

COALITION OF ELECTRIC GENERATION SUPPLIERS
June 14, 2018

Pennsylvania Public Utility Commission
Supplier Consolidated Billing *En Banc* Hearing



SCB EGS Coalition

The Time is Right for SCB

PUC Has Legal Authority

Why Now

SCB Enables Innovation

Inadequacy of Other Alternatives

Operationalizing SCB

Managing Bad Debt

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COALITION MEMBERS



What we do

- ❖ Send 2.6 million supplier consolidated bills total each month
- ❖ SCB is already “business as usual”
- ❖ 80 years of collective experience serving mass market customers
- ❖ Serve over one-half million, or more than one-third, of Pennsylvania’s mass market shopping customers
- ❖ Together, have 65 years of experience providing SCB

BRIEF BIOS FOR PANELISTS

Greg Leflar, Vice President of Operations, ENGIE Resources

- Oversees information technology, project management, sales support, transaction management, and contract validation, as well as account management and customer billing
- Has over 18 years of experience working with companies in a variety of industries to bring about transformative changes in areas of organization effectiveness, culture and the adoption of emerging technology

Duncan Stiles, Senior Vice President of Product Development & Strategy, Just Energy

- Began energy career during the restructuring of the Ontario electric market in 2002
- Has supported retail energy operations in areas including pricing, billing, software design and geographic expansion
- Previously served as President of Hudson Energy

Tami Wilson, Chief Finance & Risk Officer, IGS Energy

- Provides financial leadership for the IGS family of companies and oversees regulatory and legislative strategy for the organization
- Has more than 16 years of executive leadership experience in deregulated markets and has served in key roles in the manufacturing and telecommunications industries

Andres Varela, Director of Back Office Operations, Direct Energy

- Oversees the performance of the North East Residential and Small Business Retail Operations
- Has over 20 years of operations experience, with most amassed at Direct Energy serving in a variety of roles, including call center management, back office operations management, merger and acquisition integrations and systems implementation

Mike Starck, General Manager and Vice President, NRG Retail East

- Responsible for advancing the growth of the brand as a market leader, managing sales and financial objectives
- Works with the NRG Retail team to bring innovative products to residential customers and promote customer satisfaction
- Has years of experience in the retail energy industry in various role including IT, Daily Operations and Customer Service

SUPPLIER CONSOLIDATED BILLING: NATURAL AND NECESSARY NEXT STEP

Supplier Consolidated Billing (“SCB”) is a natural and necessary next step in moving Pennsylvania toward the robust retail energy market that has been envisioned for twenty years:

Where consumers:

- ❖ receive one bill from their EGS for all electric services
- ❖ enjoy a wide variety of innovative product offerings
- ❖ choose electric products and services tailored to their individual needs
- ❖ receive other energy-related products and services from their EGSs
- ❖ experience greater satisfaction levels

Where EGSs:

- ❖ forge long-term relationships with their customers
- ❖ Are more visible and more accountable to their customers
- ❖ expand their investment in Pennsylvania

And where:

- ❖ consumer protections are maintained

ESSENTIAL ELEMENTS OF SCB

❖ Preservation of Existing Consumer Protections

- Certification by EGS during qualification process to comply with the Public Utility Code and PUC regulations
- Ability of customers switch to other EGSs or return to default service at any time
- Adherence to Chapter 14/Chapter 56 – payment agreements, termination, reconnection and billing elements
- SCB not available to customers on customer assistance programs, customers receiving LIHEAP subsidies or customers holding protection from abuse orders

ESSENTIAL ELEMENTS OF SCB

❖ Supplier Qualifications

- Minimum Financial Standards, i.e. security, irrevocable standby letter of credit
- Industry Experience, i.e. with competitive markets, call center/complaint handling functions, and billing/credit and collections

❖ Purchase of Utility Receivables

- EGS would be required to purchase the full value of the receivables of the EDC, meaning that it would be a zero discount rate and without recourse
- EGS would be responsible for collections

❖ Utility Disconnection for Non-Payment

- EGS would initiate termination process by notifying utility of non-payment and verifying that termination is authorized by Chapter 14
- EDC would have the opportunity to reject the request based on Chapter 14 criteria
- Upon acceptance of termination request, EDC would handle the termination process, including issuance of notices, physical disconnection and reconnection

PUC HAS LEGAL AUTHORITY TO IMPLEMENT SCB

❖ Express Legal Authority

- Law expressly authorizes the Commission to require the unbundling of services other than generation, transmission and distribution
 - other services include billing and metering
 - only functions that are to remain as monopoly are transmission and distribution
- Authority has been recognized by utilities, consumer advocates and PUC in 1997 restructuring proceedings, development of EDI transactions and approval of supplier tariff provisions

❖ Implied Legal Authority

- Law expressly authorizes the Commission to require suppliers to comply with the regulations
- Competition Act charges the Commission with developing and monitoring the competitive market

APPLICABLE LEGAL PROVISIONS

Statutory Provision	Language
Section 2804(3)	PUC may require the unbundling of services other than generation, transmission and distribution.
Section 2802(16); Section 2804(6) and (10)Sec	Only transmission and distribution of electricity continue to be regulated as a monopoly.
Section 2802(16)	PUC may approve an alternative default service provider, which includes providing consolidated billing services.
Section 2809(e)	PUC is obligated to impose requirements on EGSs to ensure compliance with Chapter 56 billing practices.
Section 2802(14)	Suppliers must comply with "requirements concerning service as the commission deems necessary for the protection of the public."
Section 2802(3), (7), (8), (12), (13), (18); Section 2804 (2), (14)	PUC is charged with promoting a competitive generation market.

