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What are TDSP charges in Texas? by [ShopTexasElectricity](#)

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If you go through the electricity quotes given by different companies in detail, you will often notice a charge in addition to the energy rate. Interestingly, this charge is not included in the energy rate but is included in the total cost. While it may seem to you that the service provider is actually trying to make their rates look better by keeping this separate, it is not the case. In fact, these are TDSP charges, also called pass through charges.

## Meaning of TDSP

After the deregulation of the Texas electricity industry, it has become possible for all consumers to purchase power from providers of their choice, based on their needs and budget. However, irrespective of whom you choose as your retail electric provider, you will require a Transmission and Distribution Service Provider or TDSP, who is involved with the physical aspect of providing electricity to Texas electricity consumers. In short, these are people who are in actual charge of the various poles and lines that provide electricity to the consumer, including its maintenance. In addition, these service providers also read your electricity meter, with regard to your actual usage and send the details to the Retail Electric Provider (REP).

## Understanding TDSP charges

Essentially, these TDSP companies do not directly bill the Texas electricity consumers for their services. In fact, they charge the REPs for their services. The REP, in turn, transfers this charge to the consumers, which gets reflected in their bills. Texas TDSP charges are applicable to all consumers, irrespective of which Retail Electric Provider they choose. It is also important to understand that even where these charges are not mentioned separately, they are included in the bill. Therefore, in case TDSP charges are not mentioned separately in your electricity bill, you should scrutinize your utility bill to find them included along with the energy rate.

## Calculating TDSP charges

When going through different Texas electricity quotes, it is possible that you will find different TDSP charges mentioned by different REPs. There are several reasons for such differences, all of which comes down to how these charges are calculated. In short, understanding the factors that are involved in calculating such charges will help you appreciate the difference better.

⌘ Public Utility Commission of Texas Rule: Primarily, the Texas TDSP charges are calculated based on the rules and regulations of the Public Utility Commission of Texas Rule. These rules are extremely complicated and constantly changing. This is responsible for the subsequent changes in your charges.

⌘ Actual Usage: In addition to these rules and regulations, the TDSP charges are calculated based on your actual usage. So, if you use more, you pay more and if you use less, you pay less. Under these circumstances, it is no surprise that the quotes are different from your actual bill.

While it is not really necessary for companies to demarcate TDSP charges separately in their bills, knowledge of the same is important to help you understand your electricity bill better. Moreover, knowing about TDSP charges would also help when companies try to increase their profit margin by adding onto these charges. While this is not really illegal, it is not ethical. Knowledge and understanding of these Texas TDSP charges will definitely help you choose the perfect service

provider for your electricity needs.

About Shop Texas Electricity- Shop Texas Electricity helps consumers and businesses compare and shop for their electricity plans in Texas. Learn more about Shop Texas Electricity by visiting us at [www.ShopTexasElectricity.com](http://www.ShopTexasElectricity.com)

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