

**STATE OF MARYLAND
PUBLIC SERVICE COMMISSION**

**In the Matter of the Petition of NRG Energy,)
Inc., Interstate Gas Supply, Inc., Just Energy)
Group, Inc., Direct Energy Services, LLC)
and ENGIE Resources LLC for)
Implementation of Supplier Consolidated)
Billing for Electricity and Natural Gas in)
Maryland.)**

Case No. 9461

**COMMENTS OF THE
NATIONAL ENERGY MARKETERS ASSOCIATION**

The National Energy Marketers Association (NEM)¹ hereby submits comments in support of the September 7th “Petition for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland” [hereinafter “Petition”] filed by NRG Energy, Inc., Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, and ENGIE Resources LLC [hereinafter “Petitioners”]. The Petition specifically requests that the Commission issue an Order that:

- (1) “mandates the implementation of Supplier Consolidated Billing (“SCB”) as a billing option available to customers of competitive licensed retail electricity and natural gas suppliers by June 30, 2019, at the latest;
- (2) adopts specific policy recommendations and elements that should be included in the SCB option being mandated for Maryland; and

¹ The National Energy Marketers Association (NEM) is a non-profit trade association representing both leading suppliers and major consumers of natural gas and electricity as well as energy-related products, services, information and advanced technologies throughout the United States, Canada and the European Union. NEM's membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, global commodity exchanges and clearing solutions, demand side and load management firms, direct marketing organizations, billing, back office, customer service and related information technology providers. NEM members also include inventors, patent holders, systems integrators, and developers of advanced metering, solar, fuel cell, lighting and power line technologies.

(3) establishes a rulemaking proceeding and working groups to facilitate the drafting of new and revised COMARs needed to implement SCB.”

As explained in further detail below, NEM strongly supports the request made by Petitioners for the implementation of supplier consolidated billing (SCB) as a billing option for customers of competitive electric and natural gas suppliers in Maryland. SCB allows competitive suppliers to significantly enhance the nature and quality of the relationship with their customers and also enables competitive suppliers to offer an expanded array of innovative products and services that utility consolidated billing simply does not accommodate. The time is now to usher in the next era of competitive energy products and services, as made possible by SCB.

I. Supplier Consolidated Billing Enhances the Supplier-Customer Relationship and Enables Innovative Product Offerings

Suppliers value highly the ability to have control of the customer interface and the presentation of their products as is made possible with supplier consolidated billing. By contrast, the current format of utility consolidated bills offers very limited ability for suppliers to include relevant information for their customers. Supplier consolidated billing would provide suppliers with the improved ability to communicate with their customers and offer increased innovation in their product offerings, thereby making the bill and competitive offerings more consumer-oriented as a result. This is a significant benefit for choice customers. Customers, particularly in the residential and smaller commercial classes, generally prefer a single bill and single point-of-contact. In markets where customers are selecting from a variety of providers and commodity products, it makes the most sense for the billing entity and point-of-contact to be the entity selected by the customer to provide the commodity service.

Suppliers currently operating in jurisdictions such as Texas and Georgia have already made significant investments in billing infrastructure to provide supplier consolidated billing. It is clear from the suppliers’ performance of the billing function in other jurisdictions that they possess the experience, expertise and operational capability to provide supplier consolidated billing for Maryland consumers as well. Indeed, the approval of supplier consolidated billing may facilitate market entry by suppliers to operate and do business in Maryland that are not already doing business in the State.

The Texas electric market provides a compelling example of the type of product innovations that competitive suppliers can offer via supplier consolidated billing. As detailed in the 2017 Scope of Competition in Electric Markets in Texas Report² prepared by the Public Utility Commission of Texas, “[a]s of September 2016, 109 REPs were operating in ERCOT, providing 440 total unique products, 97 of which solely support electricity generated from 100% renewable sources.”³ The Report provides further detail on residential supplier participation and the number of product offerings by utility service territory as shown below:

Number of REPs and Products Serving Residential Customers, September 2016⁴

TDU Service Territory	Residential Suppliers	Number of Products
AEP Central	52	355
AEP North	49	295
CenterPoint	55	400
Oncor	55	390
Sharyland – McAllen	14	103
Sharyland Utilities	22	155
TNMP	49	320

² Available at: http://www.puc.texas.gov/industry/electric/reports/scope/2017/2017scope_elec.pdf

³ 2017 Scope of Competition in Electric Markets in Texas Report, at page 2.

⁴ Id. at page 3, Table 1.

The PUCT's Power to Choose website, accessible at www.powertochoose.org, displays the plethora of supplier product offerings that are currently available.