PRIOR RECOGNITION OF LEGAL AUTHORITY

- ❖ PUC, utilities and consumer advocates have previously recognized, either explicitly or implicitly, the legal authority to implement SCB
 - 1998 Restructuring Settlements
 - 1998 Restructuring Orders
 - Approval of EDI SCB Transactions
 - Interim Structures/Manual Workarounds for SCB
 - 2012 RMI Order
 - Approval of Supplier Tariff Provisions

SPECIFIC EXAMPLES OF PRIOR RECOGNITION OF LEGAL AUTHORITY

Context	Language/Finding
PPL Restructuring Order – 1998; Customer Services Order - 1997	“While the Act expressly provides for an EDC to issue a single bill...nothing in the Act would prohibit the supplier single bill option.” Noted intent to examine in the context of a rulemaking.
Duquesne Restructuring Order – 1998 (page 256)	“...the mere fact that we can unbundle billing services does not mean that we should unbundle those services” based on the record in this proceeding.
RMI Order – 2012 (page 28)	“...a competitive market with this choice of billing options [supplier consolidated billing, utility consolidated billing and dual billing] fully complies with the Competition Act’s requirement that customers have the right to choose their billing option.”

CHAPTER 14 PRESENTS NO BARRIERS TO SCB IMPLEMENTATION

- ❖ Nothing in Chapter 14 interferes with the PUC's express and implied authority to implement SCB
 - Important to remember the purpose of Chapter 14: enable public utilities to conduct reasonable collection activities
 - Extensive consumer protections already existed prior to Chapter 14
 - Coalition is proposing that the PUC impose the standards of Chapter 14 on EGSs performing SCB
- ❖ PUC has authority to enforce Chapter 14 provisions against EGSs within the context of SCB
 - Section 2809(e) expressly authorizes the Commission to impose requirements that are necessary to ensure that quality of service does not deteriorate and that Chapter 56 standards and billing practices are maintained
 - Section 2802(14) requires EGSs to comply with "such other requirements concerning service as the commission deems necessary for the protection of the public"
- ❖ PUC can require compliance with the provisions of Chapter 14 as a condition of being licensed as an SCB EGS

SECTION 2807(C) DOES NOT LIMIT EXERCISE OF PUC'S AUTHORITY

- ❖ Section 2807(c) establishes obligations that the PUC may impose on EDCs, including the duty to offer consolidated billing
 - Provides that EDC may be responsible for billing customers for all electric services, consistent with the PUC's regulations
 - Does not make EDCs the exclusive providers of these functions
 - PUC rejected this argument 20 years ago: "...we simply disagree with the conclusions reached that only EDCs can provide" consolidated billing functions.
 - PUC also said at that time that "there is nothing in the Act that would prohibit the supplier single bill option." (1997 Customer Services Order)
- ❖ Ensures that customers have the option of getting one consolidated bill, subject to right of customer to elect to receive dual bills
- ❖ Inappropriate to rely on this section as limiting the PUC's express authority to direct the unbundling of billing services/competitive billing/SCB

SECTION 2807(D) DOES NOT LIMIT THE EXERCISE OF THE PUC'S AUTHORITY

- ❖ Section 2807(d) obligates EDCs to continue to provide customer service functions consistent with the PUC's regulations
- ❖ Does not give EDCs the exclusive responsibility of providing customer services – an argument that was rejected by the PUC 20 years ago
 - As the PUC noted in 1997, it is intended to maintain same level of quality of services and is merely a reflection of the EDCs' obligation to stand ready to perform these functions
 - Nothing in the Act precludes EGSs from providing these functions
 - This interpretation is consistent with the declared policy of the Act to create a competitive market for the generation of electricity

WHY NOW?

- Adding SCB to the available billing options would support the PUC's goals of enhancing product offerings to consumers and encouraging long-term investments by EGSs within Pennsylvania
 - Investments in smart meters have made extensive data available
 - Data sharing protocols have allowed EGSs to access this data
 - SCB is the next natural step in the continuum that will allow EGSs to leverage this data to offer consumers innovative products and services

Two distinct categories of new products and services:

- Commodity Products
 - Unlimited, Autopay, Total Flat Bill, Free Weekends, TOU, Index
- Non-Commodity Products and Services
 - Home Warranty, Rooftop Solar, Connected Home

WHY NOW? (CONT'D)

- Billing for what we sell just like customers expect us to
- Customers' expectations are changing
- Positioning ourselves to be the comprehensive solution set for all customers
 - Moving beyond selling kWh
 - Providing value
- Customer sovereignty
- Customers are changing the way they buy everything
- Generational differences

FACILITATING INNOVATION

- ❖ Bills promote:
 - Relationships
 - Trust
 - Loyalty
 - Satisfaction
 - Investment
 - Innovation

