BEFORE THE ILLINOIS COMMERCE COMMISSION RETAIL
SUPPLIER MARKET POLICY SESSION

Wednesday, January 22, 2020

Chicago, Illinois

Met pursuant to notice at 1:00 p.m. at 160 North LaSalle Street, Chicago, Illinois.

PRESENT:

CARRIE ZALEWSKI, Chairman
MARIA BOCANEGRA, Commissioner
SADZI OLIVA, Commissioner
D. ETHAN KIMBREL, Commissioner

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PART 412 LESSONS LEARNED PANEL

MODERATOR:
GABRIELLE LONG, Legal Policy Advisor to
Commissioner Kimbrell, Illinois Commerce Commission

PANELISTS:
MR. MICHAEL NUGENT, Regulatory Senior Counsel,
IGS Energy
MS. TERESA RIGENBACH, Senior Management of
Government & Regulatory Affairs, Direct Energy

CONSUMER EDUCATION

MODERATOR:
ALEJANDRO AIXALA, Legal Policy Advisor to
Commissioner to Commissioner Bocanegra, Illinois
Commerce Commission

PANELISTS:
MR. MIKE STARCK, General Manager & Vice
President, NRG Retail East
MR. JOHN DUESSEL, Vice President and chief
Customer Officer, Vistra Energy
MS. SARAH MOSKOWITZ, Deputy Director, Citizens
Utility Board

QUESTION AND ANSWER PANEL

MODERATOR:
MR. GERARDO DELGADO, Legal Policy Advisor to
Commissioner to Commissioner Oliva, Illinois Commerce
Commission

PANELISTS:
MS. TERESA RIGENBACH, Senior Management of
Government & Regulatory Affairs, Direct Energy
MS. JENNIFER SPINOSI, Vice President of
Regulatory and Compliance, CleanChoice Energy
MR. CHRISTOPHER KIM, Public Utilities Bureau
Deputy Chief, Office of the Attorney General
CHAIRMAN ZALEWSKI: Hi. Good afternoon and welcome under the Open Meetings Act. I call the Retail Supplier Market Policy Session to order. With me in Chicago are Commissioners Oliva, Kimbrell and Bocanegra. We have a quorum.

Our guests and panelists should be aware that a court reporter is present and that the transcript of the session will be available on our website later after the session.

Over the past two years, the retail supplier marketplace has seen an influx of regulatory attention. In May of 2018, as you already know, amendments to the Illinois Administrative Code, Part 412, went into effect addressing suppliers marketing and sales practices. And this past summer, the HEAT Act was signed into law with expectation of compliance of January the 1st of the year.

And as you all are likely aware, the Act increases reporting requirements for retail suppliers including their reporting to the Commission and to Illinois consumers.

During this time, the Commission's
Office of Retail Market Development, under Tanya Capellan's leadership, has conducted meetings with individual suppliers and a group of suppliers called the Retail Market Advisory Committee. The purpose of the meetings were to seek and put about successes and possible road bumps that suppliers had experienced throughout the implementation process of these new regulations and to provide a forum for an exchange of information and ideas relevant to the retail market.

Today's suppliers and consumer advocate groups have the opportunity to speak on experiences, lessons learned and best practices.

Consumer education is something that the Commission is very focused on. We are looking forward to hearing about consumer education initiatives from both the supplier perspective and consumer advocate perspective.

For our part, the Commission is continuously looking for ways to educate the public for options of the retail electric supplier through our Plug In Illinois website. You can find information about municipal aggregation, how to
compare utility supply price to offers from retail
electric suppliers and answers to the most frequently
asked questions about the process of switching
electric suppliers.

The Commission has also devoted an
entire website to the HEAT Act implementation with
links to Part 412, Part 512 and the HEAT Act
frequently asked questions page. It's on our home
page under the highlight section which is the first
item. So I suggest everyone take a look at it, if
they can.

And then finally, I would like to
applaud Tanya Capellan and the team for all their
work on this implementation process and also for
putting together this policy session today.

And with that I'll turn it over.

Thank you.

MS. CAPELLAN: Thank you, Madam chairman.

Good afternoon everyone. And welcome
to the Retail Supplier Market Policy Session. As the
chairman mentioned, my name is Tanya Capellan and I
am the acting director of the Office of Retail Market
Development. Also referred to as the ORMD.

I would like to start off by thanking Shae Felde and Sophia Markowska for all their hard work in putting together this policy session. Both Shea and Sophia are market associates in ORMD.

Today's policy session will touch on three main topics: implementation of the amendments to the Commission Part 412 Rules, consumer education and marketing practices. With the retail market garnering attention from regulators, it is imperative to understand the role suppliers and consumer advocates that play in the competitive market and discover ways to promote competition.

The first two panels will involve presentations from panelists followed by a Q and A portion. Panelists within the first panel will describe how their companies worked to implement the changes brought on by the amendments to Code Part 412 in 2018 and challenges they may have faced during the process.

Our second panel will focus on the topic of consumer education from both the supplier
perspective and consumer advocate perspective.

I'm sure we can all agree that educating consumers about the competitive marketplace is vital to its success.

To help us stay on time, Sophia will keep track and notify each of the speakers when they have 5, 2 and 1 minute left remaining. And when they are out of time.

Our final panel will be entirely question and answer. In this portion, the panelists will be answering questions about the various marketing techniques that suppliers use -- I'm sorry -- that suppliers engage in.

We will hear about ways that the suppliers position themselves to promote a competitive marketplace and from feedback that consumer advocates received from the Illinois public about their interactions in the market.

Moderating our first panel is Gabrielle Long. She is the legal and policy advisor to Commissioner Kimbrell.

Gabrielle, if you could please
introduce the first panelists and speakers.

Thank you.

MODERATOR LONG: Good afternoon everyone and welcome again to our 2020 Retail Market Policy Session. Our first panel will focus on the Illinois Administrative Code Part 412 amendments and their impact to electric suppliers.

These amendments were largely a result of the Commission investigating marketing practices of retail suppliers following the 2013-2014 polar vortex that saw an increase in complaints due to high electric pricing during the extreme weather event.

In October 2017, the ICC adopted amendments Code Part 412 of it's rules to revise the regulating marketing practice of retail electric suppliers to ensure a more transparent retail market.

The amendment's aim is to address additional requirements for suppliers, marketing to residential and small commercial customers to protect them against -- protect them in a system with disputes. All ARES companies were required to be in compliance with the amendments by May 1, 2018.
During our first panel, two alternative suppliers will share the steps their companies took to update their practices to reach compliance with the amended rules. Our speakers will discuss what changes and challenges they faced in the implementation of the rule change. Each panelist will have 10 minutes to present followed by question and answer.

As always, the chairman and commissioners are free to ask questions throughout the session.

Speaking on this panel we have Michael Nugent, regulatory senior counsel for IGS Energy and Teresa Ringenbach, senior management of Government and Regulatory Affairs for Direct Energy.

Michael, you may please begin your presentation.

PANELIST NUGENT: Thank you, Gabrielle.

As Ms. Long mentioned, my name is Michael Nugent. I'm an attorney with IGS, in it's Regulatory Department. I would on behalf of myself and my company, I would like to thank the ICC
Commissioners as well as the staff who have provided me with the opportunity to participate in this afternoon's policy session.

Before I begin, I would like to share a little background on my company. IGS Energy is a privately-held, family-owned corporation that offers alternative retail electric, natural gas and distributed integration services. Though we are headquartered in Dublin, Ohio, we have offered competitive retail energy services to residential, small commercial and mercantile customers in Illinois since 2011.

To market and solicit those products and services, we use traditional distribution channels. Those channels include direct sales, tele-sales and direct mail marketing all of which are directly impacted by the 412 rulemaking.

The purpose of my presentation today is to provide a high level overview of the processes that IGS used to implement for the rule changes. I will also discuss the methods we used to oversee our sales to marketing and enrollment activities here in
Illinois to make sure we are in compliance with the Commission rules.

As many of us are keenly aware, 412 modified the way alternative retail energy suppliers could market the flow to the market internationals and to all commercial customers. As I mentioned earlier, IGS uses traditional distribution channels to market to those properties. Our direct sales tele-market sales, marketing teams and even our IT team was impacted by the 412 rulemaking.

To address those changes, IGS implemented a three phase approach. First, the members of Regulatory Department reviewed the rules and produced an outline to summarize the additional obligations on a department by department basis. After impacted employees had an opportunity to address those materials, we coordinated a workshop at our headquarters and invited stake holders from those departments to attend and address any issues and answer any questions those team members might have regarding the upcoming changes.

Finally, we conducted internal
training sessions with our direct tele-market sales teams to promote awareness of those rules and ideally ensure compliance.

From a marketing standpoint, all direct mail and digital mail databases are updated to include the additional disclosures that are now required by 412. We also work with our IT Department to ensure that it has the systems in place to issue enrollment documentation within required timelines.

Though the new rules present some challenges and costs from an implementation standpoint, the benefit to us at least as IGS is that our marketing and IT teams are comprised almost exclusively of IGS employees. Since we don't use third parties, our Regulatory Department was able to specifically target impacted employees, impacted departments and communicate the rule changes directly to those individuals.

The same can be said for our inbound and outbound telephonic sale employees. Here again we use our employees to exclusively market those products telephonically. Doing so enabled us to
simply implement the second and third phase of our compliance approach. Because it's employee based, present a workshop and tell them to spread out the information.

And shortly thereafter in-person training was provided by management to ensure compliance with the new rules. Notably the fact that we use our employees also allows to us establish our internal policies. In our case, we don't limit call times so our employees are free to take as much time as needed to ensure, one, that the appropriate 412 disclosures are made and, two, that the customer is sufficiently informed about the particular product or services being offered.

And not to sound like a broken record, we make clear that our in-person door-to-door direct sales agents are also our employees. Those employees are required to undergo a six-week training program in order to understand relationship between the Commission's marketing solicitation requirements and our own internal policies. These employees similarly received additional in-person training prior to the
implementation of the 412 rules and those
requirements are regularly reviewed and discussed
with management during regular meetings. Again,
because those individuals are our employees, we are
able to specifically target and distribute messages
regarding any and all upcoming rule changes.

Currently, we employ 18 full-time
door-to-door employees that report to two separate
offices here in Illinois one in Deerfield and the
other one in Naperville.

As you can see in the last bullet on
the slide, we believe that the methods we use have
led to a positive customer experience and that IGS is
recognized as a five-star entity on the Plug in
Illinois Retail Electric Supplier scorecard.

We also recognize that regulatory
compliance is an ongoing obligation. We have
policies in place to ensure that the team follows the
Commission’s rules. For that reason, IGS retains a
dedicated compliance manager that is responsible for
monitoring IGS sales and marketing activities in
Illinois.
Our compliance manager Terry McGaw actually visited our Naperville and Deerfield offices earlier this week and has actually joined us this afternoon. As part of her responsibilities, Ms. McGaw participates in weekly follow up with the sale management team to discuss sales and marketing requirements, shared best practices and identify areas for improvement.

To summarize, IGS used a three-phase approach to implement the 412 rule changes. Here again our Regulatory Department reviewed and summarized models and issued them back to the Departments, we held an internal workshop to review and accept those changes with employees and lastly we provided and continue to provide ongoing training and monitoring through our telephonic and direct sale employees to make sure we are in compliance with Commission rules.

We believe that our employee-based model celebrates swift and direct communication with impact on employees and allows for direct oversight of those employees to more effectively ensure
compliance. In doing so we also believe that our
customer has a better experience. Thank you.

PANELIST RINGENBACH: I thought we were waiting
for questions for Mike, but I could jump in.

CHAIRMAN ZALEWSKI: Just make sure they can
hear you with your mic.

