



D.P.U. 19-07

COMPETITIVE SUPPLY NOI

TECHNICAL SESSION

June 6, 2019



AGENDA

1. Introduction
2. Discussion of tiered approach
3. Discussion of stakeholder working groups
4. Inclusion of gas competitive market
5. Discussion of "Tier One" initiatives
6. Next steps



TIERED APPROACH

- Department staff proposes we divide the initiatives to be investigated in this proceeding into three tiers:
 1. Tier One - Initiatives that staff believes can be resolved in the timeliest manner, thus, providing customers with the “biggest bang for the buck”
 2. Tier Two - Initiatives that staff believes require more information before we can determine how best to proceed
 3. Tier Three - Initiatives that would require fundamental changes to the way in which the retail competitive markets currently operate, and thus require significant more discussion
- Staff proposes that we investigate each tier of initiatives in a sequential manner



TIERED APPROACH (CONT.)

Initiative Categories	Customer Awareness	Dept Investigations	Market Efficiency	Other Initiatives
<u>Tier One</u>	Auto renewal Complaint data Energy Switch	Standards of conduct Supplier reports		
<u>Tier Two</u>	General education	TPV	Enrollments - Timing - Account #	Do not switch Customer info
<u>Tier Three</u>	Billing			



STAKEHOLDER WORKING GROUPS

Proposed Approach

- Periodic technical sessions used to develop/reach consensus on “high-level” principles associated with each initiatives
 - These principles would guide the development on how the initiative should be implemented - such principles would be consistent with the manner in which the Department presented the initiatives in the NOI, and would take into account the sentiments expressed by commenters
- More regular stakeholder working group meetings used to develop implementation details, guided by principles discussed above
- Working group(s) present their results at technical sessions for discussion by larger group



INCLUSION OF GAS COMPETITIVE MARKET

- Issues raised in NOI related solely to electric competitive market (DPU 19-07 at 22, Q21)
 - Department requested comment on extent to which inquiry should include gas market
- In general, commenters supported inclusion of gas market (particularly on initiatives related to consumer protection)
- Consistent with comments, Department will strive to establish rules that will apply equally to both markets
 - With exception of initiatives related to Energy Switch



“TIER ONE” INITIATIVES

1. Automatic renewals
2. Customer complaint data
3. Standards of conduct
4. Supplier enrollment reports
5. Energy Switch website (*electric only*)



CUSTOMER AWARENESS AUTOMATIC RENEWAL

D.P.U. 19-07

- The Department seeks to establish uniform requirements regarding the automatic renewal information competitive suppliers must provide their customers, including the timing and manner by which they must provide this information (at 7-8, Q5)

Summary of Comments

- Suppliers: Supportive of notification prior to contract renewal
 - If renewing to monthly price product, opposed to ongoing notifications
- Distribution Companies: Supportive
 - National Grid & Unitil: require contract renewals on an opt-in basis
- Consumer Advocates: Generally supportive
 - NCLC: if automatic renewals kept



CUSTOMER AWARENESS

AUTOMATIC RENEWAL (CONT.)

Staff Response/Proposed Principles

1. Automatic renewal should serve as a mechanism to provide suppliers with an opportunity to enroll customers to a new fixed-price product (should be short-term in nature)
 - Applies to contracts that renew to both fixed- and monthly-price products
 - It is reasonable to assume that customers are unaware that they need to opt-out at the end of their contract term to avoid the automatic renewal provision
 - In addition, with respect to contracts that renew to monthly-price products, it is counter-intuitive that a customer that affirmatively selected a fixed-price product would now seek to receive one for which the price changes monthly on an on-going basis
 - Three types of initiatives necessary to implement automatic renewal in a manner that serves its purpose while providing customers with reasonable and appropriate protection
 - Notification
 - Product limitation
 - Supplier reporting



CUSTOMER AWARENESS

AUTOMATIC RENEWAL (CONT.)

Staff Response/Proposed Principles

2. Notification

- i. Customers should receive notification prior to automatic renewal of their contract
- ii. Timing of notification should be (1) far enough from date of renewal to provide customers with time to "opt-out" of renewal, but (2) close enough to create sense of "urgency"
- iii. Content of notification
 - Date (month?) of renewal
 - Renewal product type (fixed, monthly)
 - Price, if renewal is to fixed price (*monthly price products discussed on subsequent slides*)
 - Term of renewal
 - Early termination fee
 - How to opt-out of renewal/supplier contact information
- iv. Language/format of notification should be uniform (to greatest extent possible)
- v. Method of notification should best ensure that customers "pay attention" to the notification



CUSTOMER AWARENESS AUTOMATIC RENEWAL (CONT.)