SCB ENABLES INNOVATION AND INVESTMENT

- ❖ Having a direct relationship with customers:
 - Allows EGSs to better understand what their customers want
 - Allows EGSs to deliver what their customers want
- ❖ Certainty in the competitive market promotes investment and innovative product offerings that meet customers' individual needs
- ❖ Maximizing use of the data from smart meters ensures that the millions of dollars that have been invested will benefit customers
 - With investment in smart meters and creation of data sharing protocols, using that data to develop innovative products for customers is the next natural step in the continuum

CUSTOMER RELATIONSHIPS ARE ESSENTIAL

- ❖ Having a strong relationship and brand recognition with customers:
 - Enables a business to grow and thrive
 - Improves customer satisfaction with the services they receive
 - Promotes energy efficiency through additional products and services
- ❖ Billing customers directly through SCB enables suppliers to:
 - Establish a relationship with their customers through monthly bills
 - Demonstrate their proficiency at meeting customers' needs
 - Increase their visibility with customers
 - Be more fully accountable to their customers
 - Learn more about customers from their payment patterns
- ❖ Meeting customer expectations is essential:
 - Customers expect to be billed by, and pay, the provider of the goods and services they consume
 - Customers demand simplicity – they want a single bill for all of their energy services
 - Suppliers appear to be incompetent due to inability to bill for services

INDUSTRY STUDIES

- ❖ 2015 ABACCUS Report
Annual Baseline Assessment of Choice in Canada and the United States
 - Competitive billing helps establish a close relationship with the customer, drives down costs of billing and collections, and enables new services that are fully integrated with the commodity service, offered at the highest value and lowest cost to the consumer.

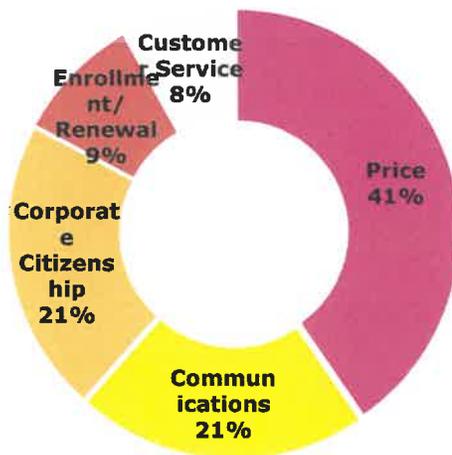
- ❖ J.D. Power 2016 Retail Electric Provider Residential Customer Satisfaction Study
 - Overall residential customer satisfaction highest (and increasing) in TX.

CUSTOMER RELATIONSHIPS DRIVE CUSTOMER SATISFACTION

A supplier's ability to have a direct relationship with the customer unequivocally impacts the customer's perceptions of his or her supplier and plays an important role in determining the customer's satisfaction with that supplier and the services it provides

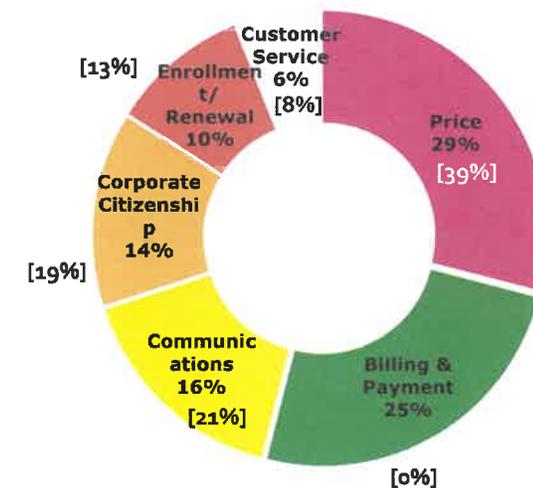
Northeast (incl. PA)

In the NE (including Pennsylvania), Price has the largest impact on customer satisfaction



Texas

In contrast, in Texas, where the supplier manages the relationship with customers, Billing & Payment has an almost equal impact on customer satisfaction as price



[Result after removing Billing & Payment from the analysis]

Source: JD Power 2016 Retail Electric Provider Residential Customer Satisfaction Survey.

MARKET EVOLUTION

❖ Pure price competition is replaced by competition based on services.

❖ These services can relate to the terms and conditions of service...and **the options regarding billing and payment**

Stage 1:
Compete
on price

Stage 2:
Compete
on service

Stage 3:
Compete
through
innovation

Source: 2015 ABACCUS Report (Annual Baseline Assessment of Choice in Canada and the United States)

