



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

THE ENERGY & TECHNOLOGY COMMITTEE

House Bill 5507: AAC CONSUMER PROTECTION IN THE RETAIL ELECTRICITY MARKET

March 16, 2010

TESTIMONY OF CHAIRMAN KEVIN M. DELGOBBO

The Department of Public Utility Control (Department) submits the following comment concerning Raised Bill 5507. While the Department agrees that the referral program established in Conn. Gen. Stat. Section 16-244 c(k) may be a provision whose time has come. However, the Department opposes the elimination of the requirement on electric distribution companies to bill customers on behalf of electric suppliers for the negative implications on the choice program. The Department also does not support Section 6 of this bill and believes there are better practices which can be implemented to achieve best practices for electric supplier solicitations in the market short of licensing brokers. Therefore, the Department could support this bill provided that section (l) and Section 6 of this bill are stricken from the provisions of this Raised Bill.

Section 16-244 c(k) Conn. Gen. Stat., details the policies and practices concerning the electric referral program. The current Referral Program requires participating electric suppliers to offer a one-year fixed price for Standard Service customers with no cancellation fees. The current Program also requires CL&P and UI to provide customers with a pre-recorded message about these offers and to transfer customers directly to the call center of participating electric suppliers upon request by the customer. The Referral Program also requires the EDCs to issue quarterly bill inserts to separately identify these Referral Program offers and to separately list these offers on the EDC's web sites. Separately identifying these offers tends to confuse the marketplace because some customers believe these are *preferred offers* or offers endorsed by the EDCs.

The current Referral Program was established at a time when there was little or no activity in the retail market for residential and small business customers. However, since October of 2007 when the Referral Program was launched, the number and types of generation offers available to residential and small business customers has expanded dramatically. These offers now include monthly variable options as well as six-month and one-year fixed (non-referral program) options.

Suppliers are also beginning to offer promotional items such as airline mileage and hotel savings. Other unique offers are beginning to emerge as well. For example, one supplier is currently offering an one-year fixed rate of 8.8¢/kWh for Senior Citizens in Wethersfield. The same supplier offers an additional, albeit higher, one-year fixed rate to other Wethersfield residents. Again, these are non-referral program offers. Therefore, it is the Department's position that the prescribed legislative action is acceptable given the progress which has been attained during the past year.

Section 16-244c(I) Conn. Gen. Stat, provides for the parameters in which EDCs are required to bill customers on behalf of electric suppliers. This provision of the bill however, would terminate EDC's requirement to bill customers on behalf of electric suppliers. Again, the Department notes that retail choice for residential and small business customers is expanding.

While the Department recognizes that a bill proposing to end electric choice is a legitimate discussion for the legislature to consider, it believes that the negative impact of this provision will far outweigh any intended benefits behind this proposal. The Department incorporates by reference its prior testimony regarding the elimination of electric choice in Connecticut. The Department also notes for this Committee that the market for electric choice has grown considerably during the past year demonstrating how sophisticated the average consumer has become and active in working to control their energy costs. The Department has also been working tirelessly on its website: [CTenergyinfo .com](http://CTenergyinfo.com) to further enhance consumers ability to take charge of their electric costs and provide them with the education and tools needed to accomplish choice.

Lastly, **Section 6** of the Raised Bill would seek to regulate electric brokers. This was originally a concept supported by this Department but one which we have abandoned for what we believe is a better approach to reach the same goal. The Department raised this concept in its original housekeeping bill but notes that it is now incorporated into Section 29 of HB 5505. The Department respectfully directs the Committee's attention to the regulation of electric suppliers pursuant to the framework Section 29 of HB 5505 as opposed to the scheme created in this Raised Bill.