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Mr. Matthew Hartigan
Deputy Director
Delaware Public Service Commission
861 Silver Lake Blvd, Suite 100
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Via Email

**RE: PSC Docket No. 15-1458 – In the Matter of Reviewing
Customer Energy Choice in the State of Delaware**

The National Energy Marketers Association (NEM)¹ hereby submits the following comments on the “Joint Staff Review of Delaware’s Customer Choice – Findings and Recommendations for Electricity Affordability Committee Consideration,” [hereinafter “Report”] dated November 13, 2015. The Report identifies a number of barriers that have inhibited Delaware electric consumers from participating in the competitive retail electric marketplace and also sets forth recommendations for addressing those barriers. NEM commends the Commission Staff for engaging in a comprehensive review of the issues on an expedited basis.

As a national trade association representing retail energy suppliers that serve consumers in retail choice jurisdictions across the country, NEM and its members have extensive experience with the issues associated with facilitating consumer participation and supplier entry in retail markets. The Report thoroughly identifies barriers to consumer energy choice that exist in Delaware. These barriers existed in other jurisdictions but have been successfully resolved in an efficient, low cost manner to enhance consumer shopping opportunities. The Report includes a number of beneficial market-enhancing programs that would yield the same benefits for Delaware’s electric consumers, thus all of the Report’s recommendations should be implemented as suggested, and for mechanisms like Purchase of Receivables, as soon as practicable to effectuate Delaware law in favor of customer energy choice.

¹ The National Energy Marketers Association (NEM) is a non-profit trade association representing both leading suppliers and major consumers of natural gas and electricity as well as energy-related products, services, information and advanced technologies throughout the United States, Canada and the European Union. NEM’s membership includes independent power producers, 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. NEM members also include inventors, patent holders, systems integrators, and developers of advanced metering, solar, fuel cell, lighting and power line technologies. This document reflects the views of the National Energy Marketers Association and does not necessarily reflect the views of any specific member of the Association.

Consumer Education and Awareness

A primary barrier identified in the Report to consumer energy shopping is limited awareness of choice. As noted in the Report, the Pennsylvania Public Utility Commission has implemented a shopping website called PAPowerSwitch that is viewed as an industry standard. The website allows consumers to view and compare differentiated supplier offerings to facilitate informed consumer shopping. PAPowerSwitch also includes information about the process of switching to a competitive supplier, FAQs, shopping guides, consumer rights information and ways to save energy. These PUC-provided resources complement the marketing materials and communications provided by competitive suppliers to enhance consumers' awareness and understanding of customer energy choice.

Purchase of Receivables

Another significant barrier to consumer energy shopping that was identified in the Report is the current lack of a Purchase of Receivables (POR) program in Delaware. NEM strongly supports the implementation of a POR program in Delaware. Public Service Commissions and utilities in many other jurisdictions have implemented utility POR programs to facilitate the development of competitive retail energy markets, particularly for mass market consumers. For instance, the New York Public Service Commission identified utility purchase of receivables as a "best practice" in its Retail Policy Statement.² The NYPSC also recognized that POR programs coupled with utility consolidated billing, "are needed to enable ESCOs to bill and/or receive payments from customers on an equal footing with the utility service providers."³ Likewise, the Pennsylvania Public Utility Commission stated, "it is the Commission's judgment that a viable POR program is an essential element to the creation of a competitive market for generation in Pennsylvania."⁴

POR avoids the duplication of costs at the front end of the transition to a fully competitive market. In not requiring marketers to develop duplicative billing, credit and collection systems and processes it promotes efficiencies, reduces costs to consumers, and reduces barriers to entry. In addition, the utility is compensated for its actual uncollectible experience as well as the costs of implementing and administering the POR program through the discount rate charged to competitive suppliers.

POR programs facilitate market development because they limit the competitive disadvantages that result from guaranteed utility bad debt cost recoveries and the ability, often the exclusive ability, to collect bad debts by shutting off a captive ratepayers' energy supply. The utilities' ability to disconnect service is a strong deterrent, and they should be able to exercise this right attendant with customer non-payment of competitive commodity supply charges in a Commission-approved POR program. Moreover, POR enhances the ability of the competitive marketplace to serve credit-challenged customers. POR reduces the costs to acquire and serve

² "A major success in the residential market . . . is the utility purchase of accounts receivable to simplify ESCO operations and reduce ESCO overheads." NYPSC Case 00-M-0504, Retail Policy Statement, issued August 25, 2004, at page 15.

