

MXenergy is supportive of any Referral Program where the primary objectives are:

1. Customers understand that it is OK to obtain their supply from someone other than the utility,
2. Customers become aware of the various competitive suppliers making offers for their area,
3. It is easy for the customer to seek competitive offers,
4. The program informs as many customers as possible, and
5. Competitive suppliers are treated equally.

The four electric utilities submitted their proposed Referral Program (“Proposal”) to the MA DPU on July 6, 2009 and provided further details during the July 13, 2006 Technical Session. While this program appears meet our primary objectives, we have several concerns regarding the utilities’ proposal and suggestions for improvement. These are as follows:

1. The utilities propose in B1 that customers who call into the utility, for one of the reasons outlined in the Proposal, will be provided the option to hear a list of licensed competitive suppliers providing competitive supply offers. This option will be provided to the customer by a live customer service representative of the utility. MXenergy believes that this live interchange between the utility representative and the customer will be crucial in:
  - a. Helping the customer understand that it is OK to shop around for their supply (the utility will not treat them differently) and
  - b. Predispositioning the customer to be interested in exploring competitive supply options.

To accomplish this, a set script for the utility representative should be collaboratively drafted among the utilities, the Department and competitive suppliers.

2. The utilities propose in B2 that “The Company shall refer the customer to a standardized, Department-approved statement regarding the names, phone numbers and websites of such Competitive Suppliers, to be listed in alphabetical order”. MXenergy has 4 recommendations regarding this section:
  - a. The “standardized, Department-approved statement” shall be collaboratively developed among the utilities, the Department and Competitive Suppliers,
  - b. The order of the Competitive Suppliers comprising the list is periodically rotated so that each supplier is given an equal time on the top of the list to ensure fairness,
  - c. The customer is provided an option to receive the information about the suppliers in the mail and/or email instead of being read off to them via an automated system. Not all customers will be in a position to write down some or all of the information being read to them by the automated system, and

- d. The system also provides a direction of how to find the same information on the Company's website.
3. The utilities propose in B4 that "The Company shall maintain a link on its website for all Competitive Suppliers that participate in the Program. MXenergy believes that these links to the list of Competitive Suppliers should be prominently located on several key web pages, including the entry page. Our survey of the four utilities found the following:
  - a. NStar does not provide a link to Competitive Suppliers on the main entry pages for either Residential or Business customers. It appears such a link is only located on one web page that is not located in an intuitively obvious place for customers to find.
  - b. WMECO provides a link to "Supplier Choice" on their main entry page as well as on other pages that customers would tend to visit.
  - c. Unitil provides a link to "Energy Supply Options" on the entry page for Business Customers. Currently Unitil does not have a list Competitive Suppliers for residential customers. Unitil provides a link to Competitive Suppliers from other pages as well.
  - d. National Grid (MECO) provides a prominent link for Energy Choice on their main page, on the respective entry pages for residential and commercial customers, and also on many other web pages where customers would tend to be looking for information on various options in order to control their electricity costs.

During the Technical Session held on July 13, 2009, several suppliers proposed a Referral Program similar to Connecticut's Referral program. In this program, participating Competitive Suppliers submit a standard "qualifying" 12-month fixed-priced offer each month to each utility. These 12-month fixed-price offers may not have a contract early termination fee; the customers are free to leave their contract at any time. The utilities then rank the order of the Competitive Suppliers to be read off by their automated systems by lowest price first. MXenergy does not believe that the structure of this style program treats all suppliers equally. Typically only larger suppliers, possibly those with a wholesale energy arm, will be in the best position to take on the risk of offering 12-month fixed price contracts where the customer is free to leave the contract at any time. The risk to smaller suppliers of customers leaving them "holding the bag" may be too great to allow them to participate, or these suppliers must factor in such a large risk factor into their pricing that they will never be near the top of the list.

If the MA DPU decides that it does want to implement a Connecticut style Referral Program, then MXenergy strongly recommends that a referral price offer oversight and compliance program is implemented as part of the program. It has been MXenergy's experience with the CT program that not all Qualifying Referral Program offers are completely honored at all times. When customers call a supplier regarding the Referral Program offer, at times the customer has been told that the price is available but only for a shorter term, such as 3 months. In MXenergy's opinion, this is a form of bait-and-switch. While most customers, who are not sophisticated electricity shoppers, may not

appreciate the full implications of the difference, a 3-month term on a price is quite a bit different than a 12-month term. MXenergy recommends the Department to set up a process to monitor the standardized referral offers with a set of compliance rules. The monitoring could use a secret shopper technique. The compliance rules should have a “3 strikes and you are out” policy, where the offending supplier is suspended from the referral program for 3 months after the first violation, suspended for 1 year for the second violation, and permanently removed for 3 violations.