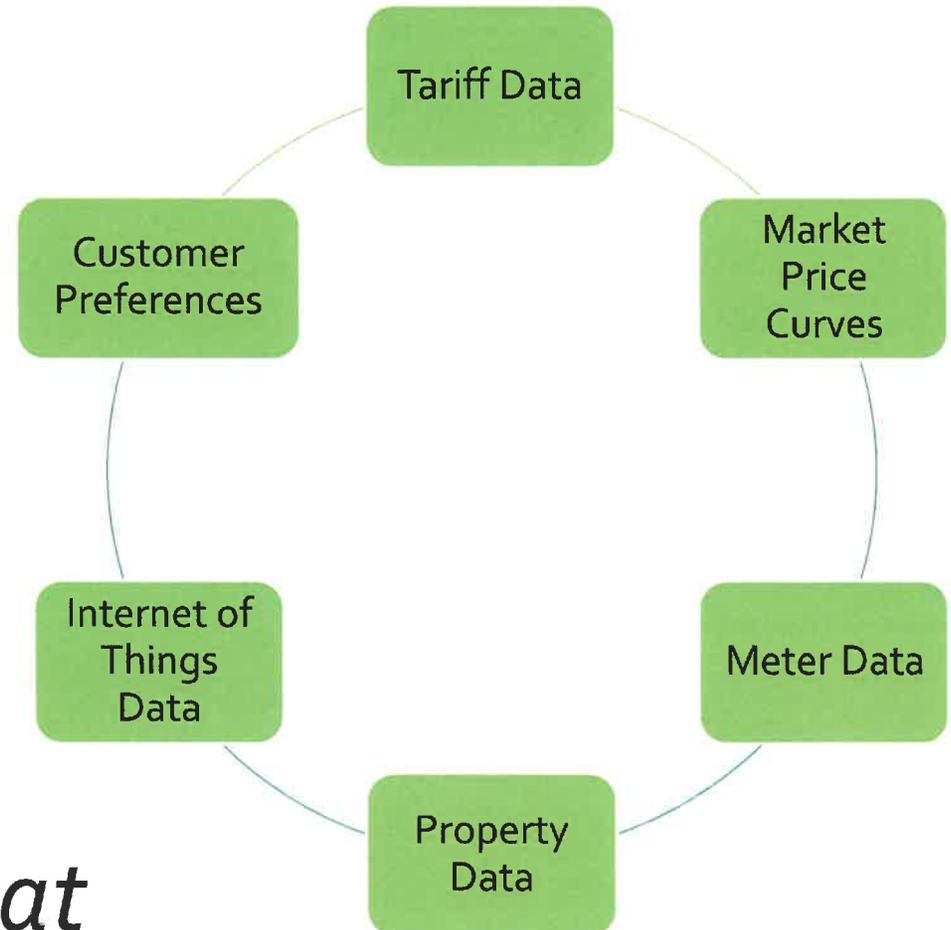
HOW DO WE INNOVATE?



- ❖ Understand what customers want
 - Engage with customer
 - Invest in analytics
 - Use international scale
- ❖ Deliver what customers want
 - Provide options
 - Reduce customer effort
 - Manage complexity

CUSTOMERS DRIVE CHANGE

- ❖ One-on-one interactions allow us to find the intersection of what's possible and what's meaningful to customers
- ❖ Maximize the data from AMI and the benefits to ratepayers by better understanding customer consumption, payment statistics, and preferences
- ❖ Administering customer bill and collecting payment increases data points



*Customers want what
they want*

DUAL BILL NOT AN OPTION

- ❖ Customers desire the convenience of a single bill that includes all electricity-related charges
- ❖ Dual bill option does not address the inherent inequities of allowing the utility to be the only entity that is able to offer consolidated billing services
- ❖ Suppliers would be unable to engage in effective collection efforts since termination would be driven solely by non-payment of distribution charges

UTILITY CONSOLIDATED BILL IS A BARRIER

- ❖ Utility consolidated billing does not allow suppliers to forge long-term relationships with their customers
- ❖ Utility bills do not have the flexibility to allow for dynamic pricing enabled by smart-meter data or charges for other EGS services
 - i.e. Free Saturdays can be offered by EGSs in PA today but cannot be reflected on the bill in a way that is visible to the customer
- ❖ EGSs should not be required to depend on the utility to bill for these services
- ❖ Utilities have no need to know what non-commodity products and services EGSs are offering or to be told the charges that are being imposed by EGSs for those services

“PILOT PROGRAM” CREATES REGULATORY UNCERTAINTY

- ❖ Investment by EGSs and utilities to implement SCB is significant, both in terms of build-out and costs
- ❖ EGSs are unlikely to make this kind of investment with uncertainty as to the continued and statewide availability of SCB
- ❖ Some aspects of SCB could be implemented through a phase-in or utility-by-utility approach
 - e.g., disconnection for non-payment

INNOVATIVE PRODUCTS IN-DEPTH

❖ Commodity Only

- Prepaid
- Flat Bill – Total flat bill, including T&D charges
- Time-of-Use – Free nights, free weekends, totally free off-peak

❖ Bundled Services

- Energy Use Analytics
- Energy Efficiency Projects
- Customized product recommendations

Estimated Product Savings

 Kilowatt Hours Saved

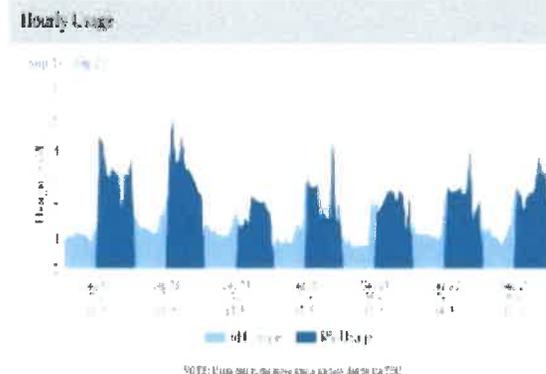
8 per year

123 life of product

 Dollars Saved

\$0.97 per year

\$14.54 life of product



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Dear <first name last name>:

Thank you for choosing Just Energy as your preferred energy supplier.

