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**Stakeholder Meeting and  
Workshop**  
**Arizona Corporation  
Commission**  
**February 25 and 26, 2020**  
**Docket No. RE-00000A-18-0405**



# Stakeholder Meeting and Workshop

## Who is the National Energy Marketers Association (NEM)?

A non-profit trade association representing leading suppliers and major consumers of natural gas and electricity throughout the U.S., Canada and the European Union.

### **NEM Membership:**

- IPPs, suppliers of distributed generation, energy brokers, power traders, global commodity exchanges and clearing solutions, demand side and load management firms, direct marketing organizations, billing, back office, customer service and related information technology providers
- Inventors, patent holders, systems integrators, and developers of advanced metering, solar fuel cell, lighting and power line technologies



# Stakeholder Meeting and Workshop

## Who is the National Energy Marketers Association (NEM)?

- Originally founded in Washington, DC
- Opened West Coast office in Sparks, Nevada in 2017
- NEM is celebrating its 23rd anniversary this year



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**NEM comments are responsive to the Draft Rules Package filed by the Offices of Chairman Burns and Commissioner Olson on February 10<sup>th</sup>**

## **NEM supports Draft A:**

- **All consumers eligible to shop when market opens**
- **Provider of Last Resort (POLR) is competitively-provided by Electric Service Providers (ESPs)**
- **Draft A rules incorporate best practices from successful retail choice jurisdictions**
  - **Texas – Provider of Last Resort regulations**
  - **Pennsylvania – consumer protection and marketing standards regulations**



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## 1) All Customers Should Be Eligible to Shop for Electricity

- Draft A permits all consumers to shop
- Draft B limits shopping to consumers 100kW or above, or aggregation of 400kW
  - No rational justification for shopping restriction
  - At a minimum, the rules should provide a mechanism to transition to choice for all consumers by a date certain



## Stakeholder Meeting and Workshop

### 2) A Date Certain for Retail Electric Market Opening Should Be Established

- Establishing a firm date permits competitive entities to make resource investment decisions and product development decisions
- The ability to effectuate/implement many rule provisions can be dependent upon first establishing a commencement date for competition
- Retail supplier expertise in serving consumers in retail choice jurisdictions for twenty years can be leveraged to expedite the start date



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## 3) Utilities Should Exit the Commodity Merchant Function and Focus Resources on Maintaining and Upgrading Reliable Delivery Infrastructure

- Draft A appropriately provides that competitive ESPs should perform the role of the Provider of Last Resort (POLR)
- Proposed rules incorporate best practices from Texas, which successfully implemented this approach that has served consumers well
- Price to Beat (utility affiliate service) should be established at a level that permits competitive entry and sustained opportunities for competitive offerings



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### 4) Unbundling of Delivery Service Rates is Critical to the Proper Functioning of the Retail Electric Marketplace

- Unbundling delivery service rates and proper allocation of commodity and commodity-related costs to default pricing is necessary to allow consumers to accurately compare competitive offers and provides needed price transparency
- Default commodity rates should not be a mere pass through of wholesale energy costs, should be the “fully loaded” cost of providing the service





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### 5) Electric Service Provider Certificate of Convenience/Rate Filing Requirements Should Be Flexible to Accommodate Product Innovation

- The draft rules are compliant with legal precedent
- The draft rules related to supplier rate filings should be designed to retain flexibility for ESPs to respond to dynamically changing market conditions to offer different pricing plans and customized products to consumers



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### **6) The Proposed Rules Should Incorporate Retail Market Best Practices**

**- Over the course of 20 years of experience in retail choice jurisdictions, best practices have emerged that should be incorporated into the draft rules**

- Rule requirement for “written authorization” to enroll a customer is antiquated and unjustified. Best practice to allow electronic and telephonic enrollment as well**
- Rules should provide for supplier consolidated billing option (consumers prefer single bill)**
- Rules should establish an expeditious customer switching timeframe. The best practice established in other states is a three-business day switching rule**



# NEM Consumer Bill of Rights

★ **All Consumers Should Have the Right to Choose Their Energy Supplier, Receive Delivery of Their Energy Supply from a Reliable Utility Delivery System, and be Provided Information Which Entitles Them to:**

- **Access to energy products and services that provide what they promise and are presented and described in clear and understandable language**
- **Accurate price and usage information that is expressed in simple and straightforward terms**



# NEM Consumer Bill of Rights

- **Terms and conditions written in plain language that set forth contractual obligations for both the consumer and energy supplier**
- **Specific information about savings claimed in any offer**
- **How a consumer may terminate a contract and the cost, if any, of doing so**
- **A clear understanding of when price changes may occur and what happens when the contract term expires**
- **An enrollment process that verifies a consumer's acceptance of a product offer**



# NEM Consumer Bill of Rights

- **Verbal and written offers that identify the competitive energy supplier as operating independently of the utility delivering electricity to the consumer**
- **Consumer education on energy, energy conservation, and technology available to help control energy costs**
- **A fair and timely complaint resolution process**



# NEM National Marketing Standards of Conduct

## **Business practices that form a common basis for doing business in the energy marketplace**

- **Supplier and agent compliance with applicable federal, state and local laws and regulations**
- **Suppliers shall not engage in false, misleading or deceptive conduct**
- **Suppliers shall be responsible for conduct of their agents**
- **Suppliers shall utilize methods appropriate to the size and type of consumers when engaged in door-to-door, telephonic, electronic and network sales and marketing**



# NEM National Marketing Standards of Conduct

- **Suppliers shall provide accurate information to consumers about the products and services being offered**
- **The supplier's agreement with the consumer shall set forth all material terms (rate, term, early termination fees, rescission rights)**
- **The sales presentation shall be in the same language as the agreement with the consumer**
- **The supplier agreement with the consumer shall be clear, plain and in a language understandable to the consumer**



## **NEM National Marketing Standards of Conduct**

- **Suppliers shall make accurate representations regarding the relationship with the delivery utility**
- **A consumer shall not be enrolled for competitive energy service unless s/he has expressed his/her consent to do so**
- **A supplier shall record, retain and honor all valid contracts in accordance with applicable federal, state and local requirements**
- **The consumer shall be provided with contact information of the supplier and state regulatory commission**
- **Suppliers shall promptly and timely investigate and appropriately respond to consumer inquiries and complaints**