



# The Commonwealth of Massachusetts

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## DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 19-07

June 10, 2020

Investigation by the Department of Public Utilities on its own Motion into Initiatives to Promote and Protect Consumer Interests in the Retail Electric Competitive Supply Market.

D.P.U. 19-AMP

2019 Arrearage Management Plans.

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ORDER ON SCOPE

## I. INTRODUCTION<sup>1</sup>

On January 18, 2019, the Department of Public Utilities (“Department”) opened a proceeding to (1) increase customer awareness of the electric competitive supply market and the value these markets can provide, thus allowing customers to make well-informed decisions; (2) facilitate the Department’s adoption of a more pro-active approach toward our oversight of competitive supplier performance rather than reacting to third-party complaints or reports about alleged violations of statute/regulation; and (3) improve the operational efficiency of the competitive market to optimize the value that the market can provide to customers. Investigation by the Department of Public Utilities into Initiatives to Promote and Protect Consumer Interests in the Retail Electric Competitive Supply Market, D.P.U. 19-07, at 4-5, 10. The Department received comments from stakeholders on these initiatives between February 19, 2019 and March 8, 2019.<sup>2</sup> In her March 8, 2019 comments, the Massachusetts Office of the Attorney General (“Attorney General”) made her first request for the Department to investigate, among other things, “how the competitive supply market creates inefficiencies in the low-income assistance programs.” (Attorney General Initial Comments at 4). The Attorney General made subsequent requests for an investigation on

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<sup>1</sup> The Department of Public Utilities hereby consolidates dockets D.P.U. 19-07 and D.P.U. 19-AMP for the purpose of the expanded scope of the investigation outlined in this Order only.

<sup>2</sup> At the June 6, 2019 technical session, the Department announced that the investigation would include the gas competitive supply market and that it would strive to establish rules that apply equally to both markets. D.P.U. 19-07-A, at n.2 at 4.

April 18, 2019 in the 2019 Arrearage Management Programs (“AMPs”) docket, D.P.U. 19-AMP and on December 17, 2019 in a letter addressed to the Department Secretary. The Department has decided to expand the scope of D.P.U. 19-07 to include an inquiry into the effect of the electric and gas competitive supply markets on low-income ratepayer assistance programs. In this Order, we define the scope of this inquiry in an effort to aid the discovery process.

## II. DESCRIPTION OF REQUESTS

The Attorney General requested the Department to “further investigate how the competitive supply market creates inefficiencies in the low-income assistance programs, including: the low-income discount rate, the AMPs, and the low-income accounts protected from shut-off due to a qualifying hardship” (Attorney General Initial Comments at 4). The Attorney General further requested that the Department “determine appropriate measures to provide greater protections to low-income ratepayers in the competitive supply market” (Attorney General Initial Comments at 4). The Attorney General also suggested that in our investigation the Department should attempt to determine “(1) exactly how much the discounts provided to low-income ratepayers have increased; (2) how much the arrearages forgiven under the AMPs have grown; and (3) what portion of the hardship protected accounts receivable balances ultimately recovered from ratepayers are attributable to high rates charged by competitive suppliers” (Attorney General Initial Comments at 15).

On April 18, 2019, the Attorney General filed a letter in D.P.U. 19-AMP requesting the Department to open an investigation to:

(1) determine how the individual residential competitive electric supply market affects the consumer success rates of the AMPs for each electric distribution company ("EDC"); and

(2) revise the EDCs' AMPs to address the obstacles to consumer success created by the high rates charged by individual residential competitive electric suppliers

2019 Arrearage Management Plans, D.P.U. 19-AMP, Attorney General's April 2019 Letter at 3.

Here, the Attorney General narrowed the focus of her initial request for an investigation from the effect of the competitive supply market on low-income assistance programs generally to just the effects of competitive supply on AMP participant success rates. Specifically, the Attorney General proposed a series of information requests that aim to determine the number of customers who are dropped from or exit the AMP program due to non-payment and new enrollees including their supplier status, the rates charged to them versus the applicable basic service rate; the number of participants receiving supply from an individual residential electric supplier; and the portion of the total billed amount to AMP participants attributable to charges from an individual residential electric supplier.<sup>3</sup>

D.P.U. 19-AMP, Attorney General's April 2019 Letter at 3-4.

On December 17, 2019, the Attorney General made her third, and broadest, request to the Department to investigate the effect of the individual residential supply market on

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<sup>3</sup> The Attorney General also proposes to seek information regarding the provision in National Grid's AMP program that allows the Company to revise its calculation of monthly-AMP installment payments if there are "significant changes in ... energy costs from what was anticipated at enrollment." D.P.U. 19-AMP, Attorney General's April 2019 Letter at 4.

low-income ratepayer assistance programs and the overall subsidy costs for the low-income assistance programs paid for by all ratepayers. Attorney General's December 2019 Letter at 1. In her request, the Attorney General cited to recent steps taken in Connecticut and New York to prohibit low-income customers from participating in the individual residential supply market. Attorney General's December 2019 Letter at 2. The Attorney General further stated that the individual residential electric supply market undermines the Commonwealth's public policy to assist low-income ratepayers and that the Department should act to protect ratepayers and the integrity of low-income assistance programs. Attorney General's December 2019 Letter at 6.

### III. EXPANDED SCOPE OF INQUIRY

We have determined that the Attorney General's request to investigate the impacts of the competitive supply market on low-income assistance programs is sufficiently tied to the intentions previously outlined by the Department in this proceeding's Vote and Order. Thus, the Department finds that it is appropriate to expand the scope of the inquiry in D.P.U. 19-07 to explore the extent of the impact of the electric and gas competitive supply markets on AMP success rates, low-income customers as a whole, and the general subsidy costs for the low-income assistance programs paid for by all ratepayers. The Department will begin by issuing discovery<sup>4</sup> to the electric and local gas distribution companies<sup>5</sup> aimed at eliciting the

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<sup>4</sup> The Hearing Officer will issue information requests under separate cover shortly after issuance of this Order.

<sup>5</sup> The EDCs and local gas distribution companies are: NSTAR Electric and Gas Company d/b/a Eversource; Massachusetts Electric Company, Nantucket Electric

information necessary to determine the extent of the competitive supply market's impact on low-income ratepayers. The Department will determine appropriate next steps after we are in receipt of discovery responses.

IV. ORDER

Accordingly, it is

ORDERED: That the Hearing Officer assigned to D.P.U. 19-AMP shall serve this Order by email to the electronic service lists in D.P.U. 19-07 and D.P.U. 19-AMP, consistent with the Department of Public Utilities' March 12, 2020 Temporary Changes to Filing Requirements issued in response to Governor Baker's COVID-19 state of emergency declaration on March 10, 2020; and it is

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Company, Boston Gas Company, and Colonial Gas Company each d/b/a National Grid; Fitchburg Gas and Electric Light Company, d/b/a Unitil, New England Natural Gas Company d/b/a Liberty Utilities, Bay State Gas Company d/b/a Columbia Gas, The Berkshire Gas Company, and Blackstone Gas Company.