As part of our ongoing commitment to our subscribers, we're committed to providing you with the best service and the most innovative energy management solutions like our leading-edge smart2.

We're here to provide you with the best energy services to help you manage your energy and your expenses. We're also here to help you get your smart2 installed in your home. <xxxxxxx> at <xxxxxxx> by one of our trained and certified technicians.

If you have any questions, please contact our customer service team at 1-800-333-3333 or visit our website at justenergy.com.



Designed to help you take control of one of your most important household expenses, our smart2 provides you with:

- ✓ Unique and personalized insights into your home's HVAC performance, with the ability to monitor and control the temperature of your home on your smartphone, tablet or computer.
- ✓ Alerts to ensure the optimal thermostat temperature in the rooms that cost the most.
- ✓ Up to a 10% reduction in your energy costs with smart2!

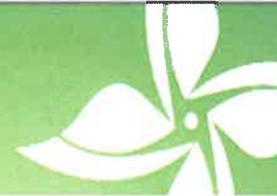


1. and a 17% average savings on heating and air conditioning costs. August 2014.

or to unsubscribe. Privacy policy.

JUST ENERGY "PICK YOUR DUE DATE"

Choose your payment due date
when you sign up for Auto-pay!



Dear <customers>,

When it comes to managing bills, everyone has their own preference and needs. Just Energy allows you to choose when to pay your bill each month. This gives you the control you need to easily make your payments. Now you can choose your due date for your monthly bill when you sign up for Auto-pay.

Here's how it works in just 2 easy steps:



[Click here](#) and enter your account and bank information.



Choose your due date and click **Save**.

Your payments will be automatically deducted from your account on the new due date selected.*

Thank you for being a valued Just Energy customer.

Your Just Energy Team

NRG'S PAY AS YOU GO AND PREDICTABLE PLANS

PAY AS YOU GO

Get electricity on your terms.

With the **Reliant SmartStart Plan[®]** you call the shots when it comes to your electricity budget.

- ✦ You decide how much electricity to purchase
- ✦ You decide when to add to your balance
- ✦ You decide how to receive usage and low balance alerts — by text, email or phone

Then, simply add to your balance at your convenience online, by phone, at a retail location or via an automated payment. When you're on the SmartStart Plan, you don't have to worry about a security deposit, credit check, monthly bill or long-term contract.

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Pay the same amount every month with the **Reliant Predictable 12** plan.



Your paycheck stays the same every month. Now, your electricity bill can, too.

Sign up for this plan and enjoy:

- Electricity costs that stay the same year round
- Protection from seasonal bill spikes
- 24/7 customer service and support, online or by phone

See our in-store Reliant representative to enroll today.

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2015 ABACCUS REPORT

- ❖ Innovation will enable restructured electricity markets to move beyond pure commodity sales.
- ❖ Competition responds to customer demands, driving customer satisfaction.
- ❖ In jurisdictions where the utility is the primary billing agent, innovation, bundling of services, and discounting of commodity services are limited.

NON-COMMODITY INNOVATIONS ENABLED BY SCB

[Home](#) > [Shop](#) > [Security & Automation](#) > [Security](#) > [Overview](#)

Security by Reliant

More than security. Get total home protection from

With Security by Reliant, you get around-the-clock security 24/7 so your family and home are always protected. We offer a variety of products and services to fit your security needs. And Reliant electricity costs are as low as **\$200** a year on their electricity and security bills.²



Feel safer and in control of your home -



Call **1-844-219-6916** for more information, or

The right level of security for you

Choose the security package with the features and products that work best for you, from basic motion detection and remote system control to smart locks, thermostats and garage door openers.

All packages include 24/7 monitoring.

All packages include 24/7 monitoring.

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Home Solutions Essentials

Starting as low as

\$12.99 per month

[Terms and conditions](#)

Call **1-877-297-3454** to sign up

Bundle three protection plans together, and save up to 20% compared to purchasing them separately. With these plans, provided by Allied Warranty, if your wiring goes out — or if your electronics or small appliances are struck — you have help to offset a portion of those expensive repairs.

What this bundle includes

	Basic	Premium
Cost	\$12.99/month	\$16.99/month
AC/Heat Protect	\$250 per claim \$2,500 limit per year	\$500 per claim \$5,000 limit per year
Electric Line Protect	\$250 per claim \$2,500 limit per year	\$500 per claim \$5,000 limit per year
Surge Protect	\$500 in annual coverage	\$500 in annual coverage

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Hi, Heather Fout

Reliant Surge Protect
Help your wallet weather the storm of unexpected repairs.

1 IN 200 U.S. HOMES
IS STRUCK BY LIGHTNING ANNUALLY

Lightning strikes and power surges can cause costly damages to your electronics and appliances. But **Reliant Surge Protect**, provided by Allied Warranty, can help you weather the storm. It covers up to \$4,000 toward the repair or replacement of some of your home's damaged devices.

