



Testimony of Direct Energy, LP before the
Energy & Technology Committee on

Senate Bill no. 9

An Act Concerning Connecticut's Energy Future

March 1st, 2018

Senator Winfield, Senator Formica, Representative Reed, Representative Ackert, and members of the Environment & Technology Committee, on behalf of Direct Energy, LP and its subsidiary companies ("Direct Energy"), I am writing to encourage Connecticut to adopt initiatives that result in greater adoption of smart thermostats and broad deployment of smart meters. Direct Energy is one of the largest retail power and gas suppliers and energy services companies in North America. We operate in all 50 states plus the District of Columbia and 4 Canadian provinces and are proud to have more than 4 million customer relationships, more than any other competitive retail supplier in North America. Our parent company is UK-based Centrica, plc (formerly known as British Gas), a Global Fortune 500 company. Direct Energy is a licensed supplier in Connecticut serving approximately 55,000 customers.

Direct Energy supports the installation of smart thermostats to help customers manage their energy costs. Smart thermostats are capable of saving customers between 10% to 20% on heating and air conditioning costs when used properly and given how volatile the power and natural gas markets are, smart thermostats can be an effective tool in accomplishing that goal. Recently, Direct Energy teamed up with its sister company, Centrica Connected Home, to bring the Hive connected home experience to its customers to help manage home energy usage. This includes the Hive Active Thermostat™, a simple, easy to use smart thermostat which helps customers control their energy usage, whether they are at home or on-the-go from their smartphone. With the ability to adjust heating and cooling from wherever they are, customers are ensured a welcoming environment as soon as they walk in the door.

Providing incentives, like state income tax credits to homeowners who purchase and install a smart thermostat and mandating new residential construction feature a smart thermostat, can be powerful motivators to customers to embrace a smart thermostat that can increase savings and efficiency.

Connecticut can also do more to explore whether additional advanced metering infrastructure, or smart meters, can benefit consumers and the state's electric public utilities in bringing the grid further into the modern era.



Currently, Connecticut's electric public utilities have approximately 238,000 smart meters installed. Smart meters can provide the following benefits:

- Allows for faster outage detection and restoration of service by a utility when an outage occurs and therefore, less disruption to a customer's home or business.
- Gives utilities the ability to automate routine tasks like meter reads and connections and disconnections to be done remotely, saving staffing costs and truck rolls.
- Helps utilities to more precisely diagnose outages, saving operational costs on locating, diagnosing, and fixing problems.
- Provides customers with greater control over their electricity use when coupled with time-based rates, increasing the range of different pricing plans available to customers and giving them more choice in managing their electricity consumption and bills.
- Smart meters enable a utility to measure a customer's electricity usage in hourly increments.
- Allows customers to make informed decisions by providing highly detailed information about electricity usage and costs. Armed with a better understanding of their energy use, consumers can make informed decisions on how to optimize their electricity consumption and reduce their bills.
- Customers with smart meters today can access their prior day's electricity usage through their utility's website.
- In the near future, by installing an in-home display device that communicates wirelessly with a smart meter, a customer could monitor their electricity usage and costs in real-time (similar to the price and quantity displays on a gas pump), allowing them to adjust their usage instantaneously in response to changes in prices or system reliability events, for example by delaying the use of a high-energy appliance or shutting it off. This could be done manually or automatically by pre-programming the device or appliance.
- In the near future, it may be possible for a customer to receive automatic alerts (via emails or text messages) to notify them of when the electricity consumption exceeds a pre-determined threshold.

More needs to be done to explore whether smart meters are right for Connecticut and Direct Energy believes it is a topic worth investing in to determine an expanded smart meters' future in Connecticut.



Direct Energy appreciates the opportunity to provide these comments on smart thermostats and smart meters. Should you have any questions, please do not hesitate to contact me at Robert.Gibbs@directenergy.com or 732-516-2617.

Very truly yours,

Robert L. Gibbs
Director – Corporate & Regulatory Affairs