

**A MEETING OF
THE ELECTRICITY AFFORDABILITY COMMITTEE
Wednesday, September 30, 2015**

1. The first meeting of the Electricity Affordability Committee was called to order by Delaware Secretary of State Jeffrey W. Bullock, Chairman, in the Secretary of State's Conference Room, Townsend Building, 401 Federal Street, Dover, DE 19901 on Wednesday, September 30, 2015 at 1:15 PM with the following Committee members in attendance: Kimberly Reinagel-Nietubicz, Office of the Controller General (GCO), Ed Synoski, Department of Natural Resources and Environmental Control (DNREC), Robert Howatt, Public Service Commission (PSC), and Robert Scoglietti, Office of Management and Budget (OMB).

Guests, support staff and members of the public in attendance included the following:

Steve Baccino, Delmarva Power	Doug Heinrich, Direct Energy
Chris Benaris, Direct Energy	Ed Jackson, Affinity Energy Mgmt
Ron Cerniglia, Direct Energy	Bill Kress, RESA
Senator Colin R.J. Bonini, Leg Hall	Anne Lindner, Exelon
Malika Davis, PSC Staff	Andrea Maucher, Div. Public Advocate
Colin Fitzsimmons, Direct Energy	Pam Scott, Delmarva Power
Matt Hartigan, PSC Staff	Jordan Seemans, RWRA (NRG)
Cullen Hay, Direct Energy	Courtney Stewart, Dept. of State

2. Secretary Bullock asked for introductions of Committee members and guests and asked if there were any concerns or issues with the draft minutes of the Electricity Aggregation Committee from its final June 23, 2015 meeting. There being no concerns or issues, the minutes were adopted as filed.
3. Secretary Bullock invited Senator Bonini to review the purpose of the 2016 Bond Bill, Section 68 (attached). The Senator indicated that energy rates were too high in Delaware. And since it did not appear that electricity aggregation could provide significant energy savings, he elected to include a statutory requirement to stimulate competitive energy markets by authorizing the Secretary of State to contract with a supplier that could provide significant benefits to residential and small commercial customers. Senator Bonini stressed that he was interested in how best the State could accomplish the goal of balancing competitive markets with lower cost energy for Delaware consumers.
4. Secretary Bullock requested the PSC review their recent efforts and how the PSC currently interfaces with energy suppliers. Mr. Howatt noted that by way of information and follow-on efforts from the Electricity Aggregation Committee, the PSC staff had contracted with London Economics, Inc. ("LEI") to review the Commission's Standard Offer Service approach with Delmarva Power. LEI had issued a draft report of findings for discussion, participated in a stakeholder workshop in Dover and would be providing a final copy of their recommendations in the near future.

Mr. Howatt further reviewed the Commission's regulatory authority as it relates to customer choice in Delaware and as applied to energy suppliers. The Commission's primary role was to certify energy providers that wished to do business in Delaware; to ensure that applicants had sufficient financial, technical and managerial experience to provide an appropriate level of customer service related to their energy offers. Once a company was certified by the Commission, the supplier requirements were mainly to provide notice of any contract or business changes, to use standard contracts, to provide 30 day written notice to customers of any price changes, and to file annual reports and assessments with the Commission. Staff does have the authority to fine or otherwise penalize suppliers engaged in misrepresentations or deceptive marketing practices. Mr. Howatt further noted that the PSC has very limited authority related to types of energy supply offerings, supplier marketing approaches and customer choice education and awareness.

5. The Secretary then proceeded to ask the guest suppliers for input related to the Bond Bill's Section 68. Direct Energy provided a short presentation to the Committee (slides attached) that discussed the company history, laid out a proposed program that included a fixed two-year kilowatt-hour cost with estimated cost savings and identified additional benefits that would be offered to customers. There were several questions related to the proposed offerings and it was noted the proposal included a request for some type of State endorsement.

