

1 Q. Please state your name and business address.

2 A. Craig G. Goodman, National Energy Marketers Association, 3333 K Street,
3 NW, Suite 425, Washington, DC 20007.

4 Q. By whom are you employed and in what capacity?

5 A. I am the President of the National Energy Marketers Association.

6 Q. Please describe your background and professional qualifications.

7 A. See resume of Craig G. Goodman attached hereto.

8 Q. Please describe the National Energy Marketers Association (NEM).

9 A. NEM is a national, non-profit trade association representing a regionally
10 diverse cross-section of both wholesale and retail marketers of energy and
11 energy-related products, services, information and technology throughout
12 the United States. NEM members include: small regional marketers; large
13 international wholesale and retail energy suppliers; energy consumers;
14 billing firms, metering firms, Internet energy providers, energy-related
15 software developers, risk managers, energy brokerage firms, customer
16 service and information technology providers. Affiliated and independent
17 marketers have come together under the NEM auspices to forge consensus
18 and to help eliminate as many issues as possible that would delay
19 competition. NEM is committed to working with regulators and other
20 stakeholders to devise fair and effective ways to implement the final
21 deregulation and competitive restructuring of the U.S. markets for both
22 natural gas and electricity. As a national trade organization, NEM brings a

1 wide range of experiences, as well as broad perspectives to its comments in
2 these proceedings that should aide the Commission and enhance the quality
3 of the record to be developed here. NEM supports the implementation of
4 laws, regulations, standards of conduct, rates, tariffs and operating
5 procedures: (a) that provide all customers meaningful choice; (b) that
6 implement open, efficient, “liquid” and price-competitive energy markets,
7 and (c) that encourage the development of new, and innovative energy
8 services and technologies, at the earliest possible date. NEM has
9 intervened and participated in a number of state restructuring proceedings.

10 Q. What is the purpose of your testimony?

11 A. I will respond to the issues raised in this proceeding and the relationship of
12 these issues to the success of a competitive Nicor Gas Customer Choice
13 Program.

14 Q. Please discuss the impact of modestly-sized pilot programs on the
15 competitive market.

16 A. NEM believes that pilot programs must be implemented in sufficient size to
17 permit competitive marketers to achieve economies of scale. The larger the
18 pilot size, the greater the chance that consumers can benefit from
19 meaningful price competition. This is true because if a marketer can
20 achieve economies of scale, it can pass along the lower costs to consumers.

21 Q. Please discuss the affiliate rules issues raised in this proceeding.

1 A. NEM members have developed policy guidelines for transactions between
2 affiliated entities entitled, "*Uniform Code of Conduct for Regulated and*
3 *Unregulated Suppliers of Energy and Related Services and Technologies*"
4 (hereinafter "UCC") that are attached hereto and incorporated herein by
5 reference. NEM's UCC represents more than fifty man-days of intense
6 discussion, debate, negotiation, compromise and consensus building among
7 the most diverse group of entities in the energy industry. Affiliated and
8 independent marketers came together under the NEM auspices and forged
9 consensus on this document as a competitively neutral guideline for
10 governing transactions among affiliated entities. NEM members operate in
11 virtually every market that has opened for competition, and their broad base
12 of experience was the basis for the UCC. Moreover, the need for
13 reasonable and uniform rules governing relations between affiliated and
14 non-affiliated entities is vital to the marketplace and to the costs of multi-
15 state compliance. While not every member company agrees with every
16 word, the UCC is a defining document for this organization. Most NEM
17 members operate in compliance with these rules voluntarily.

18 Q. Please discuss the issues raised in this proceeding with respect to storage
19 and curtailment.

20 A. NEM members have developed policy guidelines entitled, "*National*
21 *Guidelines for Unbundling and Restructuring the Natural Gas*
22 *Distribution Function*," that are attached hereto and incorporated herein by

1 reference. These guidelines recommend the minimum specific products and
2 services that must be separated from the provision of local distribution
3 service to provide consumers with the benefits of innovation and
4 competition on the basis of price and quality of service. These guidelines
5 also represent the consensus of a diverse group of energy industry
6 participants.

