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CONNECTICUT GENERAL ASSEMBLY  
FINANCE, REVENUE AND BONDING COMMITTEE

S.B. 843 – AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT  
THE GOVERNOR'S BUDGET

PUBLIC HEARINGS – MARCH 4, 2013

STATEMENT OF JAY L. KOOPER  
ON BEHALF OF HESS CORPORATION

Good afternoon. My name is Jay Kooper and I am the Director of Regulatory Affairs for the Hess Corporation ("Hess"). Hess, a Fortune 100 global energy company with over \$39 billion in worldwide assets, is a licensed retail supplier of electricity to commercial and industrial ("C&I") customers in Connecticut. These customers include hospitals, schools and universities, factories, supermarkets, big-box retail stores and a wide range of C&I businesses, all of whom like Hess invest substantial capital and resources in Connecticut. Hess's New England regional office for its electric marketing operations is headquartered in Rocky Hill, Connecticut and is staffed by Connecticut residents.

Hess submits this statement today **to oppose, as currently drafted, section 19 of S.B. 843**, which proposes to involuntarily auction residential and small commercial customers currently on Standard Service. From Hess's perspective based on its experience as a longtime supplier of non-residential customers in this state, such a program is both inappropriate for non-residential customers and fundamentally inconsistent with the core premise of retail competition – customer choice.

First, a core component of the retail auction structure contained in Section 19 is the involuntary assignment of Standard Service customers to a competitive electric supplier the customer did not choose. This is antithetical to the fundamental purpose of retail competition – giving customers the ability to shop for and affirmatively choose the competitive electric supplier and product or service that best fits its needs. This fundamental purpose is well-ensconced in Public Act No. 98-28 – An Act Concerning Electric Restructuring, in which the General Assembly found and declared that “a competitive generation market *should allow customers to choose among alternative generation services.*”

This is especially true for C&I customers sophisticated enough to start and operate a business in Connecticut. Currently, Standard Service encompasses commercial customers with up to 500 kW in peak demand, which is the size of “big-box” retail superstores and anchor tenant department stores in a shopping mall. As part of the necessity of controlling operating costs and keeping their eyes on their bottom lines, Connecticut businesses should never be placed in a situation where they are involuntarily auctioned or assigned to a competitive supplier they have not engaged or bargained with, or affirmatively and proactively selected. Section 19(e)’s after-the-fact provision that enables customers to choose a competitive supplier once the customer has already been involuntarily auctioned is inadequate. No program, however well-intended to enhance competitive retail markets, should subvert the shopping, bargaining and affirmative choice process for non-residential customers.

Second, the proposed retail auction program lacks sufficient detail and definition to ensure that such a structure will not create the same or additional barriers to retail market entry than the current Standard Service provided by Connecticut's electric distribution companies. Currently, the PURA has strong jurisdiction and oversight over the Connecticut EDCs in their role as the Standard Service provider as EDCs are comprehensively regulated by the Commission. It is unclear whether this same level of regulation and oversight – designed to prevent the exercise of market power – can be replicated where a competitive electric supplier displaces the regulated EDC's provision of Standard Service through a retail auction process that involuntarily allocates customers. Such uncertainty creates risk of preservation and even expansion of barriers to retail market entry that in turn undermines Connecticut's competitive retail electric market.

Third, the proposed retail auction program appears designed to solve a problem that does not exist for C&I customers. According to the PURA, as of December 31, 2012 97,197 Connecticut businesses under 500 kW peak demand – representing over 81% of the total statewide electric load for Standard Service commercial customers – are taking service from a competitive electric supplier. These businesses have proactively shopped and affirmatively bargained for products and services that have enabled them to enjoy savings and other value-added attributes of the products they have chosen. The Malloy Administration and this General Assembly should be reassured that they have put in place policies that provide businesses on Standard Service ample opportunity to shop and obtain savings that can be realized through the State's competitive retail electric market. The overwhelming majority has seized and benefitted from this opportunity.