PANELIST RINGENBACH: I am Teresa Ringenbach.
Senior Management of Government & Regulatory Affairs
for Centrica which includes Direct Energy. Centrica
is a Global 500 company and their North America
businesses fall under the Direct Energy umbrella.
Here in Illinois we have a little
under 200 employees and they span multiple
businesses. So in Northbrook, we have a company
called SmartWatt, SmartWatt is our energy efficiency
energy conservation measures company. In Buffalo
Grove, we have Home Warranty of America. And then in
Oak Brook, we have our Direct Energy business
offices.

So across the state, we have a little
over 150,000 customers and as far as Centrica is
cconcerned, all of our businesses operate in Illinois.
So our customers here can get everything from gas and electricity supply to a warranty for their home or we actually have customers cited where we built solar or battery storage.

So I'm less lawyerly probably because I'm not a lawyer than Mike in my present circumstance. For Direct Energy, I think the perception sometimes is the Commissioners only see the regulatory people and the staff do too but there is a whole group of teams that happen behind the scenes.

So when a rulemaking occurs, the project internally begins once the rulemaking is proposed and not when the actual docket opens.

And to start that we form a project team that includes the regulatory team. We have a separate Compliance Department. We have a separate Sales Quality Department and then on top of that, we incorporate our, what we call door-to-door sales, tele-sales and our digital marketing team. We also include all of our customer service people which is not just customer service intake but the complaints
team which we call that the office of the president.

All of the product development is brought in along with in the case of the Part 412 rules, we also brought in our wholesale procurement group because there were pieces of Part 412 which would have impacted what was considered a REC and how to market that. And that is the team that buys our renewable energy credits, handles those contracts and is reporting to the PJM system and ensuring that that group qualifies with compliance.

At the beginning of the part 412 rules, we also internally ask the questions are there technologies or things that we are doing in other places or hope to do but the rules prohibit it.

I've been doing this since 2001, the Part 412 when they first broke out had not been updated in some cases since before we had iPhones. So the ways that our customers were interacting with their technology, the way that they were just generally doing business was very different from what the rules had originally intended.

So from there we filed comments. Our
comments encompassed what we would have liked to have seen.

In addition to that, we also looked at what had been proposed in the rule. So in the part of 412 there was a new uniform disclosure statement that had very specific font requirements and how it had to look. That led to operations having to go back to our printer and saying does this work because the print shops actually have border amounts they have to fit in, so we had to look at that. So that informs our comments.

So when you receive comments from Direct Energy they generally are not just, we can't do that, but try to give you a specific reason why and a solution to get you to the same end goal.

And then finally, there was the implementation. Thankfully the Commission had the forethought to know these were pretty broad sweeping rules which required not just programming but completely different ways that people could sell. And from that perspective, we were given more time. So it wasn't just Day 1 get in line with this, you
have to get compliant. Because the schedule as you all know can be a little bit squishy. So the Commission said to these RECs we're gonna approve them and you have to become compliant and I think that worked well especially given the things that we had to do. So we had to completely shred anything that was physically out in the field. Everything from marketing materials to door-to-door offers, we had to have our employees go in and make sure everything was eliminated.

Then we had operational things, the print shop. We also had programming but things behind the scenes not just the websites just in general how we take care of customers.

Recording of sales calls required us to -- we don't do everything internally, Mike, but we do do a blend of internal and external vendors, so making sure that they were all set up for the proper recording. How were we going to maintain those recordings? How were we going to access them when the Commission asked for it? There was a whole streamlining that had to go along with that.
Challenges, so this was my favorite question. Thank you, Tanya.

The challenges around Part 412 were not actually the Part 412 process. The challenges around Part 412 actually had more to do with what was happening around our industry. So at that time, there was clearly a lot of press, there were some bad actors. It was not a good moment for our industry across the board.

On top of that, we've had -- I want to say it was three years of what eventually became Senate Bill 651 -- so at the same time when we are talking about internally how we are going to comply and meet the requirements of the Commission, we are on a different front trying to figure out if we have to do all these other things that are being proposed in legislation, can we do that too? So from a regulatory government affairs person, I spend a lot of time in Illinois and trying to help our people internally be prepared for whatever might come. That was the biggest challenge with Part 412, was trying to overcome the public perception that was being
 painted across our entire industry, while at the same
time making sure that we were addressing the
concerns.

So there's a Kanye West quote that's
actually really good. It says, "Love your haters,
they're your biggest fans."

(Laughter.)

I feel like that really covers the
Part 412, Senate Bill 651 issue.

Consequences: So for Direct Energy
what you will see on left are specific to just Part
412. So there were 80 different work stream, 76 new
team members and 1200 hours to make sure we were
compliant.

I could not separate out the dollars.

The budget got mushed with the Senate Bill 651
implementation. So it is over a million dollars but
I couldn't tell you how much of that was just Part
412 but the ultimate consequence to our company is we
are committed to this date. We are committed to
compliance and we are willing to put our money where
our mouth is. And I think that's the biggest take
Thank you for your time.

MODERATOR LONG: Thank for your presentations they were very informative. We will now move onto our Q and A session. Are there any questions from the audience, the Commissioners or chairman? I have a few questions.

COMMISSIONER BOCANEGRA: Gabrielle, I have a question.

MODERATOR LONG: Okay.

COMMISSIONER BOCANEGRA: I know you were asked a -- what some of the challenges were. Can you highlight what some of the benefits are having implemented the rule now that you have hindsight.

PANELIST RINGENBACH: Yeah, some of the benefits were actually probably the fact that we took some of the stuff that happened in Illinois and applied it to other states. So the idea of the Uniform Disclosure Statement and the additional information that was put into it. The concept behind disclosing where your RECs are coming from as much as the industry pushed on it, I think there are other
states that were saying it wasn't necessarily a bad idea to let customers see it.

Some of the stuff lately has fallen into the Senate Bill 651 stuff that came out, so not necessarily Part 412. But the renewal terms making sure that you have a side-by-side comparison. And best practices from our industry so they're kind of jumping ahead of the panel at the end of the day, but there are certain technologies for electronic verifications that the rules relax a little bit to allow us to do that.

Probably the biggest thing that came out of it was highlighting I think for many of us, there is this perception that just industry regulated laws. Well, we can't. There are antitrust laws around that.

But I think for some of us, we didn't even know what some of these companies were doing and even it came as a little bit of a shock when it came out, and it bolstered the industry to say, Well, Illinois addressed it this way, let's take that and you know that it works in that state. So in a way
Illinois became a leader for the industry to regulate itself.

PANELIST NUGENT: I think looking at it from a consumer perspective, the increased transparency has led to a better customer experience overall. And as Teresa mentioned, some of the additional obligations that we have here in Illinois, if we found it led to a better customer experience, we worked to implement those in the market where those rules may not be in place.

COMMISSIONER OLIVA: Is there anything during your implementation of the amended rules, that you still would have questions about or you're not quite sure how it's going to be interpreted down the line?

PANELIST RINGENBACH: I think things always come up. There is ways that we can interpret it. The staff has been really good at helping out.

So I will give you an example of probably the most recent one. There is a requirement that we'll be providing to the staff a report of all the sales people's names that sell for us. And we had -- well, they're not actually sales people, our
customer service people, if the customer calls into us, could enroll a customer. They're not compensated for the sale but they have the ability to enroll.

So staff was really good at saying, Listen, they're not a salesperson but we do interpret the rule as anybody who has the capability to enroll should be on the list. So we did improve our list to make sure that that was happening.

So there is things like that that keep coming up. If we have new stuff that we are trying to do, I generally try to run it past staff or Rob Gibbs on our team does it just to make sure that we are not doing anything that could be interpreted as being outside the rules.

So there are things like that that have come up. The most recent one is we do in some states what is called electronic TBD where it's through your -- the customer, after the agent leaves, gets a text message to their phone, they hit a link, then they answer all kinds of questions via the text message.

Direct takes it a step further. We do
a phone number to name and identity validation. So if it doesn't match the premises the name, we void the TBD and then we ask the person identified questions to make sure it's actually the customer using the phone and not someone else. So that's probably the one that we haven't launched in Illinois because we seem to be toeing the line a little bit and I think staff has come out and said, Well, maybe not. So it's something that we'll probably have to make a formal request to the Commission to make sure it qualifies.

PANELIST NUGENT: The 412 rules specifically are pretty clear. Regarding the portion where we may have questions and based on discussions we've had in the cases where something might be vague or ambiguous, if it's a question that I'm unable to answer or other counsel is not able to offer an opinion on, we have not been shy about picking up the phone and reaching out to staff and in most every cases have received a direct answer to our question.

MODERATOR LONG: Go ahead.

MR. GIORDANO: Thanks. Pat Giordano, Giordano
and Associates.

Teresa, what we wanted to know what action Direct Energy is taking to make sure that you're no longer using the contract that has a fixed price and then an automatic renewal where the customer is bounced onto a variable rate that's not allowed under the new law.

PANELIST RINGENBACH: So as of January 1st, no customer can roll from a fixed to a variable price without getting a second consent to that portion of their contract. Direct Energy's approach to that for small commercial and residential is as of January 1, all of our contracts move them from a fixed to a fixed. So they will be moved to a product that is fixed to fixed and they will get that notice that shows side-by-side their current price, their new fixed price and then the length of that new fixed rate which is not monthly or variable.

I'm trying to remember off the top of my head. I think they go anywhere from like eight to 12 months fixed. They're still working through that because we have some hedging stuff that has to be
shifted from the time the law passed in June to us now seeing customers sort of roll off their old contracts onto new rates.

MR. GIORDANO: And is that just for new contracts or are you also shifting existing customers under existing contracts onto a fixed rate at the end of their contracts if it's automatically renewed.

PANELIST RINGENBACH: Yeah. So our interpretation of the law is that it's customers enrolled after January 1, 2020 and that those who are already on an existing contract could still roll to variable.

I'm on the project team, so there have been questions about do we just move everybody to fixed, do we continue to let them have their current conditions and what does that mean? Are we now making a material change to their terms and conditions and is that necessarily a change in law? So there are things we have to look at in terms of making sure we are not defaulting on a customer contract signed on the adjustable variable rate.

MR. GIORDANO: Thank you.
MODERATOR LONG: What was the biggest unforeseen hurdle that your company faced and how did you overcome this?

PANELIST RINGENBACH: The press and the distrust of the industry made it -- I know it sounds funny but it's really not funny. But it made it really hard to continue to have that trust between the industry and the Commission when you're seeing all this stuff coming out in all these news articles and at the same time we are seeing things like, Well, we can't use the UBS because of this. The perception of that was just that we just don't want to use it because it would be easier. And I think that your public perception that overlaid this process, that was probably the biggest hurdle.

PANELIST NUGENT: As I mentioned in my presentation, everything we do is in-house using our own employees. It's really pretty streamlined. But some of the feedback that I received from implementation related to things like 412 where we were able to include all the content that was required under ADS for example. Again, not a
significant hurdle, not a major challenge, but at times, I think it did create some frustration for us from both the Marketing Department and from a web disclosure perspective. There were some additional costs and time spent to refresh our website, if you will, and to include the updated disclosure requirement.

MODERATOR LONG: How did you communicate the changes and implementation process to the affected departments and third party vendors?

PANELIST RINGENBACH: So for Direct we've got a project team and they were meeting -- at that time, we met three days a week. And then on top of that each individual group had their own meeting.

So the door-to-door team with their vendors had to come in and we had our own separate meetings to basically have to verify that you changed everything or at the end you shredded everything and you've checked the boxes and sent it over. Tell the sales do the same thing. Each vendor has to certify that they're doing it and has to test things, do we have access to those recordings now, are you
following the sales reporting process?

So you have the bigger project teams that come together and everybody gives a go or no go. And if they give a no go, how long? What do you need? What is the hold up? At one point, we actually had to shut down a channel with one of our vendors because they were noncompliant and were not going to be ready. So it's like any other large project process. That's how we do it.

