



National Energy Marketers Association

Retail Issues List January 2005*

The following is a compilation of issues on which NEM has been or may be called upon to express an opinion in the course of its advocacy. In order to properly represent its members, each member company is requested to express its opinion on the questions listed here and to add as many additional issues or comments as appropriate.

Has NEM's position changed on its retail-related National Policy Papers?

- **National Guidelines for Restructuring the Electric Generation, Transmission and Distribution Industries**
<http://www.energy marketers.com/Documents/FinalElectricityPaper.pdf>
- **National Guidelines for Unbundling and Restructuring the Natural Gas Distribution Function**
<http://www.energy marketers.com/Documents/FinalGasUnbundlingPaper.pdf>
- **National Guidelines for Designing and Pricing Default Energy Suppliers**
<http://www.energy marketers.com/Documents/FinalDefaultPaper.pdf>
- **Uniform Code of Conduct for Regulated and Unregulated Suppliers of Energy and Related Services and Technologies**
<http://www.energy marketers.com/Documents/FinalUCC.pdf>
- **Tax Policy Guidelines for Energy Restructuring**
http://www.energy marketers.com/Documents/Tax_Policy_Guidelines.PDF

What should NEM's priority be on the following issues:

1. Exiting the Merchant Function
2. Gas Cost Recovery Mechanisms
3. Market Transition Plans
4. Customer Acquisition Costs
5. Creditworthiness Requirements
6. Affiliate Relations
7. Do Not Call Lists
8. Aggregation
9. Customer Service Agmt Renewals
10. Green Power Issues
11. Low Income Customers
12. Taxation

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- 1. Should NEM arrange meetings/conference calls with:**
 - a. State officials**
 - b. State Commissioners**
 - c. State Commission Staff**
If so, which ones?
- 2. Market Transition Plans**
 - a. Who would volunteer to be on a Collaborative Strategic Group to identify and negotiate market transition designs to full exit from the merchant function?**
 - i. Which utilities should be invited?**
 - b. An incremental, phased approach can be taken to achieve a successful competitive market and a gradual utility exit from competitive functions. Does the following seven-step roadmap, adequately described the necessary steps? What steps should be added/removed?:**
 - i. Step 1 - introduction of competitive commodity suppliers as an alternative to the current utility;**
 - ii. Step 2 - assess and analyze the effectiveness of the competitive program introduced in Step 1;**
 - iii. Step 3 - make modifications to the program to correct the impediments identified in Step 2;**
 - iv. Step 4 - Commission identifies the market end state;**
 - v. Step 5 - implement accelerated migration strategies to encourage customer switching;**
 - vi. Step 6 - partial exit (for certain classes of customers) by the utility from the merchant function; and**
 - vii. Step 7 - complete exit by the utility from the merchant function.**
 - c. What is NEM's position on the following accelerated migration strategies? Does NEM's position depend on the stage of market development and/or other factors?**
 - i. Market-based pricing**
 - ii. Purchase of receivables**
 - A. What constitutes a reasonable discount rate?**

- iii. **O&R Power Switch program (utility customer service representatives enroll interested customers with marketers, marketers agree to provide guaranteed discount for an introductory period)**
 - iv. **Realistic back-out credits**
 - v. **Migration incentives**
 - vi. **Auctions (opt-in/opt-out)**
 - vii. **Assignments based on existing migration levels**
 - viii. **Utility outreach and education**
- d. What should constitute a “workably competitive” market?**
- 3. Should NEM engage in a Quantitative Analysis in Support of Competitive Markets? What issues would be implicated by such an analysis?**
- a. Market dynamics and structure - minimum necessary market attributes necessary to support the competitive investment of capital despite a utility's retention of the POLR function (e.g., number of viable customers, business rules, processes, tariff and non-tariff barriers);**
 - b. Economics of serving customers - issues that determine whether a specific customer or class of customers is marginally economic or uneconomic to serve (e.g., date certain, accounts receivable, size of customer, price to compare, telemarketing, minimum stays, back office issues);**
 - c. Transitioning utilities out of the merchant function –**
 - i. how can we provide regulators and legislators with political comfort to adopt a "retail" model or variants,**
 - ii. "wholesale" model variants that can sustain a transition to a "retail" model and end-state of a complete exit.**
- 4. Customer Service Agreement Renewals**
- a. What is NEM's position on requiring notice of expiration of customer service agreements?**
 - b. If notice is required, what is NEM's position on how many notices are appropriate and when?**
 - c. If notice is required, what is NEM's position on how long notices should be provided?**

- d. **What is NEM's position, in the event of the absence of a customer's express agreement, whether renewal of fixed price agreements should automatically convert to a monthly variable priced agreement?**
- 5. **Creditworthiness Requirements**
 - a. **What are relevant creditworthiness requirements factors? What are acceptable methods of meeting creditworthiness requirements?**
- 6. **Aggregation**
 - a. **What is NEM's position on meter aggregation?**
 - b. **What is NEM's position on customer aggregation?**
 - c. **What is NEM's position on opt-out municipal aggregation?**
- 7. **Affiliate Relations**
 - a. **What is NEM's position on the use of utility name and logo by affiliates?**
- 8. **Core and Non-Core Customers**
 - a. **What is NEM's position on the definition of "core" customers for whom utility safety net service could be mandated?**
 - b. **What is NEM's position on the definition of "non-core" customers?**
- 9. **Low Income Customers**
 - a. **What is NEM's position on how to design programs to competitively address low-income needs?**
- 10. **What is NEM's position on whether there is any reason that marketers should be classified as "utilities"?**
- 11. **Green Power Issues**
 - a. **How should Renewable Portfolio Standards be implemented with respect to competitive suppliers?**
 - b. **What is NEM's position on energy efficiency issues?**
 - c. **What is NEM's position on demand side management issues?**
- 12. **Taxation**
 - a. **What is NEM's position on state gross receipts taxes and sales taxes?**

13. Do Not Call Lists

- a. How can opt-out customer lists or other measures be proposed and implemented within the requirements of state and federal Do Not Call lists?**

Please note that this is a partial list of issues. Please add any issues that you think are important as this list is intended to be updated regularly.