**STATE OF NEW JERSEY**
**BOARD OF PUBLIC UTILITIES**

**In the Matter of the Petition of**
**Public Service Electric and Gas Company**
**for**
**Approval of its Clean Energy Future Electric Vehicle and Energy Storage ("CEF-EVES") Program on a Regulated Basis**

**BPU Docket No. EO18101111**

# REBUTTAL TESTIMONY
# OF
# TERRENCE J. MORAN
**DIRECTOR OF ENERGY SUPPLY ACQUISITION AND OPERATIONS**

**October 16, 2020**

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
**REBUTTAL TESTIMONY**
**OF TERRENCE J. MORAN**
**DIRECTOR OF ENERGY SUPPLY**
**ACQUISITION AND OPERATIONS**

**Q. Please state your name, affiliation and business address?**

A. My name is Terrence J. Moran and I am the Director of Energy Supply Acquisition and Operations for Public Service Electric and Gas Company ("PSE&G" or "Company"). My principal place of business is 80 Park Plaza, Newark, New Jersey 07102.

**Q. Please describe your responsibilities as Director of Energy Supply Acquisition and Operations?**

A. In this position I have, among other things, the responsibility for PSE&G's energy supply functions inclusive of Basic Gas Supply Service, Basic Generation Service, Non-Utility Generation policy, Energy Supply Administration, Energy Settlements, and Retail Choice operations. Included in these responsibilities are the policies and operations related to data provision to Third Party Suppliers ("TPS"), the load settlement process, and policies related to retail choice (including customer billing options). My credentials are fully set forth in Schedule TM-CEF-EVES-1 of this testimony.

**Q. Have you previously testified in proceedings before the New Jersey Board of Public Utilities ("Board" or "BPU")?**

A. Yes. I have both submitted testimony and testified before the BPU in a number of proceedings that are identified in Schedule TM-CEF-EVES-1 of this testimony.

**Q. What is the purpose of your rebuttal testimony in this proceeding?**

A. The purpose of my rebuttal testimony is to address the Market Participants'[1] witness Brendan Donnelly's position that Supplier Consolidated Billing ("SCB") is required in order for suppliers to offer on-bill financing, and "if PSE&G is permitted to offer EV products and services,"[2] the Company should be prohibited from offering on-bill financing and instead should be required to implement SCB, in lieu of investments in its billing system to enable on-bill financing of EV products and services.

In summary, my response is that SCB: is not required for suppliers to offer on-bill financing; is not directly related to the Company's CEF-EVES proposal; and is complex and requires additional analysis, and is therefore more appropriately considered in a state-wide proceeding outside of this case. Further, the subject of consolidated billing in general has been thoroughly vetted over the past twenty years in retail access related processes involving many stakeholders. Any future consideration for SCB should be considered in that type of forum.

**Q. Please summarize the Market Participants' SCB proposal?**

A. Market Participants recommend that "if PSE&G is permitted to offer EV products and services … the Board should prohibit PSE&G from utilizing on-bill financing for EV products and services" and instead require PSE&G to modify its billing system and implement SCB. Mr. Donnelly states that "under SCB suppliers would issue a single, consolidated bill to their retail customers containing all of their charges, as well as PSE&G's distribution charges." Mr.

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[1] The Market Participants' Direct Testimony is offered on behalf of Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, and Gateway Energy (collectively, "Direct Energy"), NRG Energy, Inc. ("NRG"), Just Energy Group, Inc. ("Just Energy") and Centrica Business Solutions. Donnelly Direct Testimony, at page 3.
[2] Donnelly, at 12.

Donnelly further claims that "if SCB is implemented by PSE&G and suppliers could offer customers on-bill financing for products and services, the Market Participants would be on equal footing with PSE&G on this issue."[3]

**Q. Does the Market Participant's position on SCB put them on equal footing with PSE&G?**

A. Actually, it does the opposite. The Market Participants state that they would be on "equal footing with PSE&G" if the Board were to prohibit the Company from offering on-billing financing and instead require the modification of its billing system to enable SCB – under which the "suppliers could offer customers on-bill financing for products and services."[4] Yet this recommendation would result in "unequal footing", and require PSE&G customers to pay for the implementation of billing system and process enhancements for the benefit of suppliers – while not being able to receive on-bill financing from PSE&G.

**Q. On page 12 of his testimony, Mr. Donnelly states that "competitors do not have the option of offering on-bill financing for those same products and services." Is that accurate?**

A. No. It is not clear to me why "competitors" could not offer on-bill financing for electric vehicle products and services, and issue bills to the customer for the related charges. I would also note that the products and services the Market Participants presumably seek to offer are not "commodity service", to which the subject of SCB is generally applicable and/or considered. If the competitor is a licensed TPS (and also providing commodity service), this is referred to as dual billing.

[3] Donnelly at 12-13.
[4] Donnelly at 12.

**Q. Please describe the billing options that are available to TPSs and customers today?**

A. TPSs currently have two options for billing: (1) dual billing, whereby each party, the TPS and the utility, issues its own bill to the customer, or (2) utility consolidated billing, where the TPS can include its charges and other information on the utility's bill to the customer. Under the utility consolidated billing option, TPSs send their charges to PSE&G for inclusion on the Company's bill to the customer, and they have the option of adding their logo and up to 50 rolling lines of text on the utility bill. TPSs may also include their own inserts in the utility bill. TPSs are paid for their submitted charges in 20 days. Electric charges are paid dollar for dollar, and gas charges are factored by a discount value that changes annually. In this process PSE&G assumes the receivable of the TPS.

**Q. What is the Market Participants' position regarding the utilization of dual-billing to offer on-bill financing?**

A. The Market Participants state that suppliers cannot use dual billing to offer on-bill financing, citing that customers "desire the convenience of a single bill", and "overwhelmingly have expressed a desire for simplicity." Donnelly also notes that a "dual bill creates confusion", and that "[c]ustomers cannot be expected to understand that they are required to pay two energy bills covering the same period of time from two separate energy companies."[5]

**Q. If SCB is implemented, would it be possible that a PSE&G customer that receives a single bill for both gas and electric service from the Company could end up receiving two bills if they are served by a TPS offering SCB?**

A. Yes, I believe that is possible. In their response to PS-MP-BD-13(e), the Market Participants note that in Alberta, which "is the only market where SCB is currently available

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[5] Donnelly at 13.

for both electricity and natural gas services, suppliers serving customers with only one commodity bill only for the commodity service provided." In such a case it is reasonable to assume that such a customer would also then receive a separate bill from their utility for the commodity that the utility still provides (plus related delivery charges). The Market Participants also note that "Maryland is in the process of developing business rules and regulations to implement SCB."[6] In the proposed rules that the Maryland Public Service Commission ("MD PSC") Staff recently filed with the MD PSC, it was noted that for Baltimore Gas and Electric's ("BGE") combined gas and electric customers, most parties involved in the SCB working group supported the proposal that those customers "who select to have one commodity service provided by a supplier providing SCB service and another commodity provided by the utility or UCB supplier will receive two bills going forward." This means, MD PSC Staff continued, that "customers in BGE's service territory who receive a single bill today for both gas and electric may receive separate bills if the SCB provider does not sell the customer both commodities."[7] Therefore, though Mr. Donnelly emphasizes customers' desire for "the convenience of a single bill" and the potential confusion associated with receiving energy bills from two separate energy companies, a possible outcome of an implementation of SCB would be that customers receive multiple bills for utility service. This is seemingly counter to customers' "desire for simplicity,"[8] and is counter to the Market Participants' claim

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[6] Schedule TM-CEF-EVES-2.
[7] September 22, 2020 Filing from MD PSC Staff to the MD PSC, Case 9461 Supplier Consolidated Billing. Detailed Business Processes, page 15.
[8] Donnelly at 13.

that SCB (and the need to consolidate billing) is required in order for them to offer on-bill financing.

