

verdeenergyusa

VIA FEDERAL EXPRESS

December 13, 2011

Ms. Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O.Box 3265
Harrisburg, PA 17105-3265

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DEC 13 2011

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Re: Interim Guidelines Regarding Standards For Changing a Customer's Electricity Generation Supplier - Docket No. M-2011-2270442 - Comments of Verde Energy USA, Inc.

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Verde Energy USA, Inc. ("Verde") are an original and five (5) copies of Verde's comments to the Tentative Order entered on November 14, 2011, at the above-referenced docket. A copy of these comments has also been submitted electronically to the Office of Competitive Market Oversight at ra-OCMO@state.pa.us.

If you have any questions regarding the enclosed comments, please call me at 203-663-5702.

Respectfully submitted,


Tony Menchaca

Enclosures

cc: Office of Competitive Market Oversight

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Interim Guidelines Regarding Standards : DOCKET NO. M-2011-2270442
For Changing a Customer's Electricity : December 14, 2011
Generation Supplier :

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COMMENTS OF VERDE ENERGY USA, INC.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I. Introduction

On November 14, 2011, the Pennsylvania Public Utility Commission (the "Commission") entered an order inviting comments on its proposed interim guidelines to facilitate the timely transfer of a customer's account from an electric distribution company ("EDC") to a competitive electric generation supplier ("EGS" or "Supplier") or from one EGS to another while preserving consumer protection safeguards.

The Commission's Office of Competitive Market Oversight ("OCMO") developed the proposed Interim Guidelines for which the Commission now seeks comments regarding:

- a. the interim guidelines set forth in Appendix A;
- b. the sample Customer Notification Letter in Appendix B;
- c. the costs that will be incurred and any savings that might be realized in implementing the proposed Interim Guidelines;
- d. consumer education;
- e. smart meter switching.

In accordance with the Commission's request for specific comments, Verde Energy USA, Inc. ("Verde") respectfully submits these comments. Verde appreciates the opportunity to assist the Commission in streamlining more efficient customer switches and enabling customers speedier access to energy savings.

II. Background on Verde

Verde is a wholly-owned subsidiary of Verde Energy USA Holdings, LLC ("Verde Holdings"). Verde Holdings owns other entities which also operate as retail electric suppliers in other jurisdictions (collectively the "Verde Energy Group of Companies").

Verde has been granted market-based rate authority by the Federal Energy Regulatory Commission ("FERC") and is a buyer and seller of wholesale electricity and capacity.

Verde is an electric generation supplier ("EGS"), licensed by the Commission to serve Residential, Commercial and Industrial customers in all utility territories in the Commonwealth pursuant to Docket No. M-2009-2082042. In addition, Verde operates as retail electric supplier in Connecticut and New Jersey, and the Verde Group of Companies has expanded retail operations to Illinois and recently applied for certification to serve retail customers in Ohio. Verde's customers have saved more than \$12 million in more than two years of operations. Verde has been a consistent advocate in these markets in encouraging regulatory policies and procedures that promote efficiency and reductions of unnecessary roadblocks to unlock customer access to energy savings.

Verde's experience in different markets affords it unique and valuable perspectives on the implementation of the proposed guidelines. As a supplier of retail electric power in the Commonwealth, the Commission's proposed interim guidelines present important issues which directly affect Verde's business interest in Pennsylvania.

III. Verde's Comments

Verde commends the Commission for issuing this Tentative Order for Comment as part of its ongoing efforts to promote the expansion of and improvements to the retail electric energy market in Pennsylvania. The Commission's Tentative Order recognizes that competitive retail markets are the best way for Pennsylvania consumers to receive the most reliable and affordable electric products and services from suppliers who are positioned to meet customers' individual needs. The Tentative Order also importantly recognizes that "customer opinion is the key to the success of any retail market."¹

a. Interim Guidelines - Appendix A

Verde supports the proposed interim guidelines as set forth in Appendix A of the Tentative Order to the extent that these guidelines will promote Pennsylvania's competitive retail electricity market.

Verde believes, however, that the Commission's proposed Interim Guidelines E, F and K may not be an efficient method to eliminate the 10-day waiting period because requiring an EGS to proactively gather information from the EDC relating to a potential customer's meter read date and the switching deadline will require both the EGS and the EDC to complete a two-step process that will result in potentially wasted resources and a delay in the customer's enrollment with the EGS. Pursuant to Interim Guidelines E, F, and K, the EDC will gather the information and relay it to the EGS and then it will be the EGS's responsibility to process that information and then relay it to the customer and then back to the EDC for switching.

Verde believes that the Customer Notification Letter should detail the date that a customer's meter will switch to the EGS they have selected. This information can easily be

¹Tentative Order, p. 2.

incorporated into the proposed wording while still accomplishing the Commission's goal of directing customers to the EGS.

In relation to disputes, Verde respectfully requests that the Commission give guidance on its definition of "reasonable costs" as it relates to compensating EDCs or DSPs for the rescission of customer account transfers pursuant to Interim Guideline M.

b. Sample Customer Notification Letter - Appendix B

Verde supports the wording of the Commission's Customer Notification Letter to the extent that such wording will eliminate customer confusion and promote competition as an EGS will now have the opportunity to have direct contact with an undecided customer and the opportunity to clarify any misconceptions about its services and product.

Verde believes, however, that the Customer Notification Letter should still be the instrument by which customers are informed about their switching date because information related to the customer's meter read date and the switching date is within the sole purview the EDC. Under these proposed interim guidelines, the EDC will still have the obligation to gather the customer's information in order to inform the EGS about the meter read date and the switching date, and accordingly, such information should be included in the Customer Notification Letter that the EDC will also still have the duty to send to customers.

c. Verde's Anticipated Costs to be Incurred and Savings to be Realized Under the Proposed Interim Guidelines

Verde believes that there will be considerable costs incurred by both EDCs and EGSs in constructing reliable information channels to gather the meter read date and switching date data for each customer from the EDCs, the EGSs to process the information and to then reliably and consistently inform potential customers about their switching dates.

d. The Commission's Proposed Enhanced Consumer Education Initiatives

Verde supports all of the Commission's proposed enhanced consumer education initiatives. Verde particularly agrees with the Commission's proposal to provide more information on its website, PaPowerSwitch.com, specifically with regard to targeted questions customers should ask EGSs about switching time frames and effective dates for the transfer of accounts. Verde, like other EGSs, invests significantly in training customer service personnel to provide an overview of the switching process to potential customers, however, customers have individualized needs that may not be included in the EGS's sales script and which may lead to customer frustration later when an EGS's electric product does not cover those particular needs - targeted and informed questions will help to alleviate that frustration.

e. Smart Meter Switching

Verde agrees with the Commission that smart meter switching is the ideal in a retail electric marketplace and Verde looks forward to improvements as EDCs begin implementing smart meters within their systems. Verde believes, however, that in the meanwhile the Commission has demonstrated a commitment to the retail competitive electric market that will encourage EDCs to invest in redesigns of their systems to accommodate smart metering that will improve consumer satisfaction and make the competitive retail market worthwhile for all players - EDCs, DSPs and EGSs alike.

IV. Conclusion

Verde appreciates this opportunity to submit its Comments to the Commission. Verde hopes that its recommendations are helpful to the Commission and will promote continued development of the Commonwealth's competitive retail electric supply market, for the ultimate benefit of Pennsylvania's consumers. Verde looks forward to the implementation of revised Interim Guidelines which will reconsider how to eliminate the 10-day window without creating additional costs for EDCs and EGSs, and thanks the Commission for its commitment to laying the regulatory framework for a vibrant marketplace.

