

**RETAIL ENERGY SUPPLY ASSOCIATION
RESPONSES TO 14-NOI-1 FOLLOW-UP QUESTIONS (APRIL 28, 2015)**

On April 28, 2015, the Retail Energy Supply Association (“RESA”)¹ received an email from the Commission’s Office of Retail Market Development requesting responses to a number of follow-up questions in Docket 14-NOI-1. The following are RESA’s responses to the questions directed at RESA as well as some responses directed to suppliers generally, some other parties, or parties generally. The text of this document is limited to those questions to which RESA is providing a response.

Variable Rate Offers

Q. Should the Commission adopt a requirement that the supplier provide the customer with a formula or method by which the variable rate is determined?

- On page 10 of its Reply Comments, RESA states that the Commission may want to consider providing guidelines as to what constitutes an adequate explanation of how variable charges are determined.

Question for RESA: Which specific guidelines would you recommend to the Commission?

RESA RESPONSE: RESA points out that the referenced statement on page 10 of its Reply Comments was in response to CUB’s Initial Comments recommending that the Commission should adopt a requirement that a supplier provide its customers with a formula or method by which the variable rate is determined. In its Initial Comments and Reply Comments, RESA pointed out the problems with such a requirement.

However, while RESA opposes such a requirement, it suggested that the Commission may want to consider providing guidance as to what constitutes an adequate explanation or disclosure of how vari-

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

able rates are set. RESA made this suggestion in the context of listening to Commission discussions in which an explanation that variable rates are based on market conditions appeared to be objectionable to some Commissioners, while detailed explanations which include technical terms also appeared to be objectionable. In this regard, RESA notes again that Commonwealth Edison's supply charges are variable under its Rider PE which sets forth a 21-page explanation of how supply charges under the Rider are calculated. RESA's point is that before criticizing suppliers on their explanations of how variable rates are set, it should consider establishing guidelines. RESA does not have specific guidelines to recommend to the Commission, other than to reiterate that any guidance should be a reasonable accommodation of providing an adequate explanation while being understandable to the average consumer.

Renewable or "Green" Energy Offers

- Q. Should a "% renewable" column be added to the supplier offer matrix found on PlugInIllinois.org? If so, is the addition of such a column dependent on a Commission definition of "renewable energy"?

On page 4 of its Surreply Comments, CUB states that there should be two columns added to the supplier offer matrix: one strictly for a % of renewable energy secured through a Purchased Power Agreement (PPA), and one to indicate the % renewable energy credit.

Question for CUB: What should the title of the PPA column be and how should the column be described/defined on the website?

Question: Should the % REC column include any RECs or should there be further differentiators such as location, whether they are green-e certified, or other criteria?

RESA RESPONSE: For the reasons stated in RESA's Reply Comments, there should be no columns distinguishing between Renewable Energy Credits ("RECs") and other types of renewable energy resources. RESA disagrees that there should be any further differentiation of RECs.

- RESA opposes creating separate columns for "% renewable energy" and "% RECs", stating, on page 12 of its Reply Comments, that "it would be misleading a customer for the RES to publish that 50% of his or her electricity came from renewable resources when the actual electricity delivered from electric utility to that customer may be 100% coal and the renewable energy went to another customer."

- ICEA also opposes creating separate columns for “% renewable energy” and “% RECs.” On page 13 of its Reply Comments, ICEA states that suppliers “may legitimately not know the source of the energy they buy for delivery to consumers.” ICEA goes on to state that suppliers “may also procure block supply from the market from brokers that are not unit-specific” and that they “have no idea whether any given block will be fulfilled by coal, solar, nuclear, wind, burning of black liquor, or some other shifting combination thereof.” ICEA also questions “what added benefits there would be for identifying the source of electricity.”

Questions for RESA and ICEA: Do you consider any of the following marketing examples as misleading? Please explain your answer.

If you do find one or more of the examples misleading, please explain what, if anything, the Commission should do to address the issue.

In addition, please state whether you believe any mention of percentages in the examples below should automatically translate into including such percentages into a single “% renewable energy” column on the PlugInIllinois.org website.