**Q. Do the Market Participants provide examples of other jurisdictions where SCB is available?**

A. Yes. In their response to PS-MP-BD-13, the Market Participants reference Alberta (Canada), Georgia, Illinois and Texas as jurisdictions with SCB as a billing option. They also state that SCB is in development in Maryland. The Market Participants also note that SCB is the only billing option available for Texas electric customers and Georgia gas customers.[9] However, due to the unique nature of the market structures in these latter jurisdictions, where all retail suppliers bill and assume all customer-facing interactions (limiting distribution companies' direct interactions with customers), these references are not appropriate comparisons to use for New Jersey.

**Q. The Market Participants state at page 14 that "EDECA clearly contemplates the provision of customer billing by licensed TPSs and gives the Board authority and direction to implement metering and billing functions through required proceeding." Is that accurate?**

A. Without taking a position on the Board's statutory authority, I will note that based on my experience and work-responsibilities in the Company (which include ensuring areas under my charge are operating in compliance with BPU regulations), EDECA did not direct the Board to order that all customer account services ("CAS") be supplied by TPSs. Rather, the language of EDECA is clear that "some or all" services could be supplied by TPSs.[10] EDECA

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[9] Schedule TM-CEF-EVES-2.

[10] N.J.S.A. 48:3-54 6(a), a subsection of the Electric Discount and Energy Competition Act ("EDECA"), enacted in 1999 required that the Board: "[i]nitiate a formal proceeding to investigate the manner and mechanics by which customers are afforded the opportunity to contract with the incumbent utility or an electric power supplier for customer account services and to establish the necessary standards for safety, reliability and testing for meters and information exchange protocols applicable

included a similar requirement for gas public utilities, with the difference being the required timing of a Board Order in the requisite proceeding.

**Q. Did the Board initiate the required CAS investigative proceeding in accordance with the above-quoted language from the EDECA, and if so what was the outcome?**

A. Yes. The Board initiated a CAS proceeding in the 2000 timeframe which resulted in a stipulation and Board Order dated December 22, 2000 ("CAS Stipulation and Order").

**Q. What did the December 22, 2000 CAS Stipulation and Order contain in terms of billing options for PSE&G customers?**

A. Among other things, the order required that PSE&G provide consolidated billing for customers of licensed gas or electric TPS by a date certain. The utility consolidated bills would include the TPSs' logo, contact information, supplier charges, one rolling page for TPS text, as well as an insert option for the residential customers of licensed gas and electric suppliers. Regarding SCB, where the TPS would bill the customer directly for its own charges and the utility's charges, the order enables bill-ready SCB, but only after the adoption "by the Billing Implementation Working Group, or adoption by the Board of Electronic Data Interchange ("EDI"), standards or other electronic data exchange protocols as may be required."[11] Additionally, the CAS Stipulation and Order required that for SCB, the TPSs would be responsible for meeting all applicable New Jersey Administrative Code ("NJAC") and Board-

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to both electric power suppliers and incumbent utilities that will permit customers to choose a supplier for **some or all** such customer account services. The board shall issue an order for providing customers the opportunity to choose a supplier for **some or all** customer account services not later than one year from the starting date of retail competition . . . and setting forth the manner, mechanics and standards for competitive customer account services." (bolded emphasis added).

[11] CAS Order at 4.

mandated formatting, notices and directives concerning utility customer bill information and utility tariffed delivery services.[12]

**Q. Were business rules or EDI standards related to SCB ever adopted or proposed?**

A. No. The development of business rules and EDI standards related to SCB would require a considerable time commitment and focus of the supplier community at-large, as the driving interest in this billing option.[13] However, following the CAS Stipulation and Order and subsequent implementation of utility consolidated billing, the supplier community did not make that commitment, and as a result SCB was never implemented.

**Q. Did the CAS Stipulation and Order include a termination date?**

A. Yes. Article 14 of the CAS Stipulation stated that "this Settlement and all of its terms herein shall continue in full force and effect until August 1, 2003, or upon the effective date of a superseding settlement and/or Board Order addressing the matters contained in this Settlement."[14]

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[12] CAS Stipulation at 5.

[13] The Maryland stakeholder process for SCB that Market Participants note, for example, convened in October of 2019, met weekly, and the draft recommendations were just submitted to the MD PSC for evaluation on September 23, 2020, nearly a year later. *See* Schedule TM-CEF-EVES-2 (Market Participants' response to PS-MP-21); *I/M/O 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*, MD PSC Case No. 9461, Office of Staff Counsel - Report- Supplier Consolidated Billing Business Processes (filed Sept. 23, 2020).

[14] CAS Stipulation at 9.

**Q. Did the Board investigate CAS issues after August 1, 2003 and/or issue subsequent CAS-related Orders? If yes, did any of these activities or Orders require implementation of SCB?**

A. Yes, since 2003 the Board has further evaluated CAS issues numerous times, first in 2004, then again in 2011, and finally in 2013. In all cases, the Board did not require the implementation of SCB.

**Q. Please explain the 2004 and 2011 evaluations and the outcomes related to SCB?**

A. In 2004, the Board initiated a working group process to consider consolidated billing standards and the customer data card (from the CAS Stipulation and Order), and the working group was comprised of Board Staff, Rate Counsel, New Jersey's electric distribution and gas distribution utilities, approximately a dozen TPSs, and the Mid Atlantic Power Supply Association ("MAPSA"). The working group agreed to standards involving consolidated billing, including customer-eligibility for utility consolidated billing and communications and data exchange regarding the same, and reaffirmed that SCB need not be implemented.[15]

In early 2011, Board Staff created a working group, the "POR/PTC Working Group," to address "Purchase of Receivables" ("POR"), wherein the party providing consolidated billing assumes or purchases the account receivables of the non-billing party, and the Price to Compare ("PTC").[16] Over twenty suppliers, plus the Retail Energy Supply Association ("RESA") and the National Energy Marketers Association ("NEMA"), participated in the effort. Notably, RESA's members at the time included Market Participants Direct Energy

[15] *I/M/O The Electric Discount and Energy Companion Act of 1999 Customer Account Services Proceeding, Docket Nos. EX99090676 and EX94120585Y (N.J. B.P.U June 24, 2004)*
[16] NJBPU Notice of Working Group Meeting on POR and PTC, 2/8/11, Schedule - TM-CEF-EVES-3.