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Customer Care: 1-866-222-7100

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EGS BILL SAMPLE #1



an NRG company

P.O. Box 3765, Houston, TX 77253
Reliant Energy Retail Services, LLC (PUCT Certificate #10007)

FINAL INVOICE

Reliant Account: **999 999 999 999 - 9**
Referral ID: **IQB6UTE**

Billing Date: 06/17/2016	Date Due: 07/05/2016	Amount Due: \$334.02
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Account Information

Invoice Number: **999 999 999 999**
Customer Name: John Doe
Service Address: 1201 FANNINST
HOUSTON, TX 77002

Account Summary

Previous Amount Due	393.32
Payment	0.00
Balance Forward: Electricity	\$140.29
Balance Forward: Non-Electricity	\$253.03

Questions or comments? We're available 24/7

713.207.7777 or 1.866.222.7100
TDD Device for Hearing Impaired: 1.888.467.3542

Chat online at reliant.com

For outages or emergencies call CenterPoint Energy at 1-800-332-7143

Reliant Secure® 14 plan

23 Day Billing Period From 05/11/2016 To 06/03/2016

Energy Charge	106.78
LITE-LIP Discount	-55.67
CenterPoint Energy Delivery Charges	52.15
Gross Receipts Tax Reimbursement	2.05
Sales Tax 1%	1.05

Total Current Electricity Charges **\$205.96**

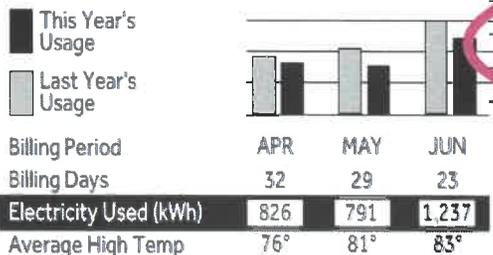
Essential Security	39.99
Period: 05/28/2016 to 06/27/2016	
Sales Tax on Non-Electricity Product(s)	3.30

Total Current Non-Electricity Charges **\$19.29**

Credit Balance from Billing Plan **-\$208.55**

AMOUNT DUE **\$334.02**

Electricity Usage Summary



*Temp Source: National Weather Service Region: Houston, Texas

Track your electricity usage and costs, review your history, see projected bill amounts and pay your bill online. Learn more at reliant.com/myaccount.

Thank you for being a valued customer. Your current plan is set to expire with the current billing period. Please call us at 1.866.RELIANT to discuss your plan options.

Understanding your bill:

Go to reliant.com/bill for easy how-to information.

TX 12
EAG0000016

EGS BILL SAMPLE #2



an NRG company

P.O. Box 3765, Houston, TX 77253
Reliant Energy Retail Services, LLC (PUCT Certificate #10007)

Reliant Account: 999 999 999 999 - 9		
Referral ID: IWBCA4T		
Billing Date: 09/15/2016	Date Due: 10/03/2016	Amount Due: \$ 133.91

Account Information

Invoice Number: **999 999 999 999**
Customer Name: John Doe
Service Address: 1201 FANNINST
HOUSTON, TX 77002

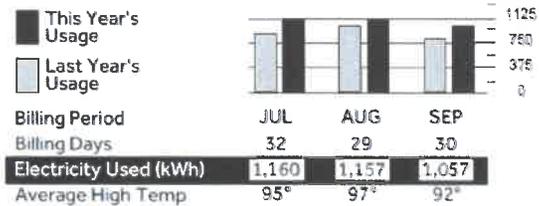
Questions or comments? We're available 24/7

713.207.7777 or **1.866.222.7100**
TDD Device for Hearing Impaired: **1.888.467.3542**

Chat online at reliant.com

For outages or emergencies call CenterPoint Energy at 1-800-332-7143

Electricity Usage Summary



*Temp Source: National Weather Service Region: Houston, Texas

Track your electricity usage and costs, review your history, see projected bill amounts and pay your bill online. Learn more at reliant.com/myaccount.

Account Summary

Previous Amount Due	93.42
Payment 09/06/2016	-93.42
Balance Forward	\$0.00

Reliant Get More, Save More 12 plan

30 Day Billing Period From 08/09/2016 To 09/08/2016

Base Charge		6.95
Energy Charge	1,000 kWh @ \$0.051000/kWh	51.00
Energy Charge	57 kWh @ \$0.026000/kWh	1.48
CenterPoint Energy Delivery Charges		51.16
Gross Receipts Tax Reimbursement		2.21
Sales Tax 1%		1.13

Total Current Electricity Charges \$113.93

Reliant Electric Line and Surge Protect (\$2000) Period: 08/16/2016 to 09/15/2016	9.99
Reliant AC/Heat Protect (\$500) Period: 08/16/2016 to 09/15/2016	9.99

Total Current Non-Electricity Charges \$19.98

AMOUNT DUE \$133.91

Understanding your bill:

Go to reliant.com/bill for easy how-to information.