³ NYPSC Case 07-M-0458, Order Determining Future of Retail Access Programs, issued October 27, 2008, at 8.

⁴ PAPUC Docket No. M-2009-2104271, PPL Electric Utilities Corporation Retail Markets, Opinion and Order, August 6, 2009, page 27.

consumers thereby facilitating competitive entry by suppliers and increasing energy choice options available in the marketplace.

Standard Offer Service

The Report explains that utility-provided Standard Offer Service in Delaware is obtained through three year laddered supply procurements. As noted in the Report, the long-term laddered procurement prevents consumers from seeing and responding to timely market-based pricing signals which prevents consumers from accurately understanding and assessing the comparative value of competitive supply offerings. The provision of timely, market-based energy pricing signals is a prerequisite to informed consumer purchasing and consumption decisions. The Report notes that there is an open docket before the Commission regarding the SOS process and that Committee action should be withheld until the investigation is completed.

Customer Switching Timeframe

The Report explains that there is currently a long timeframe associated with customers switching to competitive service, up to forty five days. Consumers are confused and dissatisfied by the delay in the switching process when they shop for energy. Indeed, in our digital society consumers are used to shopping for products and services with the click of a mouse. They can switch phone service in a matter of minutes. The Report recommends implementation of an expedited switching timeframe as has been adopted in other choice jurisdictions.⁵ NEM supports this recommendation.

Finalizing Competitive Supplier Rules

The Report recommends that the process for establishing competitive supplier rules that are the subject of the Commission's Regulation Docket 49 should move forward so that these rules may be finalized. NEM agrees that suppliers will benefit from the increased regulatory certainty of having a clearly defined set of rules to govern participation in the marketplace.

Stakeholder Communication Process

A number of retail choice jurisdictions utilize a regular workshop or collaborative process by which Commission Staff and other interested stakeholders can share information and keep apprised of emerging issues in the marketplace. Having a recurring forum in which energy choice issues can be proactively discussed is a valuable tool for facilitating market participation. The Report recommends that such a stakeholder communication process be established in Delaware, and NEM supports this suggestion.

Supplier Messaging on Utility Bills

Increasing space for supplier messaging on utility bills would permit suppliers to offer more information about products and pricing and would increase consumer engagement with their

⁵ For example, the Pennsylvania PUC adopted an accelerated switching timeline of three business days for electric choice customers, premised on the need to provide consumers with a faster timeframe within which they can avail themselves of more competitive rates. Pennsylvania PUC Docket L-2014-2409383, Order, issued April 3, 2014.

competitive supplier. NEM supports this recommendation. Providing suppliers with the enhanced ability to communicate with their customers, and offer increased innovation in their product offerings as a result, will contribute to making the bill more consumer-oriented.

Presumption that Customers Must Initiate Commodity Service with the Utility

The Report notes the unfair presumption that customers moving into the Delmarva Power service territory must begin as an SOS customer for at least one billing cycle before shopping for a competitive alternative. Similarly, when a customer moves within the Delmarva Power territory they are not currently allowed to port their competitive supply contract with them; they must take SOS service at the new service address. In so doing, the customer loses the benefit of the contracted-for competitive supply agreement and may no longer be able to find an offering at the previous rate. NEM agrees that the presumption that customers must initiate commodity service with the utility when they move to a new address should be examined to ensure that consumers have the full opportunity to avail themselves of competitive energy market choices without being subject to arbitrary and unfair restrictions.

Requirement for Customer Account or Service Number to Effectuate a Switch

Customers are currently required to use their twelve digit account number or twenty two digit service number, found on their utility bill, to enroll with a competitive supplier. Consumers do not typically carry their utility bills with them, and in fact, may discard the bill once it is paid. This is a barrier to customer shopping. This is especially significant in the context of suppliers seeking to market to consumers in public venues, like shopping malls and fairs. An alternative mechanism for identifying consumers and securing enrollments would facilitate consumer energy choice.

Conclusion

NEM appreciates this opportunity to offer its comments on the issues and fully supports the recommended solutions identified in the Report to enhance consumer energy choice in Delaware.

Respectfully submitted,

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