Services LLC, and Just Energy.[17] During the POR/PTC Working Group process, two TPSs argued for implementation of SCB, Infinite Energy d/b/a Intelligent Energy ("Intelligent Energy") and Reliant Energy Northeast LLC, a wholly owned subsidiary of NRG Energy ("Reliant Energy"). The POR/PTC Working group process did not culminate in modified rules related to consolidated billing or any related Board order.

**Q. In the 2011 POR/PTC Working Group process, did Intelligent Energy and Reliant Energy provide arguments in support of implementing SCB similar to the arguments Market Participants cite in support of SCB in this proceeding?**

A. Yes. In the 2011 working group, Intelligent Energy argued that SCB "is an appropriate step towards full unbundling, market transparency, and full customer choice."[18] Reliant Energy cited Texas as an example of a successful SCB model and highlighted key features of the Texas model as useful for enabling TPSs to advance customized products and services to customers.[19]

**Q. When did the Board re-engage the working group discussions on consolidated billing, and what was the result with respect to SCB?**

A. In February of 2013, Board Staff sent notice to the POR/PTC Working Group participants and other interested stakeholders via email setting forth Staff's proposal for modifications to POR and utility consolidated billing and requesting comments.[20] Despite the 2011 comments received from Intelligent Energy and Reliant Energy proposing SCB, Staff's proposal did not include a recommendation to implement SCB. Ultimately, the Board's review

[17] See RESA's February 8, 2011 Straw Proposal for POR in NJ, provided as Schedule - TM-CEF-EVES-4.
[18] Submittal by Richard F. Paez on behalf of Infinite Energy, d/b/a Intelligent Energy, provided as Schedule - TM-CEF-EVES-5.
[19] Comments of Reliant Energy Northeast LLC, Schedule - TM-CEF-EVES-6.
[20] Board Staff's Notice of Opportunity to Comment and their Utility Consolidated Billing / Purchase of Receivables Proposal. Provided to the POR/PTC Working Group on 2/25/13. This document is provided as Schedule - TM-CEF-EVES-7.

of Staff's 2013 POR proposal resulted in a Board Order issued on May 29, 2013 that directed certain modifications to the existing utility consolidated billing/POR programs.[21] The Order did not require implementation of SCB.

**Q. Following the 2013 UCB/POR Board Order, has the Board Staff and/or a TPS advocated for the implementation of SCB?**

A. Aside from the recent CEF-EE proceeding, I am not aware of any formal advocacy by Board Staff or a TPS since 2013.[22]

**Q. How should the Board consider the Market Participant's renewed SCB proposal in this proceeding?**

A. The Board should consider the current proposal through the lens of its historic considerations of the same issue. SCB has been considered numerous times by the Board and/or Board Staff since the implementation of EDECA over 20 years ago. In each of these cases, the Board considered SCB in the context of consolidated billing in general, and in a broader industry forum where all suppliers and distribution companies could present their positions and share their views and desires with respect to consolidated billing (UCB or SCB). However, as has been noted in this Rebuttal Testimony, each time consolidated billing has been considered, or in the case of the 2000 CAS Stipulation and Order when the implementation of SCB billing required a working group(s) to develop the requisite business

[21] *I/M/O The Board's Review of Utility Consolidated Billing and Purchase of Receivables Programs*, Docket No. EO13030236, dated May 29, 2013 (modification were directed in the following areas: customer eligibility for UCB; timing of payment of TPSs' charges to the TPS; process for returning customers that were receiving a UCB to dual-billing; provision of arrearage reports to TPSs that utilize UCB; the ability of distribution companies to discount payments to TPSs (for charges for customers on UCB) and/or charge UCB fees; and timing requirements for distribution companies to implement and/or modify their UCB/POR programs).

[22] In PSE&G's recent Clean Energy Future – Energy Efficiency ("CEF-EE") proceeding, BPU Docket Nos. EO1012113 and GO1810112, the stipulation approved by the Board on September 23, 2020 includes PSE&G's commitment to hold at least one stakeholder session to discuss competitive issues in the provision of EE, including SCB. The Market Participants are simultaneously making a similar request in PSEG's CEF-EC case, BPU Docket No. EO18101115.

and technical requirements in order for implementation to occur, the larger TPS community focused on the implementation and modification of UCB, not SCB. This has been the case here in New Jersey, and this UCB-centric focus is consistent with other jurisdictions that have implemented retail access.[23]

**Q. If the Board wishes to entertain Market Participants' SCB proposal, what process and policy issues would need to be addressed?**

A. Numerous process complexities and policy hurdles must be considered and overcome when implementing SCB, including the following:

- Accuracy:
  - TPSs would need a process to assure the accuracy of customers' utility distribution charges including consideration of the variety and complexities of the Company's tariff(s) for the billing of such things as net metering, community solar, equal payment plans, deferred payment arrangements,[24] time of use rates, and so on;
  - Would suppliers be calculating and presenting all charges, or would the utility still need to calculate its own charges and send them to the

[23] Outside of Alberta (Canada), Texas, and the few other jurisdictions referenced by the Market Participants, there do not appear to be a large number of jurisdictions that have embraced SCB as a billing option, as compared to UBC. This may be due to greater retail supplier interest in UCB, and/or it may reflect the challenges that exist with implementing SCB. Regarding the latter, there are numerous process-complexities and policy hurdles that must be overcome and considered when implementing SCB. Additionally, as noted above, the Texas market is inherently different than New Jersey's, and any reliance on Texas as a model for New Jersey on these issues appears misplaced, and should be tempered.

[24] Notably, TPSs would also need to have processes to quickly adapt to emergent situations, such as the COVID-19 pandemic, during which New Jersey's utilities rapidly altered collections and disconnect procedures and changed the parameters and qualifications of deferred payment agreements.

supplier solely for bill presentment? Related to this, how would errors be addressed?

- Regulatory Requirements:
  - Would TPSs' SCBs need to comply with all required existing bill presentment and customer notice requirements applicable to utilities' bills?
  - Would there be any new or additional requirements for SCB?
- Customer Service:
  - TPSs' call centers would have to be able to handle increased call volumes and presumably satisfy all regulatory and other customer service requirements on behalf of the utilities, including rules pertaining to customer inquiries, disputed charges and complaints;
- Disconnect for Non-Payment Policy and Procedures:
  - A policy determination would need to be made regarding the ability of a TPS that issues SCBs to direct distribution companies to disconnect customers for non-payment of bills, including supplier charges.
  - If permitted, TPSs would need to develop related practices.
- TPS Creditworthiness:
  - A policy determination would be required related to whether TPSs issuing SCBs should be required to meet incremental credit requirements to secure the payments due to the distribution utilities.

Related, rules and contractual terms will have to be established related to supplier default.