EAG03218 TAG

BENEFITS TO PENNSYLVANIA'S ECONOMIC GROWTH

- ❖ Governor Wolf's "One Stop Shopping for Businesses" – demonstrates commitment to economic growth
- ❖ Expanded and diversified product offerings
- ❖ Bundled products and services
- ❖ Economic growth in PA through increased investment in PA

OPERATIONALIZING SCB IN PA

- ❖ SCB is already “business as usual” for EGS Coalition
 - Modify systems in use in other states to reflect the PA rules and market
 - Revise the rules as necessary to accommodate SCB (Chapter 56 – NRG’s comments may be used as straw proposal)
 - Maintain existing PA consumer protections - for bills, payment arrangements and disconnection of service

- ❖ Electronic Data Interchange (“EDI”) is the key
 - Reversal of existing EDI transactions
 - Many EDI transactions have been developed by EDEWG
 - Create new EDI transactions as necessary

CLEAR POLICY DIRECTION

- Implementation will require work but none of the tasks are insurmountable, which the PUC has recognized
- Workgroups can address implementation details:
 - Rule changes
 - Supplier coordination tariffs
 - Can start with PPL's website:
<https://www.ppelectric.com/utility/about-us/for-generation-suppliers/electric-generation-supplier-coordination-tariff/table-of-contents/competitive-billing-specifications-rider.aspx>
 - Revisions of creation of EDI transactions
- Imperative that Commission provide clear direction on policy so that debates center on how to implement, not what to implement

SCB TRANSACTION FLOW



Customer

Receives bill from Supplier and pays Supplier



Utility

Sends Supplier customers' monthly usage (867) and invoice for utility's charges (810)



Supplier

Matches usage with invoiced charges and calculates its supply charges



Utility

Receives confirmation of accounts receivable offset from Supplier (820) and applies offset to customer account balances.



Supplier Bank

Receives payment instructions from Supplier and sends payment to Utility Bank (820)



Utility Bank

Receives payment from Supplier Bank and deposits payment (820)



Utility

Receives confirmation from Utility Bank (820)

DIRECT ENERGY BILL

The screenshot shows a Direct Energy bill with the following sections:

- Account Information:** Account Number: 135, Customer Name: NO, Service Address: 540, Invoice Number: 115, Bill Date: Au, Service Period: Jul, Referral ID: CB.
- Important Messages:** A callout box highlights a message about a "CRITICAL HEALTH NEED" regarding medical devices. The message text is: "CRITICAL HEALTH NEED: Does someone in your home have a serious health condition that requires an electric powered medical device? You may qualify for Critical Care or Chronic Condition protection through your utility. Please contact us today at 1-888-305-3828. Visit our website at www.directenergy.com/wecare or call 211 for information about nonprofit agencies near you that may provide assistance paying your electric bill."
- After Due Date:** \$173.51
- Table of Charges:**

	\$131.17
	\$131.17 CR
	\$0.00
	\$79.48
	\$4.95
	\$78.18
	\$1.75
	\$0.89
	\$165.25
Total Current Charges	\$165.25
Total Amount Due	\$165.25
- Your Electric Usage:** A callout box points to this section.

- ❖ Individualized Billing Messages:
- ❖ DE has over 30 messages that can be added to customer bills
- ❖ Messages tailored to an individual customer:
 - *Education*—Usage reduction
 - *Reminders*—End of contract reminders
 - *Customer Service*—Payment arrangement information
 - *Promotions*—"Refer a friend" and other incentives

BAD DEBT MANAGEMENT PROPOSAL

- ❖ SCB supplier will purchase full value of utility receivables (i.e., no discount), post security with, and indemnify the EDC
- ❖ SCB supplier responsible for collecting all charges from the customer (transmission, distribution, supply, non-commodity charges)
- ❖ SCB supplier *initiates* the service termination process with EDI transaction (e.g., 650-01)
- ❖ EDC physically disconnects customer for non-payment after proper notice period
 - Disconnection permitted for non-payment of commodity charges only
 - EDC can reject disconnection request if the legal criteria in Chapter 14 (medical certification, winter moratorium, etc.) have been met
- ❖ Chapter 56 billing and collections consumer protections apply to EGSs
- ❖ LIHEAP/CAP customers ineligible for SCB

THE ABILITY TO MANAGE BAD DEBT EXPOSURE IS ESSENTIAL

- ❖ SCB EGSs take on significant risk for credit and collections for both their own and EDC charges
- ❖ SCB EGSs must have access to the same bad debt management tools utilized by the EDCs for the same reasons the EDCs require them
- ❖ Dropping non-paying customers to default service is not sufficient
 - Some customers motivated to pay only in response to disconnection notices
 - Simply dropping a customer to default service teaches customers that they do not have to pay suppliers
- ❖ Shopping customers are subject to disconnection for non-payment (DNP) of supplier commodity charges through UCB/POR today
 - Enabling DNP of commodity charges for SCB maintains billing/collection parity between EDCs and EGSs
- ❖ SCB EGSs have no incentive to abuse their DNP authority
 - EGSs expend significant resources to acquire their customers and want to keep them
 - PUC rules (§56.99) prohibit the use of DNP notices as a mere threat

DISCONNECTION FOR NON-PAYMENT CAN BE PHASED IN

- ❖ PUC establishes a timeline for the phase-in of SCB disconnection for non-payment authority (6 – 12 months *post* implementation of SCB)
- ❖ SCB suppliers and EDCs collaborate to fully test:
 - EDI transactions – disconnect/reconnect
 - Transaction timing protocol compliance
 - Mock disconnect/reconnect exercises
- ❖ SCB EGSs provided access to payment and termination history of their customers
- ❖ ECL updated to denote all CAP and LIHEAP customers
- ❖ SCB EGSs provide quarterly (confidential) reports to PUC on DNP/RNP activity

DNP TRANSACTION FLOW

- ❖ SCB EGS submits an EDI 650-01 transaction to the EDC – and in doing so certifies that the customer has:
 - met the criteria for authorized termination found in §56.81 (1),(2) and (4), and that
 - the criteria of §56.83 do not apply, and that
 - Dispute Procedures have not been triggered
- ❖ EDC
 - Verifies termination is permitted by Chapter 14
 - Initiates customer notice procedure (10-day, 3-day notice, etc.)
 - Performs service disconnection
 - Sends EGS DNP request completion confirmation

Disconnection for Non-Payment Transaction Flow (as proposed)



Supplier

Sends DNP notice to Customer and DNP request (650-01) to Utility which includes all outstanding balance due.