Mr. Jordan Seemans, representing NRG indicated that NRG did not oppose the Direct Energy proposal and did not have a definite proposal to share, but thought it would be appropriate to let other suppliers provide proposals prior to any selection by the Secretary as Chairman. He encouraged the Committee to expand the criteria to be used in selecting an energy supplier under the statutory requirement. To improve the competitive market place for suppliers Mr. Seemans suggested that Delaware establish a "Purchase of Receivables" by the host utility, require Delmarva to provide an account lookup ability for ease of processing supplier changes and to work toward making supplier changes more seamless for customers.

Several other parties had comment relating to various issues with respect to the statute and the target completion date. The Secretary and Senator Bonini agreed that the completion date of October 31, 2015 was not a hard and fast date for Committee action. The Senator noted that there is definitely room for savings on energy and there must be a better way to fix the issue in Delaware.

6. The Secretary thanked Direct Energy for their proposal and the participants for their participation. The Secretary noted that between the PSC and the Public Advocate there should be a way to secure lower energy costs. He noted that some policy decisions have contributed to higher energy costs and we are aware of those drivers, but we need to look at our competitive markets and figure out a way to capture any savings that are available.

The Secretary asked the Public Service Commission and the Division of the Public Advocate to begin a process to examine the structural aspects of energy supplier choice in Delaware and to look for ways to improve awareness and participation in customer choice. The Secretary asked that the two agencies look for ways to enhance the visibility of customer choice, either product specific or generically, and to examine what, if any, options might be available to enhance customer choice that may not have been considered.

7. There being no further business, the Chairman adjourned the meeting at 3:15 PM.

Respectfully submitted,



Robert J. Howatt
Executive Director
Delaware Public Service Commission

SENATE SUBSTITUTE NO. 1 FOR SENATE BILL 160
FY2016 Bond and Capital Improvements Act of the State of Delaware

Section 68. Electricity Affordability Program. Notwithstanding any provision of the Delaware Code to the contrary, the Secretary of State shall chair a committee, which shall include representatives of the Office of Management and Budget, the Department of Natural Resources and Environmental Control, the Office of the Controller General, and the Public Service Commission (PSC) charged with evaluating an opt-in electricity affordability program for residential and small business customers. The committee shall evaluate this program based on the potential benefits derived from a combination of a multi-year fixed price per kWh offer, value added products and services to help customers better manage their overall energy bills, and other potential consumer benefits. If the committee determines that a program will offer these benefits to residential and small business customers, the Secretary, as Chairman, shall have the authority to select and contract with a PSC-certified energy provider with sufficient fiscal and technical experience, to implement the program by October 31, 2015. Additionally, the Secretary, as chair of the committee, shall direct the Public Service Commission to coordinate the implementation of the program including appropriate customer awareness and marketing activities. Any program shall provide customers who already contract with a third-party supplier or do not wish to participate in this program, the ability to decline participation.

**ELECTRICITY AFFORDABILITY COMMITTEE MEETING
SEPTEMBER 30, 2015**

SIGN-IN SHEET

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Moving Delaware's Electricity Markets Forward

Delivering Innovation and Choice through Delaware's Energy Affordability Program

Direct Energy Presentation to the Electricity Affordability Committee

September 30, 2015



Direct Energy.

Who is Direct Energy

centrica

World-leading integrated energy company

30MM Customers
Worldwide



37K Employees
Worldwide



\$47B in revenue
In 2014



Top 30 Company on the
London Stock Exchange



A- (S&P)
Baa1 (Moody's)
Investment Grade



 **Direct
Energy.**

Leading North American energy company

Subsidiary
of Centrica



Headquartered
in Houston



Nearly 5 MM
Customers



Energy
marketer



Natural gas



Home
services



 **Direct
Energy**®

History of Impressive Organic & Acquisitive Growth

Direct Energy has invested more than \$3 billion in recent acquisitions:



Direct Energy Lines of Business

Direct Energy Business

- Natural gas, power and energy management solutions
- Leading B2B gas supplier in eastern US
- Serving small, medium and large sized businesses, national accounts, public and non-profit institutions and government entities.



Direct Energy Residential

- Largest residential energy supplier in North America
- Natural gas, electricity and green power sales to homes
- Exclusive partnerships (e.g., Google's NEST Learning Thermostats) and innovative products.