- Data Transfer protocols:
    - Uniform EDI (or other) transactions would need to be developed that incorporate the full breadth of utility billing calculation and bill presentment requirements – to insure that TPSs offering SCB present utility bill details accurately and completely – and to avoid Utility expense to build and support varied interfaces with different TPSs that offer SCB.
- PSE&G, as a combination Gas and Electric Distribution Company:
    - Would an electric TPS issue a SCB bill and purchase the receivable for PSE&G's gas and electric distribution charges as well as PSE&G's gas supply charges, in addition to the supplier's electric supply charges?
    - What process would be used for customers receiving gas and electric supply from different TPSs?
    - Would implementation of SCB result in PSE&G customers presently receiving a single bill for all charges to begin receiving two bills?
- Customer Eligibility:
    - Would customers on a deferred payment arrangement or those with arrearages be permitted to receive a SCB?
- Deposits:

- How will customers' existing deposits be treated, and what deposit rules will govern suppliers issuing SCBs?

- Customer Contracts:
  - How will TPS contracts with customers address SCB, including whether suppliers should be able to change billing options for existing customers?
- Purchase of Receivables rules related to SCB:
  - Policies would need to be developed for: timing of payment to the utility; payment posting hierarchy (including how deposits can be applied to charges due); whether a utility receives an arrearage back from a TPS; how utility arrearages will be tracked, including when customers switch billing methods or switch suppliers; TPSs' ability to charge late fees; and utilities' ability to continue providing customers equal payment plans.
- Marketing and Advertising:
  - What standards should apply to TPS SCBs?

This is but a partial listing of the issues that would need to be addressed when considering SCB, and consideration of these would need to include new or modified data transfer protocols to facilitate these changes. Though these issues are not insurmountable, they clearly illustrate the added complexity and likely expense of a SCB process – as compared to utility consolidated billing – and help explain why, after over 20 years of working group efforts, there has not been an earnest attempt or collective TPS interest in implementing SCB.

Additionally, it is also important to understand SCB's possible consequences to customers that receive both gas and electric service from PSE&G. As previously discussed, in markets where SCB is implemented or is being implemented for a combination gas and electric utility, it's possible that customers could end up receiving two bills for electric and gas service as opposed to a single (combined) bill, which is seemingly counter to the Market Participants' arguments against dual billing and the resultant "customer confusion"[25] that the issuance separate bills can cause. These issues also highlight the importance of insuring the overall market cost-benefit for all stakeholders is considered before any individual utility invests time and money in developing a structure that is being championed by a small segment of the supplier community in a single utility's proceeding.

**Q. In addition to the procedural issues noted above, should the Board evaluate potential costs of SCB?**

A. Yes. Consideration of modification of existing processes or implementation of SCB should take into account the issue of cost recovery and responsibility for costs. For example, during the 2011 evaluation, RESA provided a straw proposal for POR in New Jersey, arguing that incremental implementation costs to develop POR should be recovered only from those suppliers utilizing utility consolidated billing, and Reliant Energy endorsed this proposal.[26] A viable proposal for cost recovery should be required in connection with any subsequent modifications to utility consolidated billing, or for the full implementation of SCB if the Board chooses to pursue SCB as a third billing option for customers.

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[25] Donnelly at 13.
[26] *Id.* at 36.

**Q. What is your recommendation regarding Market Participants' SCB proposal?**

A. The Market Participant's proposal is high level, and does not address many of the issues raised above. Moreover, the issue of SCB is unrelated to the issues to be decided in PSE&G's petition for approval of CEF-EVES, including whether PSE&G should be able to offer on-bill financing (as noted above, the Market Participants' argument that they "do not have the option of offering on-bill financing" is incorrect, as they can clearly issue their own bills to their customers, inclusive of financing charges). Further, the argument that SCB is required in order to avoid the confusion caused by separate bills is flawed, as customers may actually receive separate bills as a result of SCB when implemented by combination electric and gas utilities. I recommend, therefore, that SCB is not appropriate for consideration in this proceeding, and approval of the Company's CEF-EVES proposal should not be delayed by Market Participants' renewal of this issue. To the extent the Board or Board Staff wish to revisit SCB implementation, this should occur in a stakeholder proceeding where these issues can be fully developed and where a state-wide approach could be considered, as has occurred previously.[27]

**Q. Does this conclude your testimony at this time?**

A. Yes.

[27] I will note that I have made the same recommendation in my rebuttal testimony submitted on October 5, 2020 in PSE&G's CEF-EC proceeding wherein Market Participants have also renewed the SCB issue.

# QUALIFICATIONS OF TERRENCE J. MORAN DIRECTOR OF ENERGY SUPPLY ACQUISITION & OPERATIONS

My name is Terrence J. Moran and I am employed by Public Service Electric and Gas Company (PSE&G, the Company) as the Director of Energy Supply Acquisition & Operations. In this role, I have, among other things, the responsibility for PSE&G's energy supply functions inclusive of Basic Gas Supply Service, Basic Generation Service, Non-Utility Generation policy, Energy Supply Administration, Energy Settlements, and Retail Choice operations. Included in these responsibilities are the policies and operations related to data provision to Third Party Suppliers, the load settlement process, and policies related retail choice (including customer billing options).

## EDUCATIONAL BACKGROUND

I have a Bachelor of Science degree in Industrial Engineering from the New Jersey Institute of Technology, and a Masters of Business Administration degree from Seton Hall University.

## WORK EXPERIENCE

I have worked for PSE&G for roughly 30 years in various positions, as well as for three years in the competitive energy services industry. Prior to becoming

Director of Energy Supply Acquisition & Operations for PSE&G in 2015, I served as the Director of Energy Supplier Services since 2003, with the exception of 2012 and 2013 when I worked as the Director of Market Strategy and Development. My professional experience includes a broad background in rates, energy policy issues, energy markets, customer end-use technologies, and utility operations. Areas of expertise include retail access processes and policy, energy market operations, and energy analytics. I have served on the Executive Committee of the Retail Electric Quadrant in the North American Energy Standards Board (NAESB), and have been very active in retail energy market development since the 1990's, as an employee of both retail energy suppliers and PSE&G. I have previously prepared and presented testimony to the New Jersey Board of Public Utilities ("NJ BPU") on the subject on Net Metering policy, the Company's Solar-4-All Extension proceeding, the Company's Solar Loan III proceeding (and also testified before the NJ BPU in the latter two proceedings) and the Company's Clean Energy Future – Energy Cloud proceeding. Additionally, I have represented the Company in various working groups and forums at the NJ BPU, PJM and NAESB, including the annual BGS legislative hearings. I also previously served as an instructor in the Continuing Education Department at Bergen Community College, teaching courses on Sustainability and Alternative Energy and (energy) Economics.

**IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ITS CLEAN ENERGY FUTURE-ELECTRIC VEHICLE AND ENERGY STORAGE (“CEF-EVES”) PROGRAM ON A REGULATED BASIS**
**Docket No. EO18101111**

**PSE&G DISCOVERY REQUESTS TO MARKET PARTICIPANTS**

**Date of Response: October 2, 2020**

**Witness: Donnelly, Brendan**

PS-MP-BD-13

Please list all states and service terrories in which Supplier Consolidated Billing (SCB) is offered as a billing option, and please indicate in which of the the Market Participants presently issue consolidated bills. For each of these states and service territories, related to the SCB option:

a. Please provide documents or links to documents that include the relevant business rules for SCB, including the rules that specify requirements for bill presentment and compliance with applicable regulatory requirements.

b. Please indicate if the utility is required to disconnect customers for non-payment for charges that are included on a SCB, and indicate if this includes utility charges, supplier charges, or both.

c. Please indicate if the SCBs include all charges that the utilities bills its customers, or if there are any charges that suppliers were not required to include in their bills.

d. Please indicate if the utilities are required to calculate all of their own charges, or if the supplier calculates the utility’s charges.

e. If a SCB is available in a combination electric and gas utility’s service territory, and a supplier only sells one of the commodities to the customer, please indicate if the supplier that issues the consolidated bill is required to include all of the utilities charges on its bill, including the charges related to the commodity that the supplier does not provide to the customer.

f. If a SCB is available in a combination electric and gas utility’s service territory, and a supplier includes its charges for one of the two commodities on a utility consolidated bill, and another supplier enrolls the same customer for the other commodity but does so electing a SCB option, does the customer then receive two bills?

g. Please indicate if the supplier is responsible for all inquiries regarding billing, or if the utility still receives customer inquiries concerning its charges. Please also indicate how customers are informed as to which entity to call for charges on the SCB.

h. Please indicate how disputed utility charges are treated in regards to payment to the utility.

i. Please indicate if suppliers are required to post collateral to the utility in order to be eligible to offer SCB, and if so please provide the related credit requirements and rules.

j. Please indicate if suppliers are required to satisfy all bill presentment requirements that are required of utilities, including bill messages and inserts.

k. Please indicate how customers on Equal Payment Plans are treated, as well as customers with deferred payment plans.

l. Please provide an example copy of an SBC from each state or service territory.

**Response**:

a. Alberta: https://www.qp.alberta.ca/documents/Regs/2003_159.pdf
Texas: http://www.ercot.com/mktrules/guides/retail/current and Subchapter R of the PUCT's Substantive Rules at http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/Electric.aspx (e.g., PUC Subst. R. 25.479, 25.480, and 25.481)
Georgia: http://rules.sos.state.ga.us/GAC/515-7-6
Maryland: in development

b. Yes. In all three markets where SCB has been implemented, suppliers can direct the regulated utility to disconnect for nonpayment. In each market, suppliers purchase the receivables of the regulated utility, i.e., the utilities bill suppliers for the transmission and distribution charges associated with the customers' usage, and suppliers are responsible for paying the utilities' charges in full even if the customer does not remit payment to the supplier to cover those charges. Non-payment of electric service charges (both supply and delivery charges) are eligible for disconnection, per the disconnection rules of each jurisdiction. The utilities in these jurisdictions execute disconnections (and reconnections) as directed by suppliers.

c. All regulated utility charges are passed to suppliers for inclusion on supplier bills in these markets. In Texas, with the exception of non-bypassable utility charges, a supplier could choose to not pass through certain utility charges to end-use customers. With that said, if a supplier passes through utility charges to end use customers, it must do so without mark-up.

d. Texas and Alberta are bill-ready, while Georgia is rate-ready. In Texas and Alberta, the utility passes through its delivery charges to the supplier for each point of delivery and the supplier combines those charges with its applicable charges (e.g., energy supply charges) and bills the customer accordingly. In Georgia, the utility passes the rate code and usage, and the supplier calculates the utility's charges, combines those charges with its applicable energy supply charges, and bills the customer accordingly.

e. Alberta is the only market where SCB is currently available for both electricity and natural gas services. Suppliers serving customers with only one commodity bill only for the commodity service provided. Maryland is in the process of developing business rules and regulations to implement SCB.

f. Alberta is the only market where SCB is available for both electricity and natural gas services. Subject to this clarification, yes, this is a possible outcome. Customers choose their suppliers and their billing options.

g. As the billing entity in each of these markets, the third party supplier has primary responsibility for answering billing questions. Suppliers routinely work with the utilities to answer questions, however they also have the ability to refer customers directly to the utilities. In Texas, suppliers do not generally refer customers to the utility unless there is a possible issue with the utility's equipment (e.g., customer believes their usage is being reported incorrectly, so the supplier assists the customer in getting in touch with the utility for a meter test).

h. Disputed utility charges: In Alberta, Georgia and Texas, the supplier has primary responsibility for addressing the customer's disputes regarding their bill. Suppliers are provided enough information from the utility to answer many, if not most questions. As noted above, in Georgia, suppliers calculate the utility charges and can answer questions about them. Customers in each market have the ability to escalate disputes to the respective regulatory agencies.

For example, the PUCT's rules provide for a process by which the supplier must address such disputes, as well as an escalation path for the customer to raise the issue with the PUCT if they are dissatisfied with the supplier's resolution. Please refer to PUCT Subst. R. 25.480 (Bill Payment and Adjustments), 25.481 (Unauthorized Charges), and 25.485 (Customer Access and Complaint Handling) for additional details: https://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/Electric.aspx. In all markets, the supplier remains responsible for paying the utility's delivery charges even if the customer does not remit payment to the supplier to cover those charges.

Similarly in Alberta, the retailer is responsible for addressing disputes with customers regarding billing. If the customer and the utility retail service provider are unable to resolve the concern, or if the customer is dissatisfied with the resolution, they may contact the Utilities Consumer Advocate (UCA). The UCA has a mandate to educate and mediate for Alberta's residential, farm, and small business electricity, natural gas and water consumers, and to advocate for energy consumers. They can mediate disputes between customers and utility companies, including competitive retailers. The Alberta Utilities Commission also has jurisdiction and power of investigation over complaints regarding utilities and rates, through the Electric Utilities Act, the Gas Utilities Act, and the Public Utilities Act. However, this jurisdiction is limited to specific areas (mainly regulated utility rates, terms, and conditions). See Powers of Commission section 133 of the Electric Utilities Act.

i. Posting collateral with the utility: In Texas, suppliers are not required to post collateral with the utility. The Commissions' rules require a supplier to maintain certain financial standards (e.g., investment grade, letters of credit) to be able to provide service. In addition, the Electric Reliability Council of Texas (ERCOT) requires suppliers to post certain collateral in proportion to their total exposure.

In Alberta, suppliers are required to post security with the utility as outlined in the terms and conditions – see: (https://www.atco.com/content/dam/web/for-home/electricity/egbu-retailer-tandcs.pdf).

In addition, as outlined by ISO Rules, Section 103.3 Financial Security Requirements, market participants are subject to a financial review by the

Alberta Electric System Operator (AESO) which will determine if credit is required. (https://www.aeso.ca/assets/downloads/AESO-Credit-Procedure-Guide-2013.pdf).