Consumer education and outreach efforts, value-added services, and customer-selected billing services are primarily delivered through customer bills. To a large extent, given the invisibility of electrons and natural gas particles and the infrequency of face-to-face interactions with the entity providing energy service, the consumer's perception of the product and service received is embodied in the bill itself. Enabling suppliers to render consolidated consumer bills is critical beyond the mere delivery of a bill because of the simple fact that it is impossible for suppliers to provide a full range of innovative, competitive energy services without relaying that information in the form of flexible, supplier- or even consumer-specific correspondence. Examples include the customer's purchase of green energy and the retirement of renewable energy credits, demand response products, time of use rates, usage history over time, levelized billing, tiered rates, and other non-commodity products and services that can be bundled and paid for along with energy supply such as smart thermostats, home services warranties and maintenance plans, security system subscriptions and a myriad of others. The customer's ability to take control over their service and usage is largely dependent on the billing entity's ability to communicate through bills and even to customize bills to suit the customer with customer-selected products and services.

II. The Petitioners Proposed Implementation Plan Presents a Comprehensive and Reasonable Path to Proceed with Supplier Consolidated Billing

The Petition proposes a detailed plan for SCB implementation. In brief, the proposed plan would require:

- 1) enhanced supplier qualifications, including more stringent financial requirements and demonstration of the technical capability to perform billing and customer relations functions;

- 2) supplier purchase of utility receivables at a zero discount rate and without recourse, and supplier responsibility for collections;
- 3) supplier ability to direct the utilities to initiate customer disconnection for nonpayment;
- 4) supplier ability to request deposits from customers in order to manage bad debt exposure; and
- 5) supplier flexibility to display the utility charge as a single, combined price for all energy consumed during the billing period, with the option of absorbing distribution rate increases, in order to offer a flat bill product.

NEM submits that the proposed implementation plan presents a comprehensive approach to implementing SCB that accomplishes the goals of ensuring consumer protections while also allowing participating suppliers to manage the risks associated with SCB. Indeed, the proposed plan would not only ensure current consumer protection requirements are satisfied, but through enhanced SCB supplier qualification requirements, would increase the level of consumer protection being provided. The proposed plan recognizes that under SCB, the supplier takes responsibility for the utility delivery portion of the bill. In other words, the supplier assumes the risk of nonpayment. The proposed plan would permit participating suppliers to properly manage this risk (the utilities are currently permitted to collect for customer bad debt in its rates), by appropriately providing suppliers with payment collection tools, i.e., the ability to issue a disconnect request to the utility for nonpaying customers and to request customer deposits. As proposed under SCB, the utility would retain its traditional delivery service responsibility for performing physical customer connection/disconnection.

NEM offers one clarification of the proposed qualification requirements. The proposal would require the *participating supplier* to have at least 5 years of experience serving customers in Maryland or other competitive gas or electricity markets; have experience serving at least 25,000 residential electricity or natural gas customers in Maryland or other competitive electricity or

natural gas markets; and have at least 5 years of experience or the equivalent with handling call center operations, complaint functions; and billing, credit and collections functions, which could be satisfied by third party entity. NEM wishes to clarify that suppliers should be able to meet the foregoing requirements by hiring corporate personnel who have sufficient experience. In other words, as long as one or more of a supplier's managers or executives have the relevant experience, there should be no requirement that the supplier as an entity itself has existed and performed these functions for the required period of time. Otherwise, new market entrants to Maryland would be precluded from offering SCB and its attendant benefits to consumers even if the supplier's founders, executives, and senior managers have years of relevant experience.

III. The Petitioners Proposed Timetable for SCB Implementation Should be Adopted

The Petition includes a proposed timetable for SCB implementation, including milestones for rulemaking activities, technical work on communications exchange between suppliers and utilities, and compliance activities. The proposed timetable is as follows:

- Order directing utilities to implement SCB by May 31, 2019, and commencing rulemaking and establishing working groups - January 31, 2018
- SCB stakeholder working group to submit proposed new and revised rules for the Commission's consideration in the rulemaking proceeding - April 30, 2018
- Hearing in rulemaking to publish new/revised rules in August 2018 June/July 2018
- Adoption/publication of final rules – by December 2018
- EDI/XML working group - On-going
- SCB stakeholder working group development of model tariffs, supplier/utility agreements, consumer education, etc. - On-going
- Commission approval of compliance plans – by March 31, 2019
- SCB implementation - June 30, 2019

NEM supports the Petitioners request for the Commission to delineate a clear structure to the stakeholders for SCB implementation. Moreover, NEM believes the timetable is reasonable to achieve because it recognizes and leverages suppliers experience with SCB in other jurisdictions, existing rule, tariff and transaction standards that have been developed, as well as Maryland utility technological capability that already exists. The adoption of the proposed timetable will also provide suppliers with the regulatory certainty necessary to develop and offer SCB-enabled products and services to consumers.

IV. Conclusion

NEM appreciates this opportunity to offer its comments in support of the Petition for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland.

Respectfully submitted,

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