Staff Response/Proposed Principles (cont)

2. Notification (cont.)

- vi. For renewal to monthly-price product, customers should receive notification of upcoming monthly prices (in time for them to opt-out)
 - o Staff feels strongly that notification of monthly price changes is an essential customer protection tool
 - o it is counter-intuitive that a customer would need to "navigate" a supplier's website to identify the monthly price they will pay
 - o Staff is not swayed by supplier comments that sending monthly price notifications to customers will create confusion



CUSTOMER AWARENESS

AUTOMATIC RENEWAL (CONT.)

Staff Response/Proposed Principles

3. Product Limitations

- While these notification requirements are necessary, they do not provide sufficient protection to customers
- Staff considers it reasonable and appropriate to establish limits on the products/prices to which a fixed-price contract can automatically renew, and proposes the following product limitations:
 - i. Suppliers should set their prices equal to, or less than, a specified market price (e.g., monthly prices could be set at the applicable monthly basic service price)
 - to protect consumers from unwittingly paying “above-market” prices
 - ii. Suppliers should limit the automatic renewal to a specified period of time (e.g., three billing periods)



CUSTOMER AWARENESS AUTOMATIC RENEWAL (CONT.)

Staff Response/Proposed Principles

4. Reporting

- i. All suppliers should report on #/% of customers that have/have not opted-out of automatic renewal (both to fixed-price and monthly-price products)
 - o This information will be helpful in evaluating effectiveness of notifications
- ii. Suppliers that do not adopt product limitations should be required to report on their fixed/monthly automatic renewal prices



CUSTOMER AWARENESS AUTOMATIC RENEWAL (CONT.)

Implementation Details/Working Group Tasks

- Notification details
 - Timing
 - Language/format
 - Method
- Product Limitations
 - Market price proxies
 - Time limit
- Reporting protocol
 - Information to be reported (and format)
 - Frequency
 - Confidentiality
- *[based on best practices in other states; also refer to work done on this issue in D.P.U. 14-140]*



CUSTOMER AWARENESS

CUSTOMER COMPLAINT DATA

DPU 19-07

- Department sees value in making customer complaint/supplier performance data available to public (at 9-10, Q 14)

Summary of Comments

- Suppliers: Generally supportive, provided that the Department (1) establishes clear definition of what constitutes a complaint/distinguishes between contacts and complaints, and (2) normalizes data for # of customers served
- Distribution Companies: Supportive
- Consumer Advocates: Supportive - present by category of complaint (AG); include complaints received by AG and distribution companies (NCLC)



CUSTOMER AWARENESS

CUSTOMER COMPLAINT DATA (CONT.)

Background

- With respect to supplier-related calls, the Department's Consumer Division categorizes customer contacts as:
 1. **Cases**, in which Consumer Division staff contacts a supplier in response to a customer call
 2. **Referrals**, in which customer is raising issue that does not require contact with a supplier
- Customer complaints referred to Consumer Division by outside parties (e.g., AG) are, in general, categorized as "cases"



CUSTOMER AWARENESS

CUSTOMER COMPLAINT DATA (CONT.)

Staff Response/Proposed Principles

1. A complaint defined as a Consumer Division case
 - Not necessary/useful to disaggregate complaints into marketing, billing, customer service, etc.
 - subject of Consumer Division cases often involve multiple types of issues
2. Supplier performance calculated as ratio of (# complaints)/(# customers served)
3. Both values calculated as monthly rolling average (12-month?)
4. Minimum number of customers served required (100, 500, 1000?)
5. Scoring system converts % into "grade"
 - *e.g., <5%=5 stars; <10%=4 stars; etc.*



CUSTOMER AWARENESS

CUSTOMER COMPLAINT DATA (CONT.)

Implementation Details/Working Group Tasks

- Period included in monthly rolling average
- Minimum number of customers served
- Conversion of percentages into grades
- Inclusion/exclusion of municipal aggregation customers
(*electric only*)



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT

Disclosure of Product Information Door-to-Door Marketing

D.P.U. 19-07

- The Department seeks to expand the door-to-door standards of conduct to include requirements related to the disclosure of product information such as contract term, early cancellation fees, and automatic renewal (at 11, Q 8)

Summary of Comments

- Suppliers: Generally supportive
 - RESA: limited to written disclosure
- Distribution Companies: Supportive
 - National Grid & Unitil: Require written form to be given
- Consumer Advocates: Generally supportive



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Disclosure of Product Information Door-to-Door Marketing (cont.)

Staff Response/Proposed Principles

1. Suppliers (and their third-party marketing vendors) should be required to provide a written document that clearly summarizes product information: (i) price, (ii) term, (iii) early termination fee, (iv) automatic renewal, (v) renewable energy content (*electric only*), and (vi) other products/services
2. Language/format should be uniform (akin to automatic renewal notification)
3. Non-compliance may lead to licensure action

Implementation Details/Working Group Tasks

- Develop language/format for written disclosure of product information
- *[based on best practices in other states; also refer to work done on this issue in D.P.U. 14-140]*



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Disclosure of Product Information

Other Marketing Channels

D.P.U. 19-07

- The Department seeks to apply door-to-door standards of conduct to other marketing activities (at 11, Q 10)

Staff Response/Proposed Principles

1. Requirement regarding written disclosure of product information should apply equally to direct mail marketing/kiosk
2. Telemarketers should disclose same product information as door-to-door marketers

Implementation Details/Working Group Tasks

- Develop uniform "disclosure of product information" script for telemarketers



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior Door-to-Door Marketing

Background

- Department has established door-to-door standards of conduct (D.P.U. 14-140-G)
 1. Agent identification badge must be clearly visible
 2. Agent must provide phone number upon request (for verification purposes)
 3. Agent must identify the supplier/broker they represent
 4. Agent cannot represent that they are affiliated with the distribution company

D.P.U. 19-07

- The Department seeks to identify additional standards of conduct (at 11, Q 9)



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior

Door-to-Door Marketing (cont.)

Staff Response/Proposed Principles

1. Standards of conduct should apply equally to gas market
2. An uniform "introduction" script should be developed for use by all agents
 - "Hello, my name I _____, I work for _____, a company that is licensed to provide electric/gas supply products in MA. I do not work for Dist Co."
3. A uniform "closing" script should be developed for use by all agents
 - "Thank you for purchasing ... We will be sending you ... You have 3 days to change your mind... Here is a product disclosure form."
4. All "conversations" should be recorded, with permission of customer (not just TPV)
 - Available to Department upon request



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior

Door-to-Door Marketing (cont.)

Staff Response/Proposed Principles

5. All marketers should have GPS capability
 - Allow for ready identification in case of allegation of misbehavior
6. Supplier oversight of their third-party marketing vendors should be uniform to greatest extent possible
 - Supplier role in training/approval of marketing agents
 - Review of vendor/agent performance



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior

Other Marketing Activities

D.P.U. 19-07

- The Department seeks to apply the door-to-door standards of conduct to other marketing activities (e.g., telemarketing/direct mail) (at 11, Q 10)

Summary of Comments

- Suppliers: Generally supportive
 - Direct Energy: supports if complaint data shows that these marketing channels are problematic
- Distribution Companies: Supportive
- Consumer Advocates: Generally supportive



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior

Telemarketing

Staff Response/Proposed Principles

1. Introduction and closing script should be developed (akin to those for door-to-door marketing)
2. All calls should be recorded in their entirety (with permission of customer), not just TPV
 - o Available to Department upon request



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT

Agent Behavior

Telemarketing (cont.)

Staff Response/Proposed Principles (cont.)

3. Supplier oversight of third-party marketing vendors should be uniform
 - Supplier role in training/approval of telemarketing agents
 - Review of vendor/agent performance
 - Caller ID information (should identify supplier's name)
 - Number of repeat calls "unanswered/undecided" placed to a customer during telemarketing campaign



DEPARTMENT INVESTIGATIONS STANDARDS OF CONDUCT (CONT.)

Agent Behavior

Door-to-Door/Telemarketing

Implementation Details/Working Group Tasks

- Develop introductory and closing scripts
- Develop protocols for supplier oversight of third-party marketing vendors
- Establish protocols on GPS (door-to-door only)



DEPARTMENT INVESTIGATIONS SUPPLIER ENROLLMENT REPORTS

D.P.U. 19-07

- Having information on suppliers' marketing activities, including the types of customers enrolled through each type of activity, would allow the Department to adopt a more proactive approach to our investigations of suppliers' marketing activities (at 12, Q 12)
 - e.g., look into practices of suppliers that enroll a significant number of low-income customers via door-to-door marketing

Summary of Comments

- Suppliers: Generally opposed
 - Not sure why this information is necessary in light of marketing-related information provided through license applications and renewals - Department needs to explain its objective in collecting this additional information
- Distribution Companies: Supportive
- Consumer Advocates: Strongly supportive (AG)



DEPARTMENT INVESTIGATIONS

SUPPLIER ENROLLMENT REPORTS (CONT.)

Staff Response/Proposed Principles

1. Suppliers should report information (on a regular basis) regarding their actual marketing activities
 - As compared to the expected activities provided in their license applications
2. The Department should look more closely at the practices of suppliers that enroll a **significant** number of low-income ("L-I") customers
 - e.g., suppliers whose ratio of L-I customers/residential customers exceeds ratio of
 - Distribution L-I customers/residential customers
 - Competitive supply L-I customers/residential customers



DEPARTMENT INVESTIGATIONS

SUPPLIER ENROLLMENT REPORTS (CONT.)

Implementation Details/Working Group Task(s)

- Determine frequency of reports
- Develop reporting format
- Develop confidentiality provisions
- Inclusion/exclusion of municipal aggregation customers (*electric only*)



CUSTOMER AWARENESS

ENERGY SWITCH.MA (ELECTRIC ONLY)

D.P.U. 19-07

- The Department sought comments on initiatives that would increase customer awareness and promote use of the Energy Switch website (at 5-7)
 - Supplier marketing material (see slides 33 & 34)
 - Distribution company bill (see slides 35 & 36)
 - Other initiatives (see slides 37-40)



CUSTOMER AWARENESS ENERGY SWITCH.MA (CONT.)

Supplier Marketing Materials

D.P.U. 19-07

- Should Department require suppliers to provide Website-related information to customers through marketing materials? (at 7, Q 2)

Summary of Comments

- Suppliers: Strongly opposed
 - Not appropriate in competitive market
 - At most, limit to website address
- Distribution Companies: Supportive
- Consumer Advocates: Supportive



CUSTOMER AWARENESS ENERGY SWITCH.MA (CONT.)

Supplier Marketing Materials (cont.)

Staff Response/Proposed Principles

1. Staff recognizes validity of supplier comments, however, written product disclosure form (discussed above) appears to be a reasonable vehicle way to create greater awareness of the website through a Department message
 - “The Massachusetts Department of Public Utilities recommends that consumers visit the Energy Switch website to view the broad range of available electric supply products. You can visit the website at ...”

Implementation Details/Working Group Tasks

- Language



CUSTOMER AWARENESS ENERGY SWITCH.MA (CONT.)

Distribution Company Bills

D.P.U. 19-07

- Should the Department require the Distribution Companies to present Website-related information to customers on monthly bills? (at 7, Q 3)

Summary of Comments

- Suppliers: Information quickly becomes stale – limit to address (maybe bill insert)
- Distribution Companies: Opposed
- Consumer Advocates: Opposed



CUSTOMER AWARENESS ENERGY SWITCH.MA (CONT.)

Distribution Company Bills (cont.)

Staff Response/Proposed Principals

1. Present message from Department on monthly bill
2. Periodic bill inserts
 - "mock" screen shot (?)

Implementation Details/Working Group Tasks

- Develop content/format of bill insert



CUSTOMER AWARENESS ENERGY SWITCH.MA (CONT.)

Other Initiatives

D.P.U. 19-07

- The Department sought comments on other initiatives that may increase customer awareness/value of market/Website (at 7, Q 4)

Summary of Comments

- Compact/DOER/National Grid recommend listing municipal aggregation products on the Website
- Others



ENERGY SWITCH WEBSITE

MUNICIPAL AGGREGATION PRODUCTS

Staff Response/Proposed Principles

1. The Website will display municipal aggregation products only to those residents of the applicable municipality
2. Municipal aggregation products will be treated similar to other competitive supply products (and municipal aggregators will be treated similar to competitive suppliers), except as provided in (3) below
 - Listing products is voluntary
 - Municipality is responsible for ensuring accuracy of product information
3. Exception: On initial "Start Shopping" page, municipal aggregation product(s) will be displayed directly below basic service



ENERGY SWITCH WEBSITE

MUNICIPAL AGGREGATION PRODUCTS (CONT.)

Implementation Details/Working Group Tasks

- Display of multiple municipal aggregation products when a consumer sorts and filters products
- Develop customer education information about municipal aggregations



CUSTOMER AWARENESS

ENERGY SWITCH.MA (CONT.)

Other Initiatives

- Department has revised the mass.gov website to better identify the Energy Switch website
- Distribution Companies should provide information about Energy Switch during (non-outage) interactions with customers
- Energy Switch improvements
 - Presentation of basic service prices
 - Listing of monthly price products
 - Social media



NEXT STEPS

Stakeholder Working Groups

- Customer awareness /protection initiatives
 - Automatic renewal
 - Customer complaint data
 - Standards of conduct
 - Disclosure of product information
 - Agent behavior
 - Supplier enrollment reports
 - Energy Switch awareness
- Energy Switch improvements (electric only)
 - Municipal aggregation
 - Other
- Hearing Officer will send instructions to stakeholders on how to participate in working group(s)



NEXT STEPS (CONT.)

Second Technical Session

- Department expects to convene a second technical session during summer to:
 - Provide stakeholders with updates from working groups
 - Address Tier Two issues
- Hearing Officer will provide more information