Given that you oppose creating separate % columns for renewable energy and RECs, please describe how a customer is able to discern any differences between the various attributes of the “green” energy options below.

Example 1: “Choose 100% wind from Supplier X today! By choosing the Pollution Free™ Reliable Rate product over typical system power, an Illinois household with monthly usage of 700 kWh can prevent more than 13,000 lbs. of CO2 emissions a year.”

Example 2: The “Fixed Pure Green is 100% renewable, coming purely from local wind sources.”

Example 3: “It’s easy to do your part to cut air pollution with 100% Clean, pollution free energy from new, renewable energy farms located near our customer base.”

Example 4: “Our 100% renewable electricity plan is environmentally friendly.”

Example 5: “100% of your electricity will be generated from clean, renewable wind sources.”

Example 6: “The electricity will be 100% renewable energy from clean energy sources such as solar, wind, hydro, and biomass.”

Example 7: “The 100% wind Renewable Plan is Green-e® Energy certified.”

Example 8: "Green month to month variable plan."

Example 9: "The Everyday Green rate combines sustainability and affordability. The Everyday Green rate comes from 50% renewable sources in addition to the State of Illinois Renewable Portfolio Standards."

Example 10: "Green Fixed Rate of x cents per kWh for 12 months."

Example 11: "Residential 100% Green Choice Product"

RESA RESPONSE: In general, marketing is not misleading if it is true. It is not possible to characterize definitively the 11 examples as misleading or not without knowing if the statements are true. Also, RESA has no information that suppliers are telling customers that the electrons flowing into his or her residence are coming from a specific source, such as a local wind farm.² With those disclaimers, RESA responds further as follows:

- Example 1 is not misleading if Supplier X is sourcing the product offering with 100% wind and if it's true that an Illinois household with monthly usage of 700 kWh could prevent more than 13,000 lbs. of CO2 emissions a year by purchasing a 100% wind product.
- Example 2 is not misleading if the product offering is 100% renewable and comes from local wind sources.
- Example 3 is not misleading if it is true that the product offering is sourced from new, renewable energy farms located near the supplier's customer base.
- Example 4 is not misleading if the product offering is sourced from 100% renewable energy, which would include RECs.
- Example 5 is not misleading if it's true that the product offering is sourced from clean, renewable wind sources.
- Example 6 is not misleading if the product offering is sourced from solar, wind, hydro and biomass.
- Example 7 is not misleading if the statement is true.
- Example 8 is not misleading if the product offering is sourced from green energy.
- Example 9 is not misleading if the statements are true. RESA also notes that the statements comply with 83 Ill. Admin. Code Section 412.190 which provides: "Only power and energy service that includes power and energy purchased entirely separate and apart from the renewable portfolio standard re-

² In this regard, RESA notes that the quoted language from its Reply Comments is missing the word "not". It would not be misleading for a RES to market 100% green energy to a customer if the RES sources its energy from 100% green energy even though it is not possible to know where a particular's customer electricity comes from.

quirements applicable to ARES under Section 16-115D of the Act can be marketed as 'green', 'renewable energy', or 'environmentally friendly'."

- **Example 10 is not misleading if the product offering is sourced from green energy.**
- **Example 11 is not misleading if the product offering is sourced from 100% green energy.**

RESA notes that consumers receive product attribute claims for many different products for which they shop and buy, aside from retail electric products. Customers can, and do, ask suppliers to provide evidence of the truth of their statements just as a customer could ask a cell phone provider about the extent of their service area coverage. The Commission does not have to be the source for that consumer information.

Defining Fixed and Variable Rates

Q. If you favor a Commission definition of "fixed" and "variable" rates, please provide and explain your proposed definitions.

- On page 6 of its Initial Comments, ICEA proposes to define a fixed price offer as an offer where the price does not change for a minimum of 3 months.

Question for ICEA: Explain why the minimum fixed price term should not be 6 months instead of the 3 months you propose.

- On page 6 of its Initial Comments, ICEA mentions two events that it considers to be "legal, regulatory or unknown market change or condition that could not be managed with proper procurement strategies."

Question for ICEA: Besides the recent PJM capacity performance proposal and changes in the state's renewable portfolio standards, what other "cost components outside of a supplier's control" would ICEA consider to fall under such a contract provision?