Direct Energy Services

- HVAC installation
- Protection plans and repair
- Plumbing, water heaters, and facility maintenance
- Energy management and efficiency services



Direct Energy Solar

- Residential and small commercial PV installation
- Guaranteed system performance
- Targeted Electricity cost savings of 10% - 20%
- Suite of financing options



Endorsement Vision

Objective: To offer energy management solutions to the residents and businesses of Delaware via the Direct Energy opt-in energy program per Section 68 “Electricity Affordability Program” for the Delmarva footprint - beginning in October.

Strategic Alignment: Direct Energy is one of the largest North American providers of energy and services. Direct Energy brings a suite of innovative products and competitive offerings that can be made available to the residents and businesses in the Delmarva footprint in the State of Delaware.

Why Direct Energy:

- **Differentiation** – Direct Energy is one of the largest North America retailers of energy and home services. **Our mission is to help residents and businesses of Delaware use less of what we sell...energy!**
- **Products** - Electricity, Solar and Home Services – Business and Residential
- **Exclusive partnerships and Innovative Products**, such as Nest, Aeroplan and Plenti
- **Trusted Brand** –We have nearly 5 million customers and are a trusted brand for business, residential and home solutions.



More Than Just a Utility Provider...

HELPING YOU BUY LESS OF WHAT WE SELL.

Direct Energy is evolving and changing the industry...
We bring innovation through our apps, technology, and tools.



Direct Energy is an exclusive retail energy provider of the Nest Thermostat in the Northeast, across Canada and Texas (*non-exclusive*)



Direct Your Energy – an innovative set of tools giving energy consumers real insight into their monthly energy consumption.



Direct Energy has a wide range of Home Services options to offer customers.



Direct Energy Solar offers PV design, procurement, installation, and maintenance services to customers in 13 states and DC.



Direct Energy is a strategic member of Plenti Coalition program, operated by American Express.



Value & Benefits for Customers of Delmarva

Product #1 – Live Brighter 24



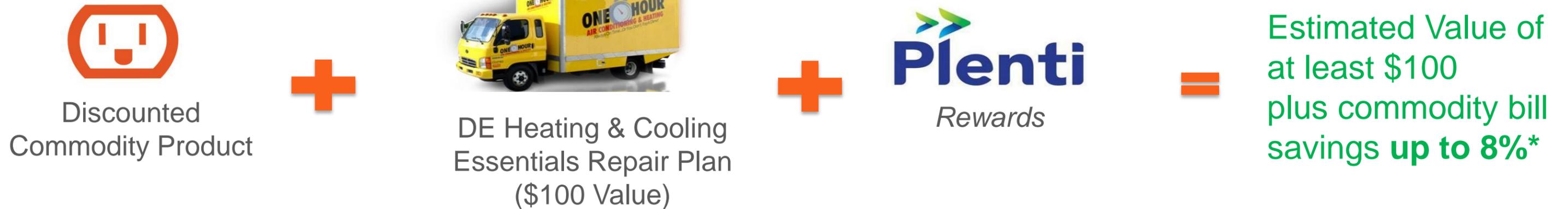
Product features/benefits:

- An exclusive, discounted fixed energy rate of \$0.0859/kWh for Delmarva customers, up to 10% savings against Delmarva Price to Compare*
- Price stability for 24 months
- No enrollment or exit fees – cancel anytime without penalty
- Earn 1,000 Plenti Points for new linked accounts + 1 Plenti Point per \$1 spent on eligible energy charges

*Note: Delmarva's posted (<http://www.delmarva.com/my-home/choices-and-rates/delaware/price-to-compare/>) Price to Compare of \$0.1052/kWh is effective through May 31, 2016. Direct Energy's calculation of customer's realistic PTC is \$0.09507/kWh and that is the more conservative number we are utilizing to compare our offer

Value & Benefits for Customers of Delmarva

Product #2 – Live Brighter 24 with Protection Plan



Product features/benefits:

- An exclusive, discounted fixed energy rate of \$0.0879/kWh for Delmarva customers, up to 8% savings against Delmarva Price to Compare*
- Price Protection for 24 months
- 6-Month Heating & Cooling Repair Essentials Plan (*For Homeowners*) – No Cost
- No Enrollment or Cancellation Fees
- Earn 1,000 Plenti Points for linked accounts + 1 Plenti Point per \$1 spent on eligible energy charges

*Note: Delmarva's posted (<http://www.delmarva.com/my-home/choices-and-rates/delaware/price-to-compare/>) Price to Compare of \$0.1052/ kWh is effective through May 31, 2016. Direct Energy's calculation of customer's realistic PTC is \$0.09507/kWh and that is the more conservative number we are utilizing to compare our offer

Value & Benefits for Customers of Delmarva

Product #3 - Comfort and Control 24 - The Nest Learning Thermostat™ can save you up to 15% on your energy bill



Product features/benefits:

- An exclusive, discounted fixed energy rate of \$0.0919/kWh for Delmarva customers, up to 3% savings against Delmarva Price to Compare*
- Price Protection for 24 months
- A Nest Learning Thermostat – No Additional Cost - \$249 value** -- can save you up to 15% on your energy bill
- 6-Month Heating & Cooling Repair Essentials Plan (*For Homeowners*) – No Cost
- Earn 1,000 Plenti Points for new linked accounts + 1 Plenti Point per \$1 spent on eligible energy charges

*Note: Delmarva's posted (<http://www.delmarva.com/my-home/choices-and-rates/delaware/price-to-compare/>) Price to Compare of \$0.1052/ kWh is effective through May 31, 2016. Direct Energy's calculation of customer's realistic PTC is \$0.09507/kWh and that is the more conservative number we are utilizing to compare our offer.

**Nest Product has no cancellation fee; however, a device recovery fee of \$200 applies if the customer leaves prior to the end of the term. Regardless, customer maintains ownership of the device even if they return to Delmarva's SOS rate.



Summary of Protection Plan Benefits:

Key Plan Benefits:

- No service visit charge
- No Deductibles
- \$500 Coverage per repair incident up to \$2,000 annually
- No age restrictions
- 24/7 emergency service

Heating & Cooling Repair Essentials

Your 6-Month Plan Includes:

- No service visit charge, no deductibles, no age restrictions
- \$500 coverage per repair incident up to \$2,000 annually
- 24/7 emergency service



If something goes wrong, you're protected. A technician will be dispatched to your home. Call us any time of the week. Day or night.

Protect yourself from unexpected costs with a Heating & Cooling Essentials Plan from Direct Energy.

COMPARE YOUR COSTS WITH AND WITHOUT A PLAN.

COSTS	Without Repair Plan	With Repair Plan
Circuit Board	\$421	\$0
Blower Wheel	\$277	\$0
Thermostat	\$132	\$0
Service Visit	\$89	\$0

Costs based on Direct Energy's One Hour Heating & Air Conditioning® StraightForwardPricing®. Prices may vary by location.





Nationally Recognized Brand – Over 500 solar professionals across 17 locations nationally, headquartered in Columbia, MD.



Full-Service Installation – A turnkey process; all design, procurement, installation and lifetime maintenance customized to the needs of each homeowner.



Financial Proposition – Systems designed to target savings of 10% - 20% over current retail rate with available financing options.



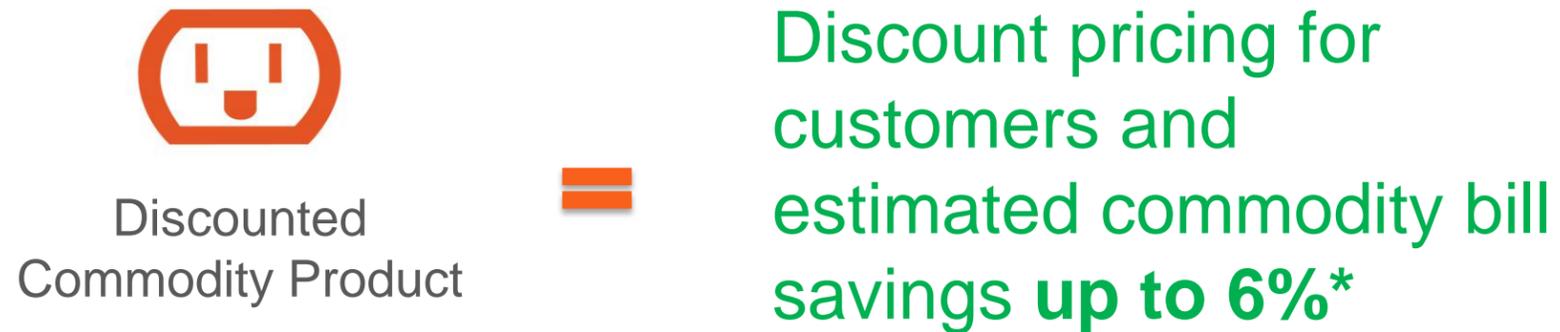
Guaranteed Performance – System performance estimates based on industry-leading technology and backstopped by production guarantees designed to minimize investment risk.



Retail Electricity Bundle – All solar customers receive 12 months of free electricity for the balance of consumption not supplied by solar.

Value & Benefits for Businesses of Delmarva

Product #1 – 24-Month Fixed Electricity Price Plan



Product features/benefits:

- An exclusive, **discounted** fixed energy rate of \$0.0842/kWh for Delmarva customers, up to a 6% savings against the Delmarva Price to Compare*
- Price Protection for 24 months
- No enrollment or exit fees – cancel anytime without penalty

*Note: Delmarva's posted (<http://www.delmarva.com/my-business/choices-and-rates/delaware/sos-pricing-information/>) Price to Compare of \$0.0892/kWh for Small General Service Non-Demand is effective through May 31, 2016.

Value & Benefits for Businesses of Delmarva

Product #2 – 24-Month Fixed Electricity Price Plan – Includes a Nest Learning Thermostat™ at no additional cost (a \$249 value)



Product features/benefits:

- An exclusive, **discounted** fixed energy rate of \$0.0842/kWh for Delmarva customers, up to a 6% savings against the Delmarva Price Compare*
- Price Protection for 24 months
- A Nest Learning Thermostat™ – No Additional Cost - \$249 value** - The Nest is a tool that helps customers save energy

*Note: Delmarva's posted (<http://www.delmarva.com/my-business/choices-and-rates/delaware/sos-pricing-information/>) Price to Compare of \$0.0892/kWh for Small General Service Non-Demand is effective through May 31, 2016.

**Nest Product has no cancellation fee; however, a device recovery fee of \$200 applies if the customer leaves prior to the end of the term. Regardless, customer maintains ownership of the device even if they return to Delmarva's SOS rate.

Proposed Endorsement with the State of Delaware

- With this never before offered innovative bundle of low cost (priced significantly below Delmarva's current PTC), stable priced electricity, and value added services including the innovative NEST Learning Thermostat™ to help customers better manage their energy usage, Direct Energy would like to be selected by Delaware to offer this program to Delmarva customers, at our own cost, by stating in our marketing materials that Delaware has “Endorsed,” “Certified,” or “Supports” these offerings
 - The offering would be thoroughly reviewed by the PSC (or other agencies) for accuracy, as well as our technical and financial capability to deliver what we have promised to do
 - Our proposed marketing materials and scripts would be provided to the PSC (or other agencies) for their review
 - Direct Energy is interested in working with Delmarva to include a bill insert in their billing statements to increase awareness of the program
 - Upon rollout, we would be willing to meet quarterly with PSC Staff to discuss our collective observations and any mid-course corrections based on consumer feedback



Timeline – Next Steps?

1. **September 30th** - Presentation to Delaware's Electricity Affordability Committee
2. Week of **October 12th** – Approval by Secretary of State and Committee
3. Week of **October 26th** – Launch program to comport with statute. Note – We are ready to launch as early as October 5th

THANK YOU



Direct
Energy®