7 All load management tools previously available to local distribution
8 utilities should be separated from regulated distribution services. They
9 should be properly priced and available on a non-discriminatory and
10 optional basis to all competitive suppliers.

11 NEM also believes that a competitive natural gas market requires charges
12 for injection, storage and withdrawal of natural gas to be separated and
13 available on a non-discriminatory and optional basis to all competitive
14 suppliers. Additionally, a competitive natural gas market requires
15 reasonable rules, conditions and tolerances for the physical delivery of
16 natural gas.

17 NEM believes that a competitive natural gas market requires that charges, if
18 any, for balancing and similar functions performed by a utility, should be
19 cost-based. Balancing and similar functions should be offered on a non-
20 discriminatory and optional basis to all competitive suppliers.

1 Curtailment rules must also be established to recognize property rights to
2 the maximum extent possible. When such recognition is not possible, full
3 compensation should be made to those whose rights have been breached.

4 Q. Please discuss the issues raised in this proceeding with respect to billing.

5 A. NEM has developed recommendations for, "*National Energy Technology*
6 *Policy*," a copy of which is attached hereto and incorporated herein by
7 reference. The importance of the adoption of uniform rules, procedures,
8 processes and business practices for the energy industry, across the country,
9 is a central premise of the Technology Policy Paper. As a general matter,
10 NEM urges all states to implement the consensus positions set forth in the
11 sections of the "*Uniform Business Practices for Retail Energy Markets*"¹
12 ("UBP") Report applicable to customer information, enrollment and
13 switching, billing and payment processing and load profiling at the earliest
14 possible date. The UBP was sponsored by the Edison Electric Institute
15 ("EEI"), the National Energy Marketers Association ("NEM"), the
16 Coalition for Uniform Business Rules ("CUBR"), and the Electric Power
17 Supply Association ("EPSA"). A diverse group of utilities, energy
18 suppliers, regulators, vendors, consumer advocates and trade organizations
19 participated in the development of the UBP document. The primary goal of
20 the UBP effort was to provide Regulators and the industry with a set of

¹ Uniform Business Practices for the Retail Energy Market, November 2000; for information visit www.ubpnet.org

1 “road tested” business practices based on the experience of competitive
2 retail energy markets that can be used as guidelines in establishing or
3 updating retail energy choice programs. The document presents a set of
4 recommended business principles and practices to guide the interaction of
5 various market participants where choice of a retail energy supplier is being
6 made available.

7 Additionally, as a matter of principle, the marketer should be considered
8 the customer's agent for all competitive service related issues. Any and all
9 information pertaining to that customer in the utility records should be
10 provided to the marketer at no or nominal cost. Consumers must be given
11 the option to receive one bill from a supplier of choice.

12 Q. Please discuss your recommendations for providing for agency billing
13 options?

14 A. Customers must have the right to direct a billing party to send their bill to
15 another party for processing and payment. Many competitive suppliers use
16 this billing process to offer innovative and convenient pricing options. The
17 industry has reached a consensus on this subject in the Billing and Payment
18 Processing section of the UBP.² The UBP states, "Customers have the right
19 to direct the billing party to send their bills to any party for processing and

² Page 33, Section V.C.4., Uniform Business Practices for Retail Energy Markets,
November 2000

1 payment using the appropriate authorization mechanism. This will enable
2 Customers to designate agents to receive, process and pay their bills."³

3 Q. What is your position on the regulation of information contained on the
4 local distribution company's bill?

5 A. NEM recognizes the need for a standard bill format and suggests the UBP
6 Billing and Payment Process section be consulted for the information that is
7 recommended for residential and small commercial customer's bills.
8 Customer's must also have the right to choose an alternative billing
9 arrangement.

10 Q. Please discuss the issues raised in this proceeding with respect to customer
11 complaints.

12 A. NEM believes that marketers should be responsible for responding to
13 complaints related to their products and services and local distribution
14 companies should be responsible for complaints related to emergencies,
15 repairs and leaks.

16 Q. Does this conclude your testimony at this time?

17 A. Yes.

³ Page 33, Section V.C.4., Uniform Business Practices for Retail Energy Markets,
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⁵ Page 35, Section V.D.1.b.(3), Uniform Business Practices for Retail Energy Markets,
November 2000