

ENERGY PLUS

CONNECTICUT GENERAL ASSEMBLY

ENERGY & TECHNOLOGY COMMITTEE

SENATE BILL 1 – AN ACT CONCERNING CONNECTICUT’S ENERGY FUTURE

MARCH 15, 2011

STATEMENT OF JOANNA V. HAMRICK

ON BEHALF OF ENERGY PLUS HOLDINGS LLC

Good afternoon. My name is Joanna V. Hamrick and I am the General Counsel and Managing Director of Regulatory Affairs for Energy Plus Holdings LLC (“Energy Plus”). Energy Plus is a relatively new energy supplier in the retail market. We currently supply electricity and natural gas to approximately 150,000 residential and small business customers in seven competitive energy states. We have been honored to serve residents and small businesses in Connecticut since mid-2009 and have over 40,000 customers here.

Energy Plus welcomes the opportunity to comment on Senate Bill 1, an Act Concerning Connecticut’s Energy Future. The bill focuses on reducing electricity costs, ensuring reliability of the energy supply, increasing the use of clean energy, and creating jobs and developing the state’s energy related economy, all laudable goals. Energy Plus appreciates the efforts of this Committee especially in the area of consumer protection, since we agree that consumer

protection is paramount to a successful competitive environment. Energy Plus would submit, however, that certain provisions of this bill, if not revised, would have the unintended consequence of driving suppliers out of the market and thus taking choice away from Connecticut consumers and jobs out of Connecticut. Since we believe this is not the Committee's intention, we would submit the following proposed changes and also propose that consumer protection requirements would benefit from being subject to careful evaluation through a rulemaking process at the Department of Public Utility Control ("DPUC").

Mandating Time of Use Pricing Offers is Premature and Impractical

Sec. 55(g)(12) requires suppliers to offer a time-of-use rate option to customers. Energy Plus applauds this concept since we are firm believers in innovation—it is core to our business model. While we recognize the value of time of use price plans, suppliers cannot offer such plans until distribution companies have deployed smart meters to all customers and their billing systems support these price plans. Consequently, such a requirement is premature and should be removed.

Door-to-Door Sales Need Seasonal Hours and Less Restrictive Language Requirements

First, Section 54(f) as currently written would restrict door to door sales to between the hours of 10 a.m. and 6 p.m. This provision is overly-restrictive and does not take into account seasonal daylight hours. At a minimum, the hours should be extended to between 9 a.m. and 7 p.m. during the six months beginning October 1 and ending March 31, and between 9 a.m. and 8 p.m. during the months beginning April 1 and ending September 30. This would satisfy the

Committee's objectives of safety for consumers while allowing suppliers ample opportunity to market their products.

Agent Definition Needs Clarification

Sec. 54(f) currently defines a legal agent of the electric supplier as "any third-party agent who contracts with or is otherwise compensated by an electric supplier to sell electric generation services." It is important to emphasize the difference between an agent, who acts exclusively on behalf of a particular supplier, and a broker, who may have a contractual relationship with and receive compensation from suppliers, but who does not act as an agent for any particular supplier. The proposed definition does not make that distinction. In addition, the proposed definition would capture unintended individuals or entities and therefore prevent such individuals or entities from providing benefits to their members. Energy Plus recommends defining agent generally as set forth in RESA's brief on exception to the Marketing Practices and Conduct of Participants in Docket 10-06-24:

"Agent is intended to apply to any person who is authorized, directly or indirectly, either to conduct marketing or sales activities or to enroll Customers, in each case exclusively on behalf of a Supplier or Aggregator. The term "agent" may include an employee, a representative, an independent contractor, or a vendor, but does not include Brokers or any employee of an organization that is providing access to a Supplier or Aggregator as a service to the organization's members."

Only Material Rates, Fees, Variable Charges, and Terms and Conditions Should be Disclosed

Sec. 54(f) also requires suppliers to "explain *all* rates, fees, variable charges and terms and conditions" to customers (emphasis added). Energy Plus agrees that it is essential for customers to be informed of key attributes of their energy service. However, requiring a supplier to explain every single detail of a transaction to a customer would result in customer

frustration and inefficiencies in the sales channel, ultimately increasing costs due to additional handle time. Therefore, Energy Plus recommends that this provision be revised to require suppliers to explain all material terms of the contract, while ensuring that suppliers also provide the customer with written materials that outline all terms and conditions.

Direct Billing Should be an Option—not Mandatory—for Customers and Electric Suppliers

Sections 52 and 53 discuss direct billing by electric suppliers. Direct billing should be an option for electric suppliers to offer their customers, but should not be a requirement. Electric suppliers like Energy Plus leverage the utilities' billing and collections system (e.g., by participating in purchase of receivables) and want to maintain the ability to offer one consolidated bill to our residential and business customers, since most customers find one bill more convenient. In addition, having a threshold cut-off of not less than 100kW demand customers is arbitrary and a burden for suppliers. One business might be below the threshold, but another business in the same industry may be above. Regardless, electric suppliers should have the ability to leverage the billing systems of the EDCs today and if so choose, the ability to direct bill their customers.

Three Business Day Rescission Period Should Not be from Date of Receipt of the Contract

As proposed, sec. 54(e) states in part that "a customer who has a maximum demand of five hundred kilowatts or less shall, until midnight of the third business day after the latter of the day on which the customer enters into a service agreement or the day on which the customer receives the written contract from the electric supplier as provided in this section, have the right to cancel a contract for electric generation services entered into with an electric

supplier.” Energy Plus supports the three day right of rescission for residential and small business customers. This is standard in most jurisdictions under common and statutory law.

However, extending such right of rescission to the day on which the customer receives the written contract is problematic and creates a disadvantage for telemarketing channels (both inbound and outbound). Receipt of the written contract would be almost impossible to prove and could create disputes for rescission timeframes between the supplier and the customer. In addition, the rescission timeframe should not disadvantage (or advantage) a marketing channel, as this requirement would.

Energy Plus believes these provisions, while well intentioned, will result in less investment in Connecticut because they are onerous and costly or simply not feasible at this time. Customer choice would suffer, leaving residents and small businesses with less competition, a driving force in keeping downward pressure on energy costs. There are more than 550,000 residential and business customers that consume more than 60% of the energy in Connecticut that have elected service with an electric supplier, indicating robust competition and a thriving market that fuels jobs, innovation, and economic development.

For these reasons, Energy Plus urges the Committee to reject SB1, or, in the alternative, to make the revisions to the sections as outlined above.