Customer

Receives DNP notice from Supplier stipulating action required to avoid service termination.



Utility

Receives Supplier's DNP request (650-01) and performs validation.



Utility

Either rejects termination per rules, or



Utility

Begins termination process.



Customer

Receives 10-day termination notice from EDC, followed by a 3-day termination notice from EDC.



Supplier

Receives DNP request completion confirmation from Utility.



Utility

Performs service disconnection (physically or remotely).

Reconnection for Non-Payment Transaction Flow



Supplier

Sends RNP notice to Utility (650-01)



Utility

Receives Supplier's RNP request (650-01) and completes reconnection (physically or remotely)



Supplier

Receives confirmation of RNP request (650-02) from Utility

RESPONSES TO ISSUES RAISED BY STAKEHOLDERS AND PUC

Issue	Response
PUC Authority to Implement	<ul style="list-style-type: none"> • Section 2802(16) envisions the EDC continuing in a monopoly role only for transmission and distribution • Section 2804(3) expressly authorizes the unbundling of services other than generation and T&D • Section 2807 permits the customer to choose a billing option • Section 2809(e) imposes responsibility on EGSs providing billing services and other customer service functions to do so in full compliance with Chapter 56
Disconnection for Nonpayment	<ul style="list-style-type: none"> • Chapter 14 permits termination of service by EDC for “non-payment” and does not specify that the customer must owe the EDC money in order for termination to occur • PUC could promulgate regulations providing for utilities to act as agents for suppliers
Necessity for EGS To Initiate Termination Process	<ul style="list-style-type: none"> • EGSs need the ability to initiate termination process for valid Chapter 14/Chapter 56 reason <ul style="list-style-type: none"> • Threat of termination is a powerful tool to encourage payment by customers • Just like utilities, EGSs need to avoid requiring other customers to pay those amounts • Dropping a customer back to default service does not resolve the non-payment issue • The ability to initiate the termination process can be phased in
Adequacy of Termination Safeguards	<ul style="list-style-type: none"> • EDC would continue to make the decision on whether the termination is authorized by Chapter 14/56 • EDC would continue to issue termination notices • EDC would continue to handle physical disconnection, following existing checklists
Assurance of Compliance with Consumer Protections	<ul style="list-style-type: none"> • Customary for the PUC to require applicants to certify that they will comply with all applicable requirements • PUC order granting SCB supplier authority would require such compliance • PUC has enforcement powers to impose civil penalties and suspend/revoke licenses for failure to comply with regulations or orders

RESPONSES TO ISSUES RAISED BY STAKEHOLDERS AND PUC

Issue	Response
Timely Exchange of Information Between EDC and EGS	<ul style="list-style-type: none"> • Through EDI, extensive information is timely and accurately exchanged on a continuous basis between EGSs and EDCs today for enrollments, billing, etc. • EDEWG has already developed numerous EDI transactions for SCB in PA • Texas EDI transactions for SCB can be adapted for use in PA
Compliance with Chapter 14 and Chapter 56	<ul style="list-style-type: none"> • PUC already requires EGSs to comply with Chapter 56 • As a condition of participating in SCB, the PUC may impose requirement on EGSs to comply with Chapter 14 provisions, including those related to payment arrangements, termination, and reconnection
Customer Service Functions	<ul style="list-style-type: none"> • Public Utility Code does not exclusively place handling of customer service functions on utility • Viewing customer service functions as being provided only by the utility is an outdated way of thinking • In 2018, customers should have ability to receive a bill from the supplier they chose and interact with that supplier with any questions or disputes regarding the bill
Ability of PUC to Require EGSs to Purchase Accounts Receivables	<ul style="list-style-type: none"> • PUC can impose any conditions on participation in SCB as it believes are in the public interest • Requiring EGSs to purchase accounts receivables from the EDCs is no different than any other condition
Costs of SCB	<ul style="list-style-type: none"> • PECO estimated IT and call center costs of \$4.6million • Average one-time cost per customer of \$3.00 • Four utilities already agreed to SCB during restructuring and two still have tariff provisions in place
Possible Customer Confusion	<ul style="list-style-type: none"> • SCB supplier enrollment materials and contracts will clearly explain • Customers are confused now by choosing a supplier but continuing to be billed by the utility • Consumer education

DIVERSE STAKEHOLDER SUPPORT OF SCB

SCB creates “a truly level playing field where the customer has the choice of who provides the bill”

Shiple Energy

“The lack of SCB has prevented Pennsylvania consumers from realizing the full benefits of electricity choice”

WGL Energy

“SCB is one of the key building blocks for success of a truly competitive market”

AEMA

“when the customer-supplier relationship is strong, the supplier is acutely attuned to the needs of its customers”

Inspire



CONTACT US

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