinent Independent System Operator) and Commonwealth Edison territory (PJM Interconnection) in Illinois
- Ohio (PJM Interconnection)
- Pennsylvania (PJM Interconnection)
- Maryland (PJM Interconnection)
- New Jersey (PJM Interconnection)
- New York (New York Independent System Operator)
- Connecticut (ISO New England)
- Massachusetts (ISO New England)
- New Hampshire (ISO New England)
- Maine (ISO New England)

Rhode Island (ISO New England), Delaware (PJM Interconnection), and the District of Columbia (PJM Interconnection) currently feature full deregulation of retail generation service. However, due to the relatively small number of Walmart facilities in those markets, Texas Retail Energy chooses not to directly serve Walmart facilities at this time.

Michigan, California, and Oregon currently feature partial or limited deregulation of retail generation service. Constraints such as participation caps and regulatory requirements, in addition to legislative and regulatory pressures to erode competition such as cost-additive capacity requirements not based on market capacity prices, limit the potential benefits to be derived from Texas Retail Energy operating in those markets. As a result, Texas Retail Energy chooses not to directly serve Walmart facilities in those markets.

- b. Texas Retail Energy, through its FERC power marketing license, can participate in wholesale markets and transactions in all states where such opportunities are available. The key question, however, is whether there is a deregulated retail market for Walmart to participate in each of the states. Outside of the states listed above such a market does not exist and therefore limits the value for Texas Retail Energy in providing choice, cost, and risk mitigation to our stores. Given the forum, Walmart would advocate for the

establishment of deregulated retail markets in states which don't have such opportunities.