PANELIST NUGENT: From our perspective, we use the three phase approach. The outline that I referenced that was distributed by e-mail. My signature block has my telephone number, so our own internal will shoot an e-mail or stop by our desk to get my interpretation on whatever it is they're trying to implement. I think that answers your question.

MODERATOR LONG: If you participated in workshops held by the Office of Retail Market Development, did you find them helpful for implementation purposes?

PANELIST NUGENT: I was a participant on the
And I did. I enjoyed the fact that we were able to have an open dialogue, open discussion. There was always an opportunity for Q and A. In most cases if those questions were not answered during the meeting, we received a response to a particular question in a subsequent e-mail shortly thereafter so I was fairly pleased.

PANELIST RINGENBACH: So this is secondhand representing Rob Gibbs, Rob was the person that was on all of those working groups and workshops. I will tell you as part of the lead on the project management team whenever we had a question, we weren't sure about it, we would send Rob off to go talk about it in one of the workshops or to staff, so I would say it was helpful.

COMMISSIONER KIMBRELL: Gabrielle, can I sneak in.

MODERATOR LONG: Yes.

COMMISSIONER KIMBRELL: Thank you. How has the Part 412 implementation cost affected pricing strategy? That's courtesy of former ORMD staff personnel Joe Fallah.
Thanks, Joe.

PANELIST RINGENBACH: Oh, Joseph. Thank you.

Obviously, the cost to a buyer has gone up and it really wasn't Part 412 that led to this final decision but Senate Bill 651. Our costs to acquire on the door-to-door side had reached a tipping point in Illinois that we have actually stopped selling through that channel right now because it would have pushed our actual prices to a point that we didn't feel like we were competitive.

So we divide our customers up into three categories customers who just want the lowest price, customers who want something green or something that is a little more environmentally friendly and then customers who are in the whiz banging tech or some sort of gift card or something. And through each of those products categories, no matter what the door-to-door channel cost required, it just reached a point that it just wasn't a good solution any more.

So not necessarily Part 412 but 651 did tip us into shutting down door-to-door. I will
say this, in Illinois, while we used a third party vendor, the agents that were assigned for us, they averaged a tenure with our company between three and four years, so they were pretty long term in terms of guys that had to be let go mainly due to the costs that 651 layered on top of 412, if that answers your question.

PANELIST NUGENT: To be a little bit more specific at least as it relates to my company, 412 did increase our printing costs in a direct mail perspective. IT costs, again, we had to update our website, website refresh. And of course the time spent of our employees to implement reviews and implement those changes.

MODERATOR LONG: Do you find the best practice for implementing changes to the rules that would be helpful to other companies?

PANELIST NUGENT: From my own personal standpoint, I think the fact that having everything in-house is convenient for me. I enjoy the fact that I can pick up the phone or walk down one floor to speak to somebody in our Marketing Department or our
Tele-sales Department. I know the faces, I know the names, I know the key players, and it's certainly again helped facilitate what I refer to as a 5 star company.

PANELIST RINGENBACH: So this is where Teresa's version of policy still hasn't come to fruition. I think one of the best practices I think you see it in cases like ours which is you have to be engaged at the Commission. And no offense, to law firms, but at the end of the day, you need somebody in-house who understands how your company is run and can communicate these things up front when it first starts and not after the fact when you're scrambling.

I think the Commission did a good job a few years ago by adding everything in one place on the website, so there weren't people who didn't understand there were Consumer's Fraud Act on top of the rules. I also think that every entity needs some form of a separated regulatory affairs person and compliance team and a legal team. I think those three prongs working together ensure that you get the spirit of the rules and not just a very strict legal
MODERATOR LONG: How long did it take you to implement these changes?

PANELIST RINGENBACH: I mean for us it was 1200 hours, so I have a very specific answer.

PANELIST NUGENT: The HEAT Act is my most recent experience, so I will just refer to that if you don't mind. And we started working on that in June of last year and worked continuously to address and resolve those issues up until early December.

MODERATOR LONG: What lessons from the 412 changes may be applicable to the changes that are needed to implement the HEAT Act?

PANELIST RINGENBACH: So 651 was interesting because it basically took all of the existing rules and kind of embedded them in the statute. And if you look through there I think you will see there were some best practices that everybody agreed on. The renewal letters were tweaked just a little bit to make things -- the old the new side-by-side, the price to compare had never fully been resolved yet at the Commission but now is in the lull and I don't
think that was something that -- nobody pushed back
on putting the price to compare on. I would say we
all still argue about the very long paragraph that we
have to put on everything but it was never about
putting the price to compare on something.

So I think there is things that maybe
didn't happen in Part 412 that showed up later on in
651. But in general, if you really read that new
statute, they pretty much just cut and pasted Part
412 into it and then added a few things. If nothing
else it's a compliment to the Commission that the
legislature said these are pretty good rules, we are
just going to put them in the statute.

PANELIST NUGENT: I will note and do I
believe -- and I can't think of anything off the top
of my head but I believe there are some describers in
412 between 651, so if anything errs from
improvement, it would be harmonize 412 to 651.

MODERATOR LONG: Any more questions from the
Commissioners or the Chairman?

(No response.)

Thank you panelists. This was a very
informative session. I will turn it back over to our host.

MS. CAPELLAN: Thank you, Gabrielle, and thank you to the speakers for this panel. Everyone can join me in giving them around of applause.

(Applause.)

We are running a little ahead of schedule, so we will take a 10 minute break now and if we can reconvene at 1:55, please.

Thank you.

(Whereupon, a recess was taken.)

MS. CAPELLAN: Hello, everyone. Welcome back. We are going to move on to panel -- to our second panel, Consumers Education. Leading our session is going to be Alejandro Aixala. He is legal and policy advisor to Commissioner Bocanegra.

Alejandro.

MODERATOR AIXALA: Thank you and good afternoon. Our next panel will focus on suppliers' educational efforts here towards consumers. You will hear from two alternative
suppliers and one consumer advocate about their efforts to educate Illinois consumers about the competitive supplier marketplace. The panelists will discuss educational tools and messages their companies and organizations have found to be the most effective and are intending to continue to invest in.

The format will be similar as before. Each speaker will have 10 minutes to present followed by Q and A.

Let me introduce our panelists. First, I have Mike Starck who is the general manager and vice president of NRG Retail East. Then we have John Duessel who is the vice president and chief customer officer for Vistra Energy and lastly we have Sarah Moskowitz who is the deputy director of the Citizens Utility Board.

Mike, I'll send it over to you.

PANELIST STARK: Thank you, Alejandro. Thank you Chairman Zalewski and Commissioners for the opportunity to participate in the policy session today. I really appreciate it.

As we will get into, consumer
education is at the core of a lot of the things that we do today. I think Teresa and Mike did a great job in talking about the Part 412 and Senate Bill 651. A lot of the questions that come up -- a lot of what we have been working towards is more communications with our customers, more transparency with our customers, more education and so I'm excited to share some of the things that we do at NRG here with you today.

When we -- as NRG just quick at first as an introduction, we serve 3.5 million customers throughout the United States and Canada as a retail supplier. We are also one of the largest generators in the United States. Here, in Illinois alone we have over 200,000 retail customers. We also generate 4,200 megawatts and have over 345 employees here in the State of Illinois.

So it is a market that is very, very important to us not only from a corporate perspective but also from a consumer perspective and employee perspective. It is a market, I think, as Mike alluded to, that has been a leader over the past few years in terms of some of the implementation of the
rules and again more transparency with customers.

So what we have tried to do is take
the best of the various markets that have the large
retailer and try to apply them across all of our
different markets. And really with what Illinois has
done I think, you know, outside of the market there
are certain markets that we look to as leaders and
Illinois and a few others are key to that point.

So as we think about educating
customers, the first thing that we really think about
is prospects. We can't have customers without having
the consumers of Illinois really understanding the
fact that they have a choice and what retail choice
actually means to them. So as we go towards
educating customers, one of the things that we've
done -- we operate with five different brands in the
State of Illinois, each of our brands has a page or a
section of our website that is similar to this here
on the screen in terms of educating consumers.

And this is really geared to trying to
educate consumers about what it means trying to make
a choice. So how does the power get to my home?
Where does it start? Where does the retail supplier come in? How does it change from a local utility perspective? Is it all still served through Commonwealth Edison or is it changing over to NRG when I made that decision? That's been one of, I think, the bigger challenges that we have seen across all markets is educating consumers, No.1, that they have a choice, No. 2, what that choice means.

And then when you get to that point, you can actually start talking to them about what their choices are. So we've really focused a lot time and energy on trying to expand the population, to increase -- you know, you talk about some of the press that came out. We push folks to really try to better understand what we offer. That doesn't mean that everyone is going to make a choice to go with the retail supplier but our goal is to at least make them understand that they have a choice. That they are in a competitive market. We have a lot of tools that we use to do that, a few of which I will walk through.

Our first and foremost key is driving
them to somewhere where they can learn more about that. They may choose to not go with NRG, they may choose to go with one of Vistra's brands or IGS but for us, it's all about making sure people understand their choice. That's the first component of the education principles that we have.

As we move forward, the next piece is really focused on customers that have made a choice. So if they've made a choice to become a customer of whether it's the NRG brand, Green Mountain brand, Zoom or one of our others, what we then do is really focus on educating them consistently or consistently reaching out to them about the choice that they have made, so reinforcing that they've made a choice to go with a retail supplier. Here's what that actually means. Here's what you get from having made that choice or made that choice with NRG.

So what you see here is really another re-education. Here's how energy choice works. It's consistent with what you saw on the prior page in terms of how the utility fits into the model, how generation fits in retail suppliers and
consumers fit in.

And then we also start talking then about more of the products that that customer has chosen, so for instance here in the Commonwealth Edison territory, we have a relationship with Lurie's Children Hospital for our Choose to Give Program. We are using this as part of the conversation with customers as they're making the choice. They're making the choice not just to receive electricity but to really receive electricity with a HR component in this case going to Lurie's Children's Hospital.

We've now kind of graduated from educating consumers about the fact they have a choice into the fact that you have a choice and NRG has a product for you, one that fits your lifestyle, one that fits your needs and we drive them more towards that side of things versus the education on the specifics on the industry.

As we go forward that will continue so what we do now, we have monthly newsletters, consistent communication for our customers. We have an app for your iPhone or your Android where we
communicate with customers constantly. I think one of the challenges over the last course -- the course of several years that really drove into the Part 412/Senate Bill 651 is the lack of transparency. What we really have done through our engagement and education is it kind of ripped through that and made sure that there is transparency, so by having an app, by engaging them with these letters.

One thing that we do not want to be at NRG is behind on that which is one of the challenges that we've got in some of the markets whether that's Illinois, Pennsylvania or New York, we're relying on our bill. Now we are trying to actually engage some of the customers. That's not just to sell them more things. It's to make sure that we are reinforcing you've made a choice, you're a part of something with NRG. We have these products and we have other products for you if you choose to move into a renewable product or move into something else, we have those products for you.

So continually communicating to them is important to us. And that's a key part of the
education, to inform. It doesn't stop at the sale.

And that also then continues into our monthly newsletters where we start actually educating them on things such as energy conservation. When there is a hot summer day here in Chicago, one of the most important things -- the best way to have a reliable grid is to have conservation from an energy perspective. So if you're actually having conversations with your customers beyond just being a retail supplier, that's a key component for us.

Making sure they're looking to NRG, that being more than just a retail supplier. We are talking to them about all the different aspects of the energy life cycle and making sure that they know that there are specific steps that they can take to help conserve energy.

We look at that as an opportunity for both of us to move along. We are hoping to have our consumers and our customers see us as more than an industry supplier and more of a whole energy provider and what that also does is it reduces the need for the customer to actually start looking for a method
from the conservation perspective. It reduces the needs on the grid. It reduces their watts. It reduces the costs that they pay. So there's a win-win situation that we continually were trying to do from the engagement of the customer's perspective.

The other thing that we do and we do it with both prospects and the customers is survey. So we do a customer experience survey with our customers and we have insight with all our customers. And we aim to continually get better with the responses in these surveys. These surveys are actually communicated. These quotes that you see here including, "simple" and "the sign up and communication has been prompt and easy." They're not always positive I think as everyone would attest that does survey. We actually take these and submit them out to our entire group every Friday. We send good, bad and indifferent and we start communicating internally about the things that customers are happy about, things the customers are unhappy about, things that aren't necessarily having the effect that we want to have. So we are continually trying to talk
to our customers. Not just when they're talking to
the call center but when they're simply as a customer
in that survey. I think our ultimate goal is
communication, so we have a constant line of
communication with that.

And then lastly what we believe is
important is just making sure that we are continually
working with whether it's the Citizens Utility Board,
the Commission itself in reinforcing the fact that
customers have choices. So this is an example of
something that's been done. So anybody that is
familiar with Philadelphia, you can see the
Philadelphia City Hall behind our hot chocolate
truck. The hot chocolate truck is simply -- is meant
to be talking about choice. We had two lines. We
had a hot chocolate line which was pure hot chocolate
and a hot chocolate line that had toppings. And we
just talked about the fact that you have a choice and
which line are you going to go into today.

And we did not talk -- you will notice
there is no mention of NRG here. Our goal was simply
about educating consumers that they have a choice and
we tied it back to the electricity market through hot chocolate. It was very simple but had been very effective in getting talking about it. And it is something we are trying to continually do in the market and looking forward to do similar things here in Illinois as well as the Commission as well as consumer advocate groups.

Thank you.

MODERATOR AIXALA: Thanks, Mike.

I will turn it over to John.

PANELIST DUESSEL: Good afternoon Commissioners. My name is John Duessel and I'm the Chief Customer Officer for the retail business of Vistra Energy. We are a publicly traded, integrated energy company. I appreciate the opportunity to briefly introduce you to Vistra, to tell you about what we do to educate customers and answer any questions that you might have.

Starting on slide 2, Vistra combines an innovative, customer-centric approach to retail with a focus on safe, reliable and efficient power generation. Through its retail and generation
businesses, we operate in 20 states including Illinois and have about 5,400 employees across the country. Vistra has grown into one of the nation's largest competitive retail energy providers serving about 5 million residential, commercial and industrial customers with electricity and gas through a portfolio of brands some of which you see in the bottom of the slide.

In addition to our retail businesses, we operate a generation fleet which totals 39,000 megawatts of highly efficient energy generation capacity, including over 6,000 megawatts of generation in Illinois. We are currently developing the largest battery of its kind in the world, a 300 megawatt/1200 megawatt facility in California.

We believe Vistra's experience in multiple highly competitive markets, including Texas, where over 94 percent of customers have switched providers at least once, has positioned Vistra to be successful on a broader scale. Accordingly, in 2018, we acquired Dynegy and Dynegy Energy Services/Homefield Energy, retail brands with deep
roots in the State of Illinois. And in 2019, we acquired Crius Energy and Ambit Energy which also operate here in Illinois.

Now moving onto slide 3, and specifically turning to questions that were posed as part of this panel, I first wanted to say that we believe that an educated customer is critical to the vibrant competitive energy market. As such, you can see on the left-hand side of the slide, we've developed and maintain a series of channels through which we can seek to meet and educate each customer when and where they want to be met. We, in turn, support these channels and the team members that operate them with a robust set of content resources which includes the roster that you see on the right-hand side of the slide. Important to our approach, again, is providing customers with the answers they are seeking through the channel they've chosen to engage us. This approach is grounded in a philosophy of research which shows that retail electricity/retail energy is generally a minimal involvement customer category. They want to know if
they turn their light switch, their lights will go on. And when they have questions, they'd like to be able to answer those questions quickly and efficiently typically through the medium they choose to engage in.

In support of our approach, we deploy a series of processes and tools and relationships to support our customers, including educating them about the market, but more commonly about products and plans.

So turning to slide 4, you can see a roster of measures that we've utilized, a few I would like to call out. We constantly work to evolve and refine our agent training to position us to be able to efficiently and accurately handle customer inquiries. While this certainly includes keeping our content library current with changes in rules such as the implementation of Senate Bill 651, it also encompasses, for example, building and refining agent communication skills to promote more effective agent-customer engagements. Making sure the agents and customers were communicating. As part of this
model, we have the ability to handle calls in Spanish from trained agents but also the ability to get to support for over 200 additional languages if necessary.

In support of quality execution and the delivery of exceptional customer experiences, we leverage a multi-pronged approach to quality management spanning traditional Q&A call/case reviews, customer surveys, and developing new technologies such as speech analytics.

Vistra employees, including the company's leaders, also participate regularly in what we call listening sessions where we listen to a variety of calls from customers to determine how we can improve the customer experience and better educate the customer. Simply put, our goal is to quickly and accurately resolve any questions or concerns our customer raise.

Lastly, as to best practices, turning to slide 5, we have rostered a series of things we have done, in this market and others, that we believe have helped to contribute to an informed customer
base that sees real value in their Vistra retail
customer experience.

In brief, many of these
tools/approaches leverage web platforms that serve as
a knowledge base or on-demand resource for customers,
such as dedicated websites for each community we
serve through municipal aggregation and informational
videos that we've created on complex topics like
utility rates. Obviously, there is a tremendous
appetite these days for a YouTube type solution and
we try to offer it for customers if they have
questions about a particular topic.

Other tools that we built, honestly,
are a direct result of ownership of the billing
relationship in other markets, i.e. supplier
Consolidated Billing, which empowers retailers like
Vistra and NRG to competitively differentiate their
offerings and services toward winning and retaining
customers. Key specific examples include usage
alerts, the customer-facing consumption graphic
available on the web via smart phone -- that you see
at the bottom of the slide that we are presenting
here -- which are enabled by the AMS or smart meter data that is available in some markets.

We also use robust bill messaging. Bill messaging inerts and onserts are an extra page in the bill that we use such as a special legislation topic or a regulatory topic or whether it's hurricane preparedness, which is common in Texas, critical care which is the classification for the solution process.

And with that I will say I appreciate the opportunity to address you today. I hope my comments today have provided you with some insight into Vistra Energy, our commitment to helping create educated retail energy market and to some concepts and tools that could potentially be available to Illinois consumers.

We look at this market as a very important market for us. We have over 700,000 customers in this market through direct consumers and we are excited about being part of it. It's a great transparency opportunity to make sure all participants know exactly what is available.

With that, thank you.
MODERATOR AIXALA: Thanks, John.
And last turn it over to Sarah.

PANELIST MOSKOWITZ: Thank you Commissioners, Chairman, ICC Staff, Mike and John. Mike, thank you for volunteering to bring hot chocolate.

My name is Sarah Moskowitz. I'm the deputy director at the Citizens Utility Board. I'm grateful for this opportunity to appear before you to speak about CUB's consumer education activity.

I was curious to see how my fellow panelists talked about their consumer education efforts because I can't help feeling that were consumers truly informed about these companies' offers most of them would never have signed up.

But let me back up and describe our consumer ed work at CUB. And then I will offer some observations about what we are seeing out there. I have been working at CUB in a variety of roles since the year 2000. For that entire time, my job has involved working directly with and supervising people who work directly with residential and small business utility customers. Unfortunately, that work has been
largely dominated by helping people who have lost
money because of retail energy choice.

First on the gas side, later on the
electric side too. I have watched the Illinois tele
electric market evolve over time. For a little while
there, there was a chance for ARES customers to
actually save money over time, but that was a
historical aberration and the space for retail
savings soon closed. We are now seeing a market
dominated by confusion, misleading marketing, and
auction.

ORMDs own research show that ARES
customers are over paying by millions of dollars each
month. I'm excited and a little frightened to see
the numbers once the analysis includes more data
thanks to the HEAT Act. We, at CUB Illinois, reach
approximately 20,000 consumers at over 500 grassroots
events each year. We also field around 3,000 calls
annually to our hotline, send our paper newsletters
to 35,000 Illinoisans quarterly and reach tens if not
hundreds of thousands more through e-mail and our
website.
On our website the pages where we list our fact sheets outlining electric choice have consistently been in our top most visited pages for several years now. We directly offer our services in both English and Spanish.

People find us and turn to us when they have utility questions and complaints but we also try to reach folks where they're at in the communities through our grassroots work. We give presentations at libraries, civic organizations and even workplace lunchrooms. We will set up tables at community events and of course there is our signature event what we call the utility bill clinic where we invite members of the public to bring their bills and I will bring a bunch of my staff and we can sit down with folks one-on-one and look over their bills and answer all of their questions.

What have which found in all this?

That alternative energy suppliers are too often charging consumers more than the regulated utility rate, sometimes a lot more.

This isn't limited to just one or two
bad actors either. Most of them have done this and usually consumers have no idea.

CUB staff are given the freedom to meet the consumers where they're at. So if a person comes to us worried about not being able to pay their bills, we will talk to that person about financial assistance programs. If a person thinks there is an error with their bill, we will trouble shoot what is going on there and contact the company in question if appropriate. But once we address the person's immediate concern, we always want to make sure that he or she is armed with the knowledge that they need to make sure they're making the right energy decisions for themselves moving forward.

We like to start by explaining the bills to people where to get information. First, let's look at the meter reading, make sure it's actual, see if they have an advanced or smart meter which fortunately can be determined by looking at the ComEd or Ameren bill, and if they do, which is usually the case nowadays, then I can talk a little bit about beneficial programs like peak-time readings
or real-time pricing.

Second, I will look at how much energy
the person is using and maybe talk a little bit about
what is being used, what is driving up the usage and
how they can trigger their usage, maybe behavioral
modifications or participating in one of the
utilities' many efficiently programs.

Finally, and I'm finishing with this
point for historical reasons, but in real life we
almost always start here. What is the person paying
per kilowatt hour for that energy they use? And is
that supply rate coming through the utility or is the
person with an alternative electric supplier?

In most cases, seeing an alternative
supplier on the bill means that person is paying
more. Again and again, we find evidence of suppliers
taking advantage of and overcharging consumers and
especially our most vulnerable neighbors seniors,
people living on low or fixed incomes, folks who are
challenged by language barriers. I've heard it all.

From the all electric loaded senior building where we
found nearly all the residents have been switched
over to the same overpriced ARES to the telemarketing call that my colleague received at her extension at work where the rep was intentionally misleading about how much the utility's price to compare can fluctuate.

CUB is making a difference. Every day that we are out in the field, we are helping people.

A week ago today a few of my staffers were in Arlington Heights and found someone who was paying 13 cents a kilowatt hour to a company that shall remain unnamed here. All of you in this room know this but the current ComEd price to compare is 7.175 cents per kilowatt hour, so 13 cents is nearly double that. This particular person is going to end up saving about 39 dollars a month now that she switched back to ComEd supply. There is someone we helped in a real way. But there are so many we haven't gotten to. We are just playing Whack-a-mole out there.

The company I mentioned here is unfortunately not unusual. We see this kind of thing all the time on both electric and gas bills and we
have been watching some of these companies continue these practices and successfully overcharge people for years despite our warnings, despite our press conferences, despite all this work. People ask me, Who is allowing this to happen? We cannot allow bad authors to be the ones that win out. When companies are allowed to scam consumers, that has reverberations throughout the market not just for people who have themselves been overcharged. It taints everything.

In my travels, I've met energy brokers who specialize in legitimate offers to commercial accounts they've complained to me how people's negative experiences in the residential market make it that much more difficult to engage them in the commercial market. I've talked to community builder aggregators who among other things complain about how much these ARES have been muddying the waters for them. I've talked to non-profit employees not just my colleagues at CUB but other non-profits tasked with promoting energy efficiency who can't even get folks to listen to them because in this climate
anyone trying to talk about gas or electric savings is now suspect.

I'm not blaming people for their skepticism. My point is the retail choice situation is impeding the ability of good actors, the people promoting good programs, and good products to engage in productive forward-thinking dialogues about energy.

My colleagues and I were beyond pleased this past spring when the HEAT Act passed. We and the consumers we represent are immensely grateful to our friends at the Illinois Attorney General's office and the Illinois General Assembly for helping to get this done.

Now we are tasked with seeing to it that the HEAT Act is properly enforced. When there are violations of the law, slaps on the wrist that the company can just chock up to the cost of doing business isn't going to suffice with the consumers of our state. It's important that the Commission wield its power when it has to, especially, as we move into a new era of more choices around distributed energy
resources and demand response. When companies make claims about how theirs is a value-added product, we need to be asking, how so? Value added can't just be code for additional profit limited only by how much more people will pay before they realize why their bill has gone up so much.

It will be interesting to see what impact the HEAT Act has. For example, if the placement of the price to compare on utility bills will be meaningful. We have already seen the price to compare on an ARES piece that my colleague received in the mail just yesterday, yes, it was there on the back way at the bottom in the finest print. Again, I won't name the company but this was a supplier who touts itself as a value-added product. Setting aside our doubts of whether the up charge is actually justified, how can you tell us here that you're selling a premium product but then do everything you can to hide the amount of that premium from the people you're selling it to? Why not explain your pricing model to consumers?

In the field we use a lot of analyses
to explain these concepts. I like to talk about gasoline, economy, 20 more seconds if that, gas stations have the big signs listing the prices for their various octanes in giant letters and people make choices based on this transparency, right? Well, why can't we have the same transparency here in the electric market? What are we afraid of? Are we afraid that if people are actually fully informed about these products, that they might not sign up? Thanks a lot.

MODERATOR AIXALA: I will start with questions from the commissioners. Do you have any questions?

COMMISSIONER BOCANEGRA: I have a question.

Thank you all for your presentation. This question is really open to anybody. The question generally is I was looking through some of the materials and listening to all of your remarks. Can you talk a little bit about either what your company offers and what you have seen in terms of customer education for Spanish-speaking individuals other than I think there was a slide in here about Spanish-speaking customer service reps, so I'm wondering specifically about
bills in a different language or educational materials in a different language and whatever you can share.

PANELIST DUESSEL: We don't sell currently in Spanish. So we have services available in Spanish just to make sure we can communicate with a customer but nationally we don't. In the state of Texas where we have a bit of a relationship, we absolutely do provide all communications in Spanish if the customer likes that as their communication process. In the State of Illinois, we do not actually perform the billing process, so we are not in control of the documents to the customer.

PANELIST STARCK: For the NRG brands, it's similar. The Zoom brand we do sell in Spanish. And we have the support materials in Spanish for, you know -- the way that we work is similar to John in this, we are not selling in the language -- they are not in the entire language of the individual we sell. We do provide that support in the call center where there is instances where there is Spanish speaking and have a sale that, you know, they
are more comfortable when speaking in Spanish. We also flag that as an issue for certain brands, we are not actively selling in Spanish.

So for the brand we do sell in Spanish which is the -- I know John had mentioned the other support languages. We don't sell in Spanish, so therefore the other languages -- we provide support specifically for Spanish because of the fact that there are some Spanish speaking people who are more comfortable speaking in Spanish, we have that support for them.

But the Zoom brand because we do sell in Spanish, we will have all those materials that we talked about. What I showed up here is all the NRG specific brands and there are different aspects where we do provide that support.

PANELIST MOSKOWITZ: Thank you. As I mentioned, CUB does offer direct services in Spanish as well as English. We also work through partner organizations on occasion to get our -- either our presentations or materials translated into other languages.
Like I alluded today in my presentation, I think there is a big problem with folks whose primary language is not English signing up for things that they do not understand the full impact of.

MODERATOR AIXALA: Any others questions from the commissioners?

(No response.)

All right. I have some more questions.

What area are you thinking that customers have the least amount of understanding and could use more consumer education? And this is for anyone.

PANELIST STARCK: I think Sarah hit on it that is a big customer perspective. So there are aspects and I will speak specifically for NRG and for myself. There are choices that people make where there is a higher price. If it's a transparently higher price and there's something that they choose to make a choice on and they choose to make a higher payment on, that is the choice that they have made.
I think one of the bigger challenges is the components of that, the price of in terms of the contract that the customer has signed up on, the fact that they have made a choice. That's why we are continually now having a conversation with our consumers and being transparent.

I think the HEAT Act has helped with that. I do think other pieces help with that as far as transparency.

But I think what it comes down to is typically how pricing. And I think there are certain aspects that people look at and say price is the most important thing and there's no harm in that. For certain folks, price is the most important thing.

For others, and there are a large group of others, there are value added components of the commodity that they choose to pay more for and if there is transparency around that, I think that is absolutely fine. I think what we are really working toward is trying to find that balance.

So you know, as I was talking through the different things, one of the key components is
not just a line item on the bill, it's just the bill that they see come in every month. That's why we talk about all our constant communications that we are fulfilling with the customers.

I use the example of a customer, tomorrow, may sign up for a 12-month fixed-term product that gives them price stability that come April may be higher priced than ComEd, that doesn't mean they made a bad choice, they made a choice that was right for them at this price to pay over the course of 12 months. It may not be that it's the lower price 3 months from now, 6 months from now, but it was the right choice for that consumer at that time.

But I think that's the key aspect that we are having in that conversation and having the conversation. If it's all just always about price, I don't think that's much of a conversation.

I think customers are looking to make choices. They're looking to make choices around renewables and there is a pricing model for that and it's not gonna necessarily give us the price
component with that.

There is a 12-month, 24-month, 36-month price stability and there is a price component for that. I think that's probably the bigger challenge. That's not an easy conversation. If you're looking at just the price per kilowatt hour on the bill, it tells a story but it doesn't tell the whole story.

PANELIST DUESSEL: I will add -- and I will agree with Mike -- there are certainly customers in the United States that are looking at more than just price. They're looking at some of the line item opportunities, resources utilized by a particular brand offering.

I won't go further on that. But I will say one of the things that we do -- we maybe hear from customers is simply on the role of the utility versus the role of a retail electric supplier. Questions around am I to receive one bill, two bills? So I think there is still a fundamental basis of education we all have to continue to do. I think particularly customers wherein really want it.
We certainly need to explain all these elements and try to make resources available to customers on the web. I think it's some of that and frankly moving in Illinois and for customers here as well to help them do their homework.

One other small point is that we routinely see some customers have complaint activity, although not a lot in the municipal context, because there is always an understanding you can generally opt out of programs. And even though there is a tremendous amount of communication that comes out from a jurisdiction to the resident programing client, but customers don't necessarily read it. So we have this education under fire but that's a deal that. It's not a big problem for us. It's just an about our product type of thing.

PANELIST MOSKOWITZ: We are talking about continuing challenges? I can read my whole speech again.

(Laughter.)

MODERATOR AIXALA: Just kind of a jumping on that last question as well. What would you say are
some of the common myths in the market and how would you debunk those?

PANELIST DUESSEL: So some of what Mike talked about is skepticism on an offer. The customer sees an offer or hears an offer and sometimes they'll question -- they don't believe it's real, so we spend a lot of time, effort and energy trying to make sure customers understand the terms of the offer.

At the end of the day, it's more than about customer acquisition, it's about customer retention as well. We want to be clear with them because if they don't understand, they're going to say we're awful, the plan's unbreakable and decide never to consider us again. Our goal is to have consumers come and become a customer and be a customer we keep for a long term. This is not a quick-term kind of quick-buck type of operation, we want to sustain the customer base. So I say that's one thing.

The other thing I would say is frankly the bill understanding. We see, routinely, customers who thought a bill was higher than they expected and
they assume it's a price driven equation. And sometimes when you have extreme weather like here in Chicago and other states as well, there could be a consumption related element to it that we deduced and we need to educate the customer about how their consumption is impacting their bill.

PANELIST MOSKOWITZ: Regarding myths, the two that come immediately to mind are around price. People have been told by the person who called them on the phone or the person that showed up at the door that this was going to be a cheaper offer and that is not true.

And then the second. I run into a lot of folks, especially over the past couple of years, we have been doing a lot more environmentally focused meetings and I encounter folks who don't understand what a green ARES actually means.

And I'm looking at one of the flyers right here, it says, "If you do not return your form, the energy from your home will continue to come from it's current source." That is a myth. The electrons coming to your home, if you sign up for a green
energy plan, are still coming from the same source. That's kind of a strange way to put it. So I would say that's another big myth we encounter.

PANELIST STARCK: I just will add something coming from that perspective. I think Illinois is a very strong market, very good market, very profitable market, but there is a myth from the competition perspective that just by having retail suppliers we can bring innovation. There are some steps that I believe can be taken and are being taken from an Illinois perspective. There have been some discussions on those that can help drive some of these at issue that we've been calling to. To me the cheapest energy there is is the energy that is not used and there are some steps that can be taken from a policy perspective and an overall market perspective that I think we all can work together toward the common goal of trying to achieve some of those things.

So the myth from my perspective is that competition immediately drives initiative. I think it does in a certain way but it's not all the
way. And so therefore the seeing innovative projects that haven't come to fruition in Illinois, that may be a point of frustration but I also think that's because of some of the limitation of the competitive market of the landscape that we have today.

MODERATOR AIXALA: Commissioner Oliva.

COMMISSIONER OLIVA: Are there issues that are unique to Illinois with the challenges that you're facing, where you're seeing practices or enforcement that you see other states are handling differently? And this is a question to all of you.

PANELIST STARCK: I will start. So I don't think it's necessarily unique. I think a lot of the issues, concerns, that typically get raised are somewhat consistent. Frankly, in my opinion, I don't operate in Texas but outside of Texas where the main retail suppliers will be ARES here owns the bill and there is an accountability and a full-blown competitive market. I think when we have an intermittent market where you have the small service that's a challenge that is not unique to Illinois. I think some of the challenges that Sarah walked
through in terms of the price to compare and other elements here, from selling from strength to selling it all on price and price alone, some of those challenges you could see a lot of opportunity you could see in other markets.

I think outside of Texas, I think you still see some of those same challenges in Texas, but I just want to reiterate there's 130 suppliers that are operating there. There is not a ComEd or a PECO or a ComEd that you're comparing against. You're comparing in a truly in a shopping way, so it's a little bit different. That doesn't take away the fact that there may be someone that is selling on something and has the same challenges when you have a face-to-face conversation but I think it's a little bit different in that way.

So the short answer is I don't think it's unique to Illinois. I think the good things about what Illinois has done and frankly what Pennsylvania has done as well is pushing for more transparency around this. So I think the steps to address those issues have been taken here which I
hope will help both consumers and the market. But not all markets have done that either, so I think Illinois and Pennsylvania are actually leading the way in terms of that transparency with the HEAT Act and those other aspects from a transparency perspective.

PANELIST DUESSEL: I would agree with that. I would also add that one of the things I see that our other market does is to take the complaints and raise them or put them on the state-sponsored shopping site, so if a customer is actually looking at plans, they see how that individual provider has performed. And it's a subdiscipline and a mechanism I think for both the customer and for the retailer. Now, if you look at a retailer or buyer or an ARES that has a two-star rating, there might be a reason why that ARES has a one- or two-star rating. I think that's kind of self monitoring.

PANELIST MOSKOWITZ: Really quickly, yeah, I think we see a lot of the same things in the other states. With the passage of the HEAT Act with Illinois is a good thing in terms of that quality.
will say that not all of the states -- not all of the
deregulated states have as extensive great
modernization efforts as Illinois does. For example,
I think Illinois is still the only state that offers
real-time pricing products to all of their customers.
Which adds another wrinkle when you're trying to
communicate to the people about their options because
that is another kind of rate that they can get on
that isn't with an alternative supplier.

MODERATOR AIXALA: Jumping on again, with
Illinois, do you find that most of the customers know
about the SEC Plug in Illinois website and do you use
that as a resource in your educational materials?

PANELIST MOSKOWITZ: No, unfortunately. I know
it's a lot of work to put that together.

My team and I use it a lot. We find
the Ag list very useful and actually when people
really want to merit it out we find the historical
PEA charts, we refer to those quite a bit also.

PANELIST DUESSEL: As I said in my remarks, we
do refer customers to the Plug in Illinois. But I
would agree it's relatively rare that a customer will
put back Plug in Illinois. So there is a very web
savvy subset that has consulted it and does come on.
PANELIST STARCK: I actually agree there is not
too much data.
MODERATOR AIXALA: Last question from me before
any questions from the Commissioners.

Do you guys conduct any joint consumer
education programs with other state bodies?
PANELIST STARCK: Not necessarily directly. I
think through trade organizations there are
components to go to. But I think we've learned even
from the CUB perspective the HEAT Act is what the
Commission is driving. I think that was a good
coalition of driving towards some education. I don't
think there is as much as, you know, probably as
necessary frankly.

I think there is a lot of us that do
have conversations from a trade perspective, so
conversations about what works, what doesn't work.
And I think from an education perspective there is
always improvements that can be made.

And I think for our team, what we've
really focused on is getting the feedback from consumers through the survey venue not necessarily through engaging through any sort of coalitions. But we do participate in things like the working groups in other areas. I think there is a lot of discussions and a lot of it just comes down to an education perspective for us. 

There is a lot more of what we hear directly from people. And most of our sales will happen face-to-face in areas that we are constantly in. So we are not just moving from location to location to location, so we do hear from our agents constantly about things they're hearing are there issues, questions, concerns that may be coming up with the customers or potential customers and then we try to put them in our education campaigns.

PANELIST DUESSEL: I will add to Mike's comments. We work with the Illinois Policy Advisory Council. We have been asked to host programs supporting energy assistance in the state and to use a background vehicle to help educate the people as well.
PANELIST MOSKOWITZ: And for me at CUB, absolutely, that's our model, is to partner with other organizations that are on the ground to make sure they know what is up and are armed with the information they need to make sure their clients and their residents are fully informed.

MODERATOR AIXALA: Thank you. That's all the questions we have. I just want to thank our panelists for your presentations and that you're answers.

And I think we're going to take a ten minute break, so we will start at 3:00.

(Whereupon, a recess was taken.)

MS. CAPELLAN: Welcome back everyone for our final panel. This panel is a question and answer panel with regard to marketing practices. And the panel will be lead by Gerardo Delgado. He's is commissioner Oliva's legal and policy advisor.

MODERATOR DELGADO: Thank you, Tanya.

Good afternoon, everyone. For today's final panel, we will focus on the various marketing practices of retail energy suppliers. This
discussion includes hearing from representatives of two suppliers on the advertising strategies the industry utilizes to promote product and services including digital and online marketing, door-to-door sales and telemarketing.

Additionally, these panels will highlight specific factors the respective companies consider when developing and employing advertising and marketing strategies and campaigns such as meeting regulatory compliance standards and positioning their value added products.

We will also hear from a representative from the Attorney General's office who will provide insights as a consumer advocate on the feedback their agency receives on the various advertising marketing modes as well as their work in monitoring the sector.

Collectively, this panel not only aims to evaluate marketing practices directed at consumers but also on the best practices being implemented by Illinois retail suppliers.

As Tanya pointed out, the format of
this panel is exclusively Q and A. To share their expertise are: Teresa Ringenbach with Direct Energy, Jennifer Spinosi with CleanChoice Energy and Christopher Kim with the office of the Illinois Attorney General.

As a reminder to the panelists, the Chairman and Commissioners may ask questions at any given time. But before I ask the first question, if I could ask each panelist to introduce themselves by highlighting their institution and their role.

PANELIST RINGENBACH: A little bit of repetition.

MODERATOR DELGADO: Yes.

PANELIST RINGENBACH: Teresa Ringenbach and I direct the Midwest Government and Regulatory Affairs for Centrica which is the parent company of Direct Energy.

PANELIST SPINOSI: I'm Jennifer Spinosi. I am the vice president of Regulatory and Compliance at CleanChoice Energy. We are a renewable energy company that exclusively sells 100 percent renewable products in the retail market. We also have
community solar business.

PANELIST KIM: I'm Christopher Kim. I'm the deputy chief of the Public Utilities Bureau at the office of the Illinois Attorney General.

MODERATOR GERARDO: All right.

To kick off the first question. This question is for Teresa. We heard the term today "value added products," so if you could please define that as well as how your company positions value added products in the market.

PANELIST RINGENBACH: So value added products fall into a few different categories. It's anything that's beyond just a plain vanilla priced energy product.

So that could be everything from thermostats to energy efficiency products. In Ohio, we actually own an HVAC company called Airtron. We combine all our warranty products with Airtron service tune-ups in the fall and in the winter to help run your furnace and air conditioner more efficiently.

Then you have straight what I would
call financial incentives, gift cards, points programs, those sorts of things. And then you have other things that are out there that fall into more like the social categories, things like NRG's Lurie donations, people that are part of alumni associations where you get your alumni fees paid for if you sign up for a particular product. I don't think there is anything really unusual. I mean, generally, just a marketing overall initiative 2020 version of this.

Direct, actually, last spring had a proposal for legislation. There was a Senate bill that made it into the House that never made it out of the House that would have defined value-added products and actually put them into the warranty report. So we are very keen on putting that information out there and what we are selling as value added what means in lost time and also more publicly.

PANELIST SPINOSI: I'd like to agree with Teresa's definition there. For us, we don't sell a non-renewable product, so we consider all of our
offers to be a value add because they're always 100 percent renewable. So we don't sell a product that's a direct apples-to-apples comparison to utility service.

MODERATOR DELGADO: So we've heard already the different products that each of your supply plans offer. So what are the avenues in which you market to consumers respectively?

PANELIST SPINOSI: I will go first with this one. So the primary channel that we use for marketing customers is direct mail. About 85 percent of our customers have enrolled in that channel, so it's by far our biggest channel.

We also do quite a bit of digital and online marketing. That includes everything from social media to sending out e-mails.

And I do have a couple of slides here that I think give a good example of some of our marketing strategies. So the screen shot on the right-hand side there is directly from our main mailing page. We talk about our product as renewable energy and our value proposition to customers is we
make it easy for you as a residential customer to access renewable energy without having to put panels on your rooftop, without having to endure home constructions projects, and so that ease of transaction is extremely important to our customers.

At the bottom, bottom right there are just a couple of examples from our social media pages. Towards the beginning of the year, we did a New Year's resolution challenge where we put out, you know, a call for customers to share their clean energy resolution that they were going to work on in 2020.

And then there is also an example of a promo that we did where when the customer signed up, we would give them a National Parks pass. And obviously, a lot of our promos and our marketing is very geared towards that climate change activist, that individual who wants to support renewable energy and that they value that product because of its environmental benefits, because of its health benefits, because of it's societal benefits, rather than simply a customer who is focused on price.
And I think you, as commissioners, are aware of this but just to reiterate our product is sold at a premium to the utilities default service. So we're not trying to compete on price, we are really selling that ease and convenience of accessing renewable choice.

PANELIST RINGENBACH: So for Direct our marketing team I think covers pretty much everything. It varies by state what we are actively using at any given time but we do have a solid door-to-door program with employees that run the door-to-door vendors and internal sales quality that is dedicated to door-to-door training calls and do the training and everything.

Same thing on tele-sales. Outbound tele-sales is treated differently than inbound tele-sales mainly because what we consider outbound is what would be more of a push channel, so you want to make sure you're really on top of that and make sure they're not saying or doing things inappropriate or not allowed versus inbound where the customer has seen something direct mail feeds and looked online
and called into us.

And then we do some mail in Illinois. It's a little bit more difficult to do mailings because we don't get customer lists, so it's almost like a shotgun approach especially in Ameren. And if you do a quick Google search, you will see probably about five or six years ago so many co-ops were ticked off at my company because mailers were going to their customers too and they can't switch. So at that time, we had actually put on there about Ameren customers are only eligible to help with that because we are mailing to a zip code. We don't have street addresses or specific customer names to mail to. So that was a little bit of a challenge for mail in Illinois. And it still is. We've worked out some compromises with some of the co-ops but nothing formal.

And then we have web. I think web is the ideal for most companies versus the alternatives. It's the lowest cost to do it but you have to do extra marketing to drive those people to your website. So you have different channels involved
with maybe a click from one website that says click here to go get a different offer because they're buying something from our Airtron or our sister company. So that's where we are at right now.

Retail just in general seems to be growing more. We have partnerships with some of the companies that we serve, BJs Wholesale, that sort of thing. It's not really big in Illinois right now but it is a growing sales channel for us because as the last panel talked a lot about, customer education is just not that widespread in Illinois and a lot of states and having a face-to-face conversation builds a level of trust and ability to educate that you don't always get through some of the other channels.

MODERATOR DELGADO: So Chris we've heard a few channels that are being explored by these retail suppliers. So what is the feedback you're receiving in your office on those?

PANELIST KIM: Again thank you for the privilege to come here and speak, Commissioners, to come and talk about these issues.

And I think there is no doubt based on
the allegations in the consumer reports and the complaints we receive, that this problem is still very much real in terms of the marketing issues we are dealing with. We receive many consumer complaints about the deceptive practices that have been going on.

So as the commissioners may already be aware, one of the reasons why our office championed the Act, in particular, was because we believe these marketing tactics and strategies are directed disproportionately towards the lowest and the low income neighborhoods. And so when it comes to door-to-door or in-person solicitation, that a lot of the discussion's around price. And because of that, it's directed to those people who are most vulnerable to that particular message.

So our office compiled data -- again, as the commissioners may have seen -- that shows, for example, that there's an incredibly disproportionate percentage of people that live in, for instance, West Engelwood, Riverdale or Austin, low income neighborhoods. In some of these community areas,
almost a third of them have been switched. And then when we look at in comparison to other neighborhoods such as Lincoln Park or River North, you see percentages as low as 5 percent of those neighborhoods, those residents being switched.

So we do see a lot of concerns about the marketing strategies that are -- that these alternative retailers suppliers are using.

MODERATOR DELGADO: So, Jeff, let me ask you, so you rate your product as a premium product. It's renewable. So it's not necessarily that you're competing on price. It's a different service you're communicating with the customers.

So I guess the question for you two, as well, what is the research that your company does to identify your customer pool and also what is the feedback that you receive from your customers on those different modes of advertising, marketing that you engage in?

PANELIST SPINOSI: Sure. So we're definitely targeting customers who have a propensity to be interested in environmental issues or to be
interested in climate change. As Teresa mentioned, particularly with web, it's quite usual that we see customers visit our website multiple times before they actually enroll.

So another site that I have here talks about some of the engagement and communication that we do with customers that we view really primarily as marketing activity. That's designed to engage customers around energy issues and then get them to our website where they can find out more about our product.

So here are just a few examples of very recent, in fact, log posts that we publish related to the fires in Australia, related to you know, 2020 some messaging around climate activists to follow on social media. And so we view that type of information as really opening the door to a marketing conversation that leads customers to our website and then really opens the door to that sales interaction.

PANELIST RIGENBACH: So Direct sales products are across the board and they're all designed for customer feedback in one form or another. So up
front, we do everything from customer focus groups and surveys that inform and define the products that customers say they want in the future.

We also do something that's called net promoter score which is pretty standard across large corporations. It's basically you go and you ask your customers, how likely are you to recommend us to somebody else and why is that? We get customer feedback that way. So everything from "I like the value you gave" to "I did it because I like this charity."

It's kind of similar to what NRG put out. We might be copy catting each other. So we have that sort of information.

Also every time a customer signs up in what would be considered a third-party verification call, they get later a quality qualifier call back, one that happens within 24 hours and then another one that happens three months later. We basically ask them why did you sign up, are you satisfied? Did you like the sales agent? Did they do these sorts of things? And that also helps to inform the products.
And then beyond that there are such touches that happen with our customers all along the way. I think one of the myths that is out there is that suppliers sign customers up and then just never talk to them again. For Direct, obviously, we have a lot of other companies, so we like to touch them a lot and see if they may be interested in other things. So we are constantly getting that customer feedback. Are you satisfied with your product? What else would you like to see? And that's what drives the products we get.

I think from my personal experience, I switched for different reasons. So I'm a single income, single-mother household, and for me on the gas side, I don't have an option of an employee plan. So I actually shopped around. For a while there, I was going to sign up with IGS but then we beat you. (Laughter.)

But for me, I'm on what is called a flat bill product. Everybody considers it budget billing but there is no true up, there's no change. So I pay $30 a month no matter what for my natural
gas unit at my home. Does that mean some months I might be paying a higher MCF price? Probably. But as an educated consumer, the value to me in that is I don't want to think about my gas bill. I literally pay it six months out because I know exactly what I'm going to pay and I pay it once and I don't have to think about it. And that's a benefit when your 15 year old comes home with a bunch of friends after school and opens the windows because they're hot.

I go to the point that there's this value in that savings alone is the driving factor for customers, and it's not. And we derive our products based on what the customers tell us what their value is.

PANELIST SPINOSI: May I just add I'm also on a Direct Energy flat bill rate.

(Laughter.)

It's because I like to run my gas fireplace in the wintertime.

MODERATOR DELGADO: So obviously Chris highlighted there are communities that fall vulnerable to certain bad actions. It doesn't happen
that our state are being performed by every actor but nonetheless it does happen and is a concern for the public interest.

So you highlighted a little bit consumer education obviously is a concern and in every industry across, not just utilities, what every industry strives for, right? So as you improve, what are the practices by your institutions that go beyond the 412 requirements? Right? I mean we talked about how the field goal is acquired but how do you go beyond what is expected?

PANELIST RINGENBACH: So we have been having internal conversations around this. I think it's a general industry approach but we have a new head of our North America home residential site. And they ask the same questions.

I have been doing this for 20 years. I started in the industry running Cleveland's program. I had to go into the neighborhoods before anybody had ever switched or heard of switching and really talked to people. I brought up things like we need to get out in the community more and have those
face-to-face nonsales related communications.

You know, I keep bringing up Ohio probably because I live there and I see these things. The gas suppliers in Ohio put together a $10 million fund that was used by the gas utility for no other purpose than consumer education. And it was pretty successful. And then the fund kind of dried up and then as you saw the new customers coming in the education dropped off.

So it's something that even today we are thinking about. How do we create a fund that isn't just employees going out there and doing it but creating a bigger marketing approach that's funded by the industry?

And you know, I was surprised to hear the comment about Plug in Illinois, because again I through discovery requests in Ohio have looked at a number of what are considered complete status of the moment. And there are hundreds of projects that do nothing but call the Commission's because they just want a printout of their apples-to-apples in Illinois. And why is that not happening in Illinois
from the Plug in Illinois detail? Because it is a very useful chart.

And now customers have a price to compare on everything they're getting. So are you switching for the right reasons? Do you understand when you should really pay attention to when the end of your term comes because you're going to get a lot of information and you need to make is a decision.

And on top of that I will drop in the holy grail for my company which is accelerated switching. One of the reasons you have enormous change is Texas is because the customers can leave the next day. They don't have to stick around. If they've got elective, and they got what they covered and they got everything they wanted on that value plan and now they're ready to move on because the price is higher, they should be able to do it without having to wait one to three months to do it.

PANELIST SPINOSI: Just to follow up on that point. One particular pinpoint that we see with customers is actually that period of time from when the purchasing decision is made to when the
enrollment is actually effected which can take anywhere between one and two billing cycles.

So you know I've already talked about some of our communications prior to enrollment. Here are a few examples of information that we share with customers at the sale. Those three screen shots at the bottom are examples of our partner offers. So we do a lot of marketing that's actually with partner organizations, like the League of Conservation Voters, Our Day Foundation, and what happens typically with that channel is that we collaborate with a partner on an e-mail communication that introduces CleanChoice Energy. That talks about our products. And that e-mail is actually sent by the partner organization to its members and includes links to our website. So when a customer -- the customer will receive an e-mail from an organization like League of Conservation Voters, click through to our website and then they get to this landing page that offers them more information about CleanChoice. Another example is our sign in switch form from our direct mail piece.
And then finally, here's a screen shot from the two offers that are typically up on our website. And here is a really interests point of fact from our experience, so we oftentimes will present two different plans side by side. Our standard plan is 99 percent wind, 1 percent solar. And that's still as I said earlier a premium plan. And then we will present that alongside with what we refer to as a super premium plan. And here that is 100 percent solar offer. Anywhere between 15 and 20 percent of our customers presented with this side by side comparison will pick the super premium plan.

So I think really that's demonstrating that customers can make a value assessment about the type of plan that fits their interests and even when presented with a side by side comparison where one plan is a couple cents more expensive than the other, customers infrequently, but still sometimes will choose that plan.

So then what I said earlier is we need to connect the point of sale to the point of enrollment. And what we have done here is in
addition to sending our welcome letters, we'll often send customers what I refer to as a bit of swag. I put on a couple of the tables here examples of the magnet that we've sent out that has our customer service number and then also a window shrink that we use. We tested providing customers this customer-care card that has their name on the front and then our contact information on the back.

And those two images that are kind of the shiny background are literally from my dishwasher at home and one of my all time favorite pieces of swag. It's a dual sided magnet and on one side it says the dishes are dirty and on the other side it says the dishes are clean.

So our purpose in providing that kind of extra bit of swag or extra bit of communication is to really reinforce information saying, Hey, you remember us? You just recently switched. And we hope if that customer puts that magnet on their dishwasher or they put that magnet on their refrigerator, that question comes up or when they see a line item on their bill that says these are your
clean choice energy supply charges, they know exactly who that is affiliated with.

I'm going to have a couple of examples also of additional communications that we put in later in the customer's life cycle.

PANELIST KIM: If I may, while we can certainly appreciate that people sign up and switch for various reasons. I think what our office still strongly believes is that when the HEAT Act was passed this transparency was all about the price to compare and facility utility price. And I think that while a lot of these slides are demonstrating consumer education are important none of them really talk about the price to compare. And I would hope if there's an interest to go beyond Rule 412 and Rule 512 that there will also be strong interest to incorporate the price to compare into the corporate consumer education vehicles.

MODERATOR DELGADO: That brings up a good point. You anticipated my next question. Your office championed and has successfully passed the HEAT Act. Right? So give us a brief description of
the Act and the changes resulting from it.

PANELIST KIM: Of course. I know the HEAT Act was previewed a little bit earlier. It went into effect on January 1. You know, as I mentioned before, the HEAT Act was passed in response to the really growing and alarming amount of premiums that we believe that we saw being paid by consumers. In fact, the ICC's -- the report showed that just since 2015 there's been almost 870 million dollars more paid by Illinoisans on just the electricity side compared to had they stayed with their utility.

So the HEAT Act -- fundamental to the HEAT Act was -- the main premise and the intent is about transparency. And it's about getting consumers more information so they can be equipped to make the informed decision about what they are switching to.

And, you know, aligned with that -- I won't go through all the changes but there is a litany of disclosures as I think a colleague from Citizens Utility Board also mentioned, very important disclosures that were in Part of 412 that were mirrored in as part of the HEAT Act.
In particular, I think the HEAT Act wants to protect assistance funds. One of the things that we were primarily concerned about was that people who are currently receiving assistance through LIHEAP or PIPP would be switched. The HEAT Act prevents that, protects public funds, so that those individuals cannot be switched.

It requires in all marketing materials that the price to compare, the default rate was incorporated. I know that there have been some discussions about what constitutes marketing materials. But we believe that the HEAT Act is at least fairly clear that it's a very all-encompassing definition.

It also then terminates -- it also eliminates we think very importantly early termination fees, so that the consumer can end a contract at any time without fear of having to be charged more.

But I think at the end what's most important, again, is putting more information in front of the customer and better information,
practical information. And dare I say it, in a clear and conspicuous way, not in the fine small print on the direct mailing, so that they can understand what they are agreeing to and determine that contract and how much they will be paying for their electricity and gas.

COMMISSIONER KIMBRELL: Gerardo, can I jump in?

MODERATOR DELGADO: Sure.

COMMISSIONER KIMBRELL: Chris, I don't think -- you haven't said that this is an issue of there being just a few bad actors and I don't think Sarah said that either, so what percentage would you say there are of bad actors amongst the ARES?

PANELIST KIM: Well, Commissioner, that's a great question. What we can say is that our office has been and will continue to be involved in investigating the complaints. As you may be aware, our office has taken action, decisive action against several suppliers and has now refunded millions of dollars back to consumers. In addition, as part of that, we try to incorporate compliance plans, so that they comply by the law.
At this stage, you know, it would be difficult to tell just given the volume of complaints that we see. What we can say is that if we look at a phone solicitation, if we see an in-person solicitation, we see the same sorts of violations regardless of the supplier that we are talking about. So everything from misrepresentation of savings, that those price protections are sanctioned by the State of Illinois, they're sanctioned by the Commission. That there is a price protection against the risk, that, as the Commissioners know, the historic price to compare that's available on Plug in Illinois shows that there really isn't much of a risk and of course slamming.

So at this stage, what we can say is whenever we look into and we investigate allegations made by consumers about any alternative supplier, that more likely than not, we see the same sorts of problems and same sorts of issues. And we don't know at this stage how widespread it is.

What we can say is that almost always the consumer is paying more than the default rate,
sometimes as much as three times more what the
default rate is. And we think that is unacceptable
especially given the residents of Illinois that these
programs tend to target.

MODERATOR DELGADO: So Chris, obviously, again
the HEAT Act takes the accountability and
transparency in this industry a little further,
right? Perhaps to be determined as to the extent of
the change that happens in the space, right?

But do you think that there's still
other consumer challenges that need to be addressed?

PANELIST KIM: Yes. You know, we think, the
HEAT Act is definitely a first step. You know,
obviously, my understanding is concessions were made
to -- and compromises were reached to reach that.
And of course, you know, we appreciate that but I
think there are still many challenges. Especially
because, as our investigation showed, despite the
HEAT Act -- and, you know, part of it is enforcing
it, part of it is still interpreting it. And a lot
of that still we don't know how that's going to go.

And I think there's still much to do
with educating consumers obviously something we are
talking a lot about. Right now the market still
remains dominated by customer confusion. And in --
from our office's standpoint, what we see is
suppliers that are taking advantage and preying upon
that consumer confusion. And there needs to be more
done to educate consumers what the Citizens Utility
Board is doing and what our office wishes to do and
what we partnership to do that. But I think there is
still a long way to go to ensure that Illinoisans are
not paying multiple times what they could be and
multiple times more than they should be paying for
their energy.

MODERATOR DELGADO: So like any other industry
when you're engaging with consumers there is always
the presence of bad actors, right? So what are other
avenues -- this is for the entire panel that the
industry regulators legislators -- not necessarily
legislative. My question is: What other avenues to
address the bad actors are there other than
legislative action?

PANELIST RINGENBACH: So I realize we proposed
this legislatively but I think it's something the
Commission could address.

And to your point, Chris, that you
keep seeing those same things, that we had proposed
also last spring was licensing of sales agents.
Requiring that if you're going to sell an energy
product, you have to have some minimal amount of
education on the requirements.

And it wasn't so much that Direct was
an educator of sales agents. The problem was we let
somebody go because that particular person was
misleading our customers, they were just jumping to
some other supplier. And the problem is that other
supplier had no idea that they were let go from
Direct Energy because they weren't doing the right
things. And we firmly believe that by requiring some
sort of state license -- which we do for a lot of
industries -- there is minimal things that we want
them to understand. If they had a license and then
that license authorizes them to sell, it would also
give the Commission, who now has lists of all these
people and their names but no real authority to do
anything with it, the ability to say, No, you, Joe Smith, have lost your ability to sell and now Direct or whoever cannot hire you.

So it hits that next level of the market because what we are doing right now is playing catch up on catching them. Because I did a sales quality analysis and now I let them go and they skipped on to somebody else. I think that's the next step we should really look at for the industry.

PANELLIST KIM: And I agree. I think one of the things that we do find is the third-party vendors, their sales people.

But I think another panelist -- I believe it was Michael -- mentioned internal employees, so that you can train them and have a better opportunity, stronger ability to enforce better practices. I think that's another method.

One of the things in this part about compliance plans are compliance agreements entered into through voluntary compliance agreement as well as consent decrees, is audits. Right now, we've seen that certain suppliers don't conduct audits of their
phone calls. They don't audit their salespeople and we have made it a requirement through those agreements that those companies then conduct a certain percentage audit on a monthly basis for example.

PANELIST SPINOSI: CleanChoice does not do any door-to-door sales, so I'm not an expert on some of the issues that are related to in-person sales agent interactions. But I do think that there have been a few different things that the Commission has done. I think last year, early on last year, there was a workshop posted that talked about training of agents and some of the best practices in both training and monitoring agents behavior. And I think that that was extremely helpful as a forum for retailers to share information about some of their best practices.

I took some notes earlier from Mike's presentation for IGS about the way that they train and the way that they monitor some of their agents. We do a minimum amount of tele-sales, no outbound tele-sales in Illinois. But I do think the recent --
also really a best practice. You know, even the best
of us can sometimes loose our information base, so I
think having regular retraining of agents is a really
good thing.

And finally, I do think that the
industry pays attention to enforcement actions. You
know, when there is an enforcement action with the
Attorney General's office, when there is an
enforcement action within the ICC, people in the
industry do pay attention to that. And so I do think
that there is a lot to be learned. Unfortunately,
sometimes from the mistakes of others but they will
ultimately advance the market without additional
regulation.

MODERATOR DELGADO: So learning I guess from
others, you know, what are perhaps some procedures
that or rules that exist in other states that
Illinois can learn from? One of the Commissioners
asked earlier what are some of the best practices
other states are executing and perhaps Illinois
should consider?

PANELIST SPINOSI: So I think one marketing
channel that we are beginning to test in a couple of other states is non door-to-door but in-person solicitations. So tables essentially at community events, sometimes at large office buildings. There have been a couple of apartment complexes where we developed a partnership with the property owner, and so we simply set up a table at the facility and that allows prospective customers who are interested to either come over to the table and speak with us or go on about their day.

I think Pennsylvania is a state where there is a fair amount of event marketing that takes place. And really the key to that is allowing either the customer or the supplier to have an easy way to access their utility account information. Even all of us who are gathered in this room, who are certainly energy wonks or more interested than the average customer in energy issues, probably don't carry around our utility bill. And the reality of the state of affairs in Illinois is that even if a customer wants to switch their service, they have to have access to their utility bill. So I think to the
extent that we could facilitate enrollment without your utility account number or a way for customers to be able to easily and conveniently look up their utility account number when they're out and about in the places that they do their shopping and running their errands, would really facilitate that as a channel that I don't think is being utilized in Illinois.

PANELIST RINGENBACH: So I would say a couple of things. Ohio and Maryland are now moving towards supplier consolidated billing. It's allowed in Illinois. We currently don't do it because it's an all in or all out part of it. In utility billing, you have to have all of them on that. It's a way to move away from the line item on the customer's bill. They would once a month not just get a line item but be physically paying Direct Energy. We are seeing that more and more. So by the end of this month, we will have officially produced our first consolidated bill in Ohio. Maryland is on their way. Texas has always done it that way.

Jennifer touched on enroll from your
wallet. Again, Ohio and Pennsylvania have taken
different approaches. Ohio, they have just what is
called a little mirror website where the customer can
send three pieces of information only known to them
and the only thing they get back is their account
number. So if they choose to enroll, it's an easier
way to do it in other places other than at your door,
at your home where your bill is.

I will is say this we both have price
to compare on the electric bill from the start. It's
never been a bigger year, so I don't view that as a
problem. But I think some of the things that come
along with that is they've amended that price to
compare actually to include things like go to this
website to compare offers that sort of thing and
ensure that when we move towards consolidated bill
that information is also on there, so we keep it a
fair one to one.

But overall I am probably a broken
record here, honestly, accelerated switching is
probably the biggest thing to encourage customers to
wake up and move. Once they realize they have
control they continuously shop. They will do it as long as it's in an easy manner. So for me, having worked across Canada, all of the East Coast, kind of stuck in the Midwest for the last 10 years, but I prefer it that way, best practices have been getting billed directly from their supplier making it easy to switch and making it really fast to switch.

COMMISSIONER OLIVA: I have a question. Can you talk about the benefits of being members to some of the associations like ICEA and RESA. Because I know both of them have standards kind of that you have to abide by. So can you talk about those benefits like what you've learned in terms of best practices from being a member and also if there is any self policing happening within your -- or amongst your companies.

PANELIST RINGENBACH: So I was one of the founding members of ICEA. Different company, different life but still a member. And ICEA was formed because the industry needed a voice, but also so that we could promote -- things were changing very quickly and regulations weren't keeping up with it.
And then over the last few years, it definitely turned into a little bit of self policing.

Kevin, as the president of ICEA, is very good about -- it felt like at RESA -- RESA definitely issues to its members, Hey, here's an article or here's something that happened but it kind of stops there. Kevin along with Michael Strong, an attorney, took deeper dive conversations. So when there is an enforcement action against a supplier, ICEA has a conversation around why did they do it this way? Here's a list of the things the Commission saw and why they saw those as problems. The same thing with the AG's office. And for a lot of these companies who maybe have just one or two regulatory people and not necessarily somebody in each region, it gives them a concise document to take back internally and say, This is what they're looking at and this is why they're looking at it.

We also kind of bring it back the Commission, right? This Commission has repeatedly said one issue is enough for enforcement action. We can look for patterns or whatever but it only takes
one.

And that's the thing that also comes with the information is that reminder. Let's go back and make sure you're not doing these things and here's the reasons why they went through this company.

For me, that is one of the bigger benefits of ICEA. Obviously, having Kevin out there keeping track of things means that I don't always miss things either. So maybe there's a filing that just came out that I wouldn't have seen if I was staring at a filing over here. It's at good reminder to people that there is new rules and regulations, the Commission's interpreting it that way, so nothing gets missed and you don't end up being an, Oh, I didn't see it type of a company.

PANELIST SPINOSI: CleanChoice is not a member of any of those associations, so I don't want to respond specifically to that question. I do think though that the industry does pay attention to enforcement actions. We work with local counsel here in Illinois who keeps us abreast of those things and
I also think that there are other forums like the ORMD group where suppliers who want to be good actors in the market typically come to the table. And you know, they participate in the discussions and those interactions and they want to hear about what are the best practices and what are some of the issues that have been seen, so they can avoid repeating those issues.

MODERATOR DELGADO: So my last question is kind of loaded but it's a good one, I guess. Theoretically, one of the benefits of competition is the introduction of innovation. You've shared and opined on the various roles of technology as being introduced in the space and the abilities to provide data has become more granule as to the effect it had on consumers. So there is -- the UK utilizes a regulatory sandbox structure to allow companies to test new business ideas and products under regulatory supervision. So I guess if you could kind of give some insight as to the sandbox structure and how perhaps it works in the regulatory space and potentially here in Illinois.
PANELIST RINGENBACH: So the sandbox structure is not necessarily a waiver. What it is is a company can officially file their product and it's really opening the doors a little bit and letting the Commission come in and poke around and look at a product that you want to offer that maybe it's prohibited by rules or limited by the rules. The condition of participating in the sandbox is you often have to give all the information and basically report back to the Commission on what you're doing, do customers like it, are you really selling it. I mean, it's a full on -- it's very toeing the line of having a regulated product but it's a way for the Commission and the staff to get a feel and become more comfortable with something that's new and innovative while also as a company not being held back by the rules.

So on the first panel I talked about how the Part 412 rules hadn't been changed since before the iPhone, so it would have gotten rid of some of that delay and allowed more innovative approaches to things. And that's the process of the
sandbox. It's not just a straight up waiver or request where you could go through hearing, you have requirements afterwards to keep up with the Commission and the Commission can shut it down. They can say, Look we're not worrying about this happening, we don't like it, your information shows it's not right and then it ends.

MODERATOR DELGADO: Chris, so probably as far as last remarks how does your office look towards obviously this new Act. And, hey, that this was enacted in January, how does your office then plan to engage with stakeholders going forward?

PANELIST KIM: That's a big question.

(Laughter.)

You know, I think from our office's standpoint, we always welcome talking with stakeholders. You know, I mean, we welcome going back to Commissioner's question about the trade groups and different industry groups, we certainly would welcome talking with them. We already are talking to them and would, you know, as sort of mentioned here by my co panelists here, will look to
them to lead. And hopefully, they're interested in making the changes that we would like to see and you know going forward we will have to see.

I mean, the HEAT Act is what we view as a first step. There is obviously things inside that legislation I think that everyone in this room would agree that will need some amendments, further amendments, but we think it's the first right step towards making sure that consumers are educated.

And if I could just touch really briefly on the innovation part. I just hope that, you know, even though we are talking about innovation and new products, that I would hope that we can learn from the current issues that we're facing, so that again about consumer education, so that we don't put the cart before the horse and try to address those issues. The underlying issues that we still see in this marketplace before we go ahead and start approving these sandbox ideas.

COMMISSIONER KIMBRELL: Are we sandboxing? I have to plead ignorance here. Is the Commerce Commission sandboxing? I don't quite understand what
that is.

PANELIST RINGENBACH: No.

So the sandbox is actually something that comes out of the UK. So Ofgem is their version of the regulator. And here in Illinois if we wanted to do something where the rules didn't allow it, we would probably have to make some sort of formal docket and ask for a waiver of the rules and then go through their whole customary hearing or case process to do it.

COMMISSIONER KIMBRELL: But you would have to file a docket?

PANELIST RINGENBACH: We would have to file.

The difference is a rule waiver typically results in either a thumbs up or a thumbs down and then nothing more. If you have the waiver, you move on.

The sandbox approach is a combination of the waiver process but in a more informal setting. So you have a specific form you fill out and there's conditions that say you have to follow Commission rules. You place a regular reporting with the
Commission. You talk about how it works. Versus a waiver where there is not a lot of follow up. You don't see anything more about it unless it gets some complaints. So this is a way for the sandbox to allow for certain products with an eye towards eventually changing the rules because you have now experience with it.

COMMISSIONER KIMBRELL: Okay. I scared for a second. Thank you.

MODERATOR DELGADO: Please join me in thanking our panelists today.

(Applause.)

I will turn it over to Tanya.

MS. CAPELLAN: So just to hit a few quick closing remarks. I want to thank you all the speakers for participating in today's policy session. We greatly appreciate you taking the time to plan and prepare your remarks.

Also, thank you to our moderators for leading us through today's discussions.

And finally, a big thank to the staff especially Paul and Peter for all of your help in
planning this session. I will now hand it over to Chairman Zalewski for close our session.

CHAIRMAN ZALEWSKI: Thank you. I just want to say thank you to everyone who came. This was very enlightening. We appreciate you educating the Commission and the public. It's good to have a different perspective. That's very important. We appreciate the different entities coming to speak to us. That's all I have.

Meeting adjourned.

Thank you.