In Georgia, suppliers post collateral with the utility according to the deposit requirements of the utility's tariff. See AGLC Tariff Section 3.21 Deposit of Security by Poolers 3.21.1. (https://atlantagaslight.com/-/media/Files/AGL/AGLC%20Tariff%20v0301017-1.pdf)

j. In Georgia and the competitive areas of Texas, utilities do not issue bills to end use customers. Accordingly, there are no "bill presentment requirements that are required of utilities" to which to compare a supplier bill to an end use customer. Suppliers are required to provide all bill messages/consumer communications as required by the regulatory agency in each jurisdiction. Those requirements are primarily related to emergencies and safety. For example, suppliers are required to include on their bills the regulated utility contact number for emergencies and outages, and in Georgia, suppliers must include a bill insert on safety each quarter, which is provided by the regulated utility to the supplier. Similarly, suppliers are not required to include any bill messaging/inserts for marketing or other purposes for the regulated utilities.

In Alberta, only a retailer may bill a customer unless (a) the retailer with the owner's consent authorizes the owner of an electric distribution system to charge customers directly under the owner's distribution tariff, or (b) the regulations made by Minister provide otherwise. Retailers are required to provide all bill messages/consumer communications as required by the AUC. (Outline in the Electricity Utilities Act, Regulate Rate Option Regulation (RRO); Default Gas Supply Regulation and Natural Gas Billing Regulation).

k. Suppliers are free to offer equal payment plans and deferred payment plans or alternative payment plans at their discretion and the Market Participants offer such plans in Alberta, Georgia and Texas.

In Texas, the PUCT has rules that govern the offering and structure of deferred payment plans. Those rules can be found at: https://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.480/25.480.pdf ;

https://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.498/25.498.pdf.

"Equal Payment Plans" are not a term use in the PUCT's rules for competitive retail electric service. However, average or level payment plans may be similar in concept and are required to be offered by a REP. Please refer to PUCT Subst. R 25.480(h) (linked above) for more information regarding such plans.

In Alberta, retailers are free to offer equal payment plans and deferred payment plans at their discretion. Many retailers offer budget payment or equalized payment plans. For Regulated rate providers and default supply customers the rules that govern payment plans are outlined in Regulate Rate Option Regulation (RRO) and Natural Gas Utility Service Rules (https://www.auc.ab.ca/Shared%20Documents/AltaGas-Natural-Gas-Utility-Service-Rules.pdf#search=payment%20plan).

l. See attached bill samples for Texas, Georgia and Alberta.

**IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ITS CLEAN ENERGY FUTURE-ENERGY CLOUD ("CEF-EC") PROGRAM ON A REGULATED BASIS**
**BPU Docket No. EO18101115**

**PSE&G DISCOVERY REQUESTS TO MARKET PARTICIPANTS**

**Date of Response: 9/21/2020**
**Witness: Gibbons, Leah**

PS-MP-21 Please list all states and service territories in which Supplier Consolidated Billing (SCB) is offered as a billing option, and please indicate in which of the the Market Participants presently issue consolidated bills. For each of these states and service territories, related to the SCB option:

a. Please provide documents or links to documents that include the relevant business rules for SCB, including the rules that specify requirements for bill presentment and compliance with applicable regulatory requirements.

b. Please indicate if the utility is required to disconnect customers for non-payment for charges that are included on a SCB, and indicate if this includes utility charges, supplier charges, or both.

c. Please indicate if the SCBs include all charges that the utilities bills its customers, or if there are any charges that suppliers were not required to include in their bills.

d. Please indicate if the utilities are required to calculate all of their own charges, or if the supplier calculates the utility's charges.

e. If a SCB is available in a combination electric and gas utility's service territory, and a supplier only sells one of the commodities to the customer, please indicate if the supplier that issues the consolidated bill is required to include all of the utilities charges on its bill, including the charges related to the commodity that the supplier does not provide to the customer.

f. If a SCB is available in a combination electric and gas utility's service territory, and a supplier includes its charges for one of the two commodities on a utility consolidated bill, and another supplier enrolls the same customer for the other commodity but does so electing a SCB option, does the customer then receive two bills?

g. Please indicate if the supplier is responsible for all inquiries regarding billing, or if the utility still receives customer inquiries concerning its charges. Please also indicate how customers are informed as to which entity to call for charges on the SCB.

h. Please indicate how disputed utility charges are treated in regards to payment to the utility.

i. Please indicate if suppliers are required to post collateral to the utility in order to be eligible to offer SCB, and if so please provide the related credit requirements and rules.

j. Please indicate if suppliers are required to satisfy all bill presentment requirements that are required of utilities, including bill messages and inserts.

k. Please indicate how customers on Equal Payment Plans are treated, as well as customers with deferred payment plans.

l. Please provide an example copy of an SBC from each state or service territory.

**Response:** SCB is the billing option in several competitive markets – including Alberta, Canada, Georgia, Illinois and Texas – and the Market Participants provide SCB in one or more of these markets, issuing more than 3 million bills per month. In addition, Ohio initiated a pilot program for SCB and Maryland is in the process of developing regulations, business processes and EDI/XML transactions to implement SCB as a billing option for both electricity service and natural gas service.

a. Alberta: https://www.qp.alberta.ca/documents/Regs/2003_159.pdf
Texas: http://www.ercot.com/mktrules/guides/retail/current and
Subchapter R of the PUCT's Substantive Rules at
http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/Electric.aspx (e.g., PUC Subst. R. 25.479, 25.480, and 25.481)
Georgia: http://rules.sos.state.ga.us/GAC/515-7-6
Maryland: in development

b. Yes. In all three markets where SCB has been implemented, suppliers can direct the regulated utility to disconnect for nonpayment. In each market, suppliers purchase the receivables of the regulated utility, i.e., the utilities bill suppliers for the transmission and distribution charges associated with the customers' usage, and suppliers are responsible for paying the utilities' charges in full even if the customer does not remit payment to the supplier to cover those charges. Non-payment of electric service charges (both

# New Jersey Board of Public Utilities

## Notice of Working Group Meeting
## on
## Purchase of Receivables and Price to Compare
## February 8, 2011

Board Staff is creating a Working Group to address the following Energy Competition issues: 1. Purchase of Receivables (wherein the party providing consolidated billing assumes or purchases the account receivables of the non-billing party); and 2. Price to Compare (the utility price that shopping customers can use to evaluate offers from competitive suppliers).

Specifically, Staff seeks input on the following issues. Board Staff will modify this list as it deems appropriate as the working group progresses.

A. Purchase of Receivables:

Drop to dual billing: when this is done, how and when information on delinquent accounts is reported to TPSs, differences between gas and electric industry operations, etc...

B. Price to Compare:

1. Calculation and components of each distribution company's Price to Compare for each customer class;
2. Presentation of the current Price to Compare on customer bills;
3. Presentation of the Price to Compare data (current, historical and pending requests for changes) on distribution company websites.
4. Possible future amendments to the Board's Energy Competition Rules at N.J.A.C. 14:4-7.4 (a)4 and (b)2. These sections require that marketing materials targeting residential customers must include certain information. If the Price to Compare data on distribution company websites is expanded, should we consider modifying these requirements so that the marketing materials could include a link to these websites rather than the actual information?

The first meeting will be held as follows:

**Date / Time:** February 8, 2011 at 10:00am
**Location:** Board of Public Utilities – Newark Office, Board Hearing Room
**Address:** Two Gateway Center, Newark, NJ 07102
**Call-In#:** (866) 255-8320, Participant Code: 898759

If you wish to participate in this Working Group, please attend this meeting. If you are unable to attend in person, you may also call in to the meeting using the above phone number.

If you would like to participate in this Working Group but are unable to attend the first meeting in person or by phone, you may send an e-mail to energy.comments@bpu.state.nj.us stating that you would like to be a participant. Please include your name, title, company name, phone number, and e-mail address and put “POR/PTC Working Group” in the subject.  You will receive an e-mail back within 3 business days stating that your request has been received.

# RESA[1] STRAW MAN PROPOSAL FOR POR IN NEW JERSEY

## I. What is a Purchase of Receivables ("POR") program?

A Purchase of Receivables ("POR") program is a regulatory program coupled with utility consolidated billing, under which the local utility reimburses non-utility suppliers of energy commodity for their customer charges and assumes responsibility for the collection of the charges for commodity service from the non-utility supplier's customers. In the event that a customer of a competitive supplier does not pay charges owed for commodity service provided by the customer's supplier, the local utility has the same recourse it has where the utility is the provider of BGS commodity service to the customer, i.e., late fees and disconnection of service.

## II. Why is POR an important feature of the New Jersey competitive retail market?

POR is an important tool to facilitate retail competition, particularly for those suppliers who choose to serve mass-market customers. In New Jersey, retail suppliers are at a competitive disadvantage compared to BGS service, in terms of uncollectible costs. Under New Jersey's current rules, only utilities can terminate electricity service to a customer that fails to pay its electricity supply charges. Because service termination is an effective collection tool, BGS service provided by the utilities has a competitive advantage over retail supply.

POR also helps mitigate the anticompetitive effects of improperly allocated uncollectible account expenses. Currently BGS supply prices do not reflect BGS-related uncollectible costs; however the electric distribution company is currently provided the unique opportunity to recover all uncollectible account expenses associated with the provision of BGS service in its non-bypassable distribution rates that all customers are required to pay. This cross-subsidization creates an unfair competitive advantage for BGS service because retail supplier offers must reflect this cost. Absent a properly structured POR mechanism to mitigate uncollectible account expenses for retail suppliers, these suppliers must account for the risk of uncollectibles in their offers. Therefore, a customer who shops is forced to pay for uncollectible account expenses twice—once to the utility through non-bypassable distribution rates for BGS-

[1] RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MXenergy; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus; Reliant Energy Northeast LLC and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

related uncollectible costs, and again to its retail supplier as part of their competitive supply price.

## III. Problems with the existing structure

The existing POR programs in New Jersey are not effective at creating a true, level playing field between retail suppliers and BGS service. This is because the current programs only require the utilities to purchase retail supplier receivables up until the point where a customer reaches 60 days in arrears for electricity commodity service, and 120 days in arrears for natural gas commodity service. After this point, the account is reverted to dual billing and the retail supplier assumes all risk of non-payment while the utility continues to collect uncollectible costs. As discussed above, since only the utility can terminate electricity service to a customer that fails to pay its electricity supply charges, the retail supplier is at a competitive disadvantage in terms of uncollectible costs. This fact is a primary deterrent in preventing retail suppliers who wish to use a POR program from participating in the current POR program in New Jersey.

Also, the current "60-day revert to dual billing" rule is not being properly implemented by some utilities. In some cases customers are being reverted to dual billing for retroactive periods which presents additional financial harm for suppliers.

## IV. Proposals for POR improvements

- POR should be without recourse. The current "revert to dual billing" rule should be eliminated. The utility should purchase the accounts receivables for customers served under the utility consolidated billing option. The utility should pay the retail supplier regardless of whether the utility receives payment from the customer.

- For those suppliers who choose to use POR once the utility purchases the supplier's receivables, the utility should be free to pursue current collection practices for the purchased supplier charges, including service disconnection for non-payment. This ensures that overall uncollectible accounts expense is minimized for the benefit of POR customers by lowering the amount reflected in distribution rates.

- POR should be available to all customer segments, including residential, commercial and industrial customers.

- RESA supports the full and complete unbundling of generation related uncollectible account expense and other billing and customer care costs from distribution rates. Where unbundling has occurred, it is appropriate for the utility to charge suppliers using POR a discount rate to recover experienced, prudently incurred incremental uncollectible costs resulting from the POR program. RESA urges the Board to continue to take measures toward achieving this desired end-state, and emphasizes that other solutions discussed herein related to mitigating the unfair advantage currently placed on suppliers should be considered as this transition steps towards full unbundling.

- Until such unbundling occurs, however, suppliers utilizing POR should not be charged a discount rate. Without full unbundling, imposing a discount rate on suppliers using POR would force customers to pay for uncollectible costs twice: once to the utility through their non-bypassable distribution rates, and again to the supplier who would factor into its prices an amount to reflect the cost of the discount rate. It should be noted however, that a POR program cannot alleviate the unfair competitive advantage for customers not utilizing POR (i.e. those served through dual billing). Only full unbundling can rectify this competitive disparity.

- Any actual, incremental implementation costs to develop POR should be recovered only from those suppliers utilizing utility consolidated billing.

intelligent energy®

7001 SW 24 Avenue
Gainesville, FL 32607

RE: New Jersey Purchase of Receivables Proposal

To Whom It May Concern:

These comments are submitted by Infinite Energy, Inc., known as Intelligent Energy in the Northeast ("Infinite"), in reference to RESA's "Straw man Proposal for POR in New Jersey" distributed by email to the working group participants on February 9th.

Infinite serves many thousands of residential and small commercial customers in several retail markets, including New Jersey, New York, Texas, and Georgia. In Infinite's experience, a Purchase of Receivables (POR) program implemented in conjunction with Utility Consolidated Billing (UCB) is one of many possible steps towards the goal of unbundling and competitive restructuring. As RESA points out in their Straw man Proposal, under such a design customers are provided a greater array of choice while ensuring a level playing field for retail suppliers who choose to participate.

However, Infinite proposes that to be truly successful, any POR program should be fully reciprocal. In other words, customers should also be able to choose Supplier Consolidated Billing (SCB) under a POR or "Assumption of Receivables" arrangement wherein suppliers acquire the distribution company's receivables and bill for both commodity and delivery on a single Supplier bill. If properly designed and deployed in conjunction with a UCB/POR option, Supplier Consolidated Billing is an appropriate step towards full unbundling, market transparency, and full customer choice.

Such reciprocity allows for competitive billing – a hallmark of customer-friendly retail energy markets and a valuable option for customers who prefer single-bill models. Like many suppliers, Infinite has invested significant expense and experience in developing proprietary billing systems which our customers should be empowered to choose for their commodity and delivery charges.

Infinite appreciates the opportunity to participate in this conversation towards our shared goal of serving the interests of New Jersey's retail energy customers.

Respectfully Submitted,

Infinite Energy, Inc., d/b/a Intelligent Energy

Richard F. Paez
Regulatory Affairs

Dated March 16th, 2011
Gainesville, Florida

**COMMENTS OF RELIANT ENERGY NORTHEAST LLC**

Reliant Energy Northeast LLC. (REN), is a wholly owned subsidiary of NRG Energy, Inc., one of the nation's largest, most diverse power companies with over 24,000 MW of generation and subsidiaries that provide retail electricity in various states with competitive retail electricity markets. REN is currently licensed to sell retail electricity in New Jersey, Pennsylvania, Washington DC, Maryland, Delaware and Illinois. REN appreciates the opportunity to provide the New Jersey Board of Public Utility (NJ BPU) comments in the Price to Compare (PTC) and Purchase of Receivables (POR) working group forum

REN fundamentally supports POR and endorses the comments of RESA addressing that subject. In these comments REN addresses an important feature of competitive markets, retailer direct access to end-use customers through the billing process that should be considered by the BPU to maximize end-use customer benefits.

REN acknowledges the many steps taken by NJ BPU to foster the growth of a competitive retail electricity market in the State. New Jersey is in the enviable position of being able to research models that have been instituted around the country and evaluate, consider and adopt the approaches that have worked best. In so doing New Jersey can continue to develop retail competition and maximize benefits for consumers that a robust competitive market offers.

The Texas retail electricity competitive market, started in 2002, is a model worth observing as it is considered by many to be thriving and perhaps the most successful competitive market in the country. For example, currently Texas has approximately 113 number of certificated competitive retail providers selling to both C&I and residential customers.

To maximize the benefits of a competitive market, companies must be permitted access to the customers making decisions about the products and services they are purchasing. Customers choose products and services for any number of reasons; price, flexibility, brand name, expected service quality, to name a few. If the provider of the product and service does not have frequent access to the customer to differentiate what they are offering vs. a competitor's products, the customer will not have complete information on which to base a decision.

In Texas, retail electric providers maintain the ongoing relationship with the end-use customers. Retail electric providers market their products and services, field customer inquiries about their electricity usage and send customers their bills. The regulated transmission provider sends the retail electric provider the bill for transmission service, which must be paid by the retailer within the Commission approved time period, regardless whether the end use customer pays the retail electric provider. With this design the utility bad debt risk and operational costs are significantly reduced because the utility is agnostic as to whether the end use customer has paid. Additionally, absent the requirement to handle a majority of billing and general customer service inquiries the overhead to support these operations is significantly reduced, resulting in lower overall utility costs that ratepayers must bear. The utility's overhead related to call center agents would be reduced and costs related to ever changing requirements to support billing requirements would be eliminated. Another significant cost savings would be the utility's reduced bad debt as retailers would be paying the utility's bills upon receipt, irrespective whether the end use customer pays the retailer. While this model increases bad debt exposure to the retailer, it is a necessary by product of true competition. This risk should lie with the entities that are competing with each other, not the regulated entity that is providing a tariffed service.

REN believes it is imperative to allow retailers, the entities best suited to provide end use customers with unique products and services tailored to meet individual needs, to have an on-going relationship with its customers. Absent frequent communication with the retailer via customer service, billing, etc. customers will only see competition as artificially limited by unnecessary restrictions. They will have less information upon which to base their purchasing decisions and the market is less likely to flourish as retailers won't have incentives to innovate in order to differentiate their products.

In Texas, retailers have the primary relationship with customers because the retailer, not the transmission provider, maintains the monthly touch point via the electricity bill to the end user. This arrangement allows retailers the opportunity to understand the unique needs of customers and tailor their services to meet those needs, or fear losing the customer to another competitive entity.

Direct access to the customer through the electricity bill is part and parcel of an overall model that has worked quite well in Texas. While a significant feature of that model helping to ensure customer benefits, direct billing from retailer to end-use customer requires concomitant features to work properly. With direct billing from retailers to end-use customers, retailers would be paying utilities for their transmission and distribution charges before being paid by the end-use customer. Therefore, retailers would assume the bad debt risk that utilities would otherwise have. This additional risk can only be assumed because competitive retailers do not have an obligation to serve nonpaying customers.

While there are many aspects of the Texas market that work together to create the vibrant retail market that exists in that state, REN appreciates the opportunity to provide insight as to how a key feature of that overall design is used to enable retailers to advance customized products and services to customers to ensure that the customer receives the full benefits of a competitive retail market.

REN appreciates the opportunity to provide the above comments and would be pleased to provide additional information about the Texas market or retail competition in general to help the BPU in any manner it believes appropriate as this Forum continues.

# New Jersey Board of Public Utilities

## Notice of Opportunity to Comment
## on
## Board Staff's Utility Consolidated Billing / Purchase of Receivables Proposal

In 2011, Board Staff created the Purchase of Receivables ("POR") / Price to Compare ("PTC") working group to address the following Energy Competition issues: 1. Purchase of Receivables (where the party providing consolidated billing (the distribution utility) assumes or purchases the account receivables of the non-billing party), and 2. Price to Compare (the utility price that shopping customers can use to evaluate offers from competitive suppliers).

Based upon the information that Board Staff has received from the participants in this working group and from the collaborative discussions, Board Staff intends to recommend modifications to the current utility POR mechanisms for consideration by the Board. Staff is requesting input from the working group participants and other interested stakeholders on Board Staff's Utility Consolidated Billing / Purchase of Receivables Proposal.

Board Staff's Utility Consolidated Billing / Purchase of Receivables Proposal is posted on the BPU website at http://www.state.nj.us/bpu/about/divisions/energy/porproposal.html. Comments and reply comments will be posted on this page after they are submitted.

Schedule:

| | |
|---|---|
| Stakeholders submit comments: | March 11, 2013 |
| Stakeholders submit replies to comments: | March 18, 2013 |
| Optional stakeholder meeting (if needed): | Week of March 18, 2013 |
| Target Agenda: | April 29, 2013 |

Comment Submission:

Please address comments to Kristi Izzo, Secretary. Please submit comments in electronic and hard copy format as follows:

- The electronic copy shall be submitted in Microsoft WORD format, or in a format that can be easily converted to WORD, by e-mailing it to the following e-mail address: energy.comments@bpu.state.nj.us. Please put the following in the subject field of the e-mail: "UCB/POR Proposal Comments" followed by your company or association name.
- The paper copy shall be delivered to:
  New Jersey Board of Public Utilities
  Kristi Izzo, Secretary
  44 South Clinton Avenue, 9th Floor
  P.O. Box 350
  Trenton, NJ 08625-0350

If you would like to be added to the POR/PTC working group service list, please send an e-mail to energy.comments@bpu.state.nj.us stating that you would like to be a participant. Please include your name, title, company name, phone number, and e-mail address and put "POR/PTC Working Group – New Participant" in the subject.