Question for ICEA: If a contract states that "the price may fluctuate based on an increase in PJM demand-based pricing components that have been included in the price (demand-based ancillary services, capacity [including auction rates, zonal scaling factors and forecast pool requirements], and transmission service)", should the offer/product be considered a fixed price offer/product?

Question for ICEA: If a contract states that the seller and buyer "recognize that components of the pricing include electric tariff charges that are authorized by the ICC, PJM, the FERC, and/or any other state or governmental agency having jurisdiction" and that "any increase in these charges may be

directly passed through to buyer by a corresponding increase in the pricing”, should the offer/product be considered a fixed price offer/product?

RESA RESPONSE: RESA does not agree with drawing an artificial line as to what number of months would constitute a fixed versus a variable rate. RESA suggests the following alternative definitions:

“Variable rates” are those where the price per unit changes regularly but no more frequently than monthly. The frequency of price changes and the factors which drive price changes should be conspicuously disclosed at the time of the contract.

“Fixed rates” are those where, at the time of the contract, the price per unit is intended to remain unchanged for a defined period of time. If the supplier reserves the right to make an interim change to the per unit price, the reservation of right should be conspicuously disclosed at the time of the contract. Note that a fixed rate that includes a provision for revising that rate due to changes in law, changes in RTO costs, or changes in applicable utility pass-through charges, does not convert a fixed rate into a variable rate.

Consumer Education

Q. Do you propose additional ways to increase traffic to PlugInIllinois.org?

- On page 5 of its Reply Comments, ComEd states that ICEA’s proposal of Ameren and ComEd adding periodic bill messages to check PlugInIllinois.org for the latest information about the bundled and competitive rates should be rejected. ComEd stated that “RESs may raise issues with ComEd providing such a notice for all customers, as ComEd does not target subgroups of customers with these types of messages.”

Question for the suppliers: Do you object to such periodic bill messages being included for all customers?

RESA RESPONSE: RESA does not oppose ComEd’s position.

Q. Should suppliers be required to post their residential offers on PlugInIllinois.org?

- On page 14 of its Reply Comments, RESA states that requiring suppliers to post their residential offers on PlugInIllinois.org “would ultimately diminish the value of the PlugInIllinois website by making it unwieldy.”

Question for RESA: Would RESA also be opposed to a requirement that suppliers with residential offers post at least one of their residential offers on the PlugInIllinois.org website? Would the answer change if the requirement would be limited to periods of actual marketing activity by the supplier (e.g., during a direct mail, online, telesales, or door-to-door campaign)?

RESA RESPONSE: RESA would not oppose a requirement that suppliers with residential offers post at least one of their residential offers on the PlugInIllinois.org website.

Cancellation/Rescission

Q. Should the Commission change the rescission period for customers with a smart meter? If so, what should the new rescission period be?

- On pages 4-6 of its Surreply Comments, Ameren describes its “enrollment blackout window” processes.

Question for Ameren: Is it correct that the 12 to 16 calendar day enrollment blackout window for mass market customers could only be shortened (even if just by a day or two) if the rescission period found in Part 412.210 were to be modified?

Question for ComEd: Please explain why ComEd’s corresponding enrollment blackout window is 18 calendar days instead of Ameren’s 12 to 16 calendar days.

Question: In the absence of requiring off-cycle switching for residential and small commercial customers, is it worthwhile considering a shortening of the Part 412 rescission period to 8 calendar days?

Question: In the absence of requiring off-cycle switching for residential and small commercial customers, is it worthwhile considering an optional shorter rescission period? If so, under which specific circumstances should a RES or customer be able to request the shorter rescission period?

RESA RESPONSE: Yes, shortening the Part 412 rescission period to eight calendar days would be an improvement over the existing rule.

Respectfully submitted,

s/s GERARD T. FOX

Gerard T. Fox

An Attorney for the Retail Energy Supply
Association

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Law Offices of Gerard T. Fox
203 N. LaSalle Street
Suite 2100
Chicago, IL 60601
gerardtfox@gerardtfoxlawoffices.com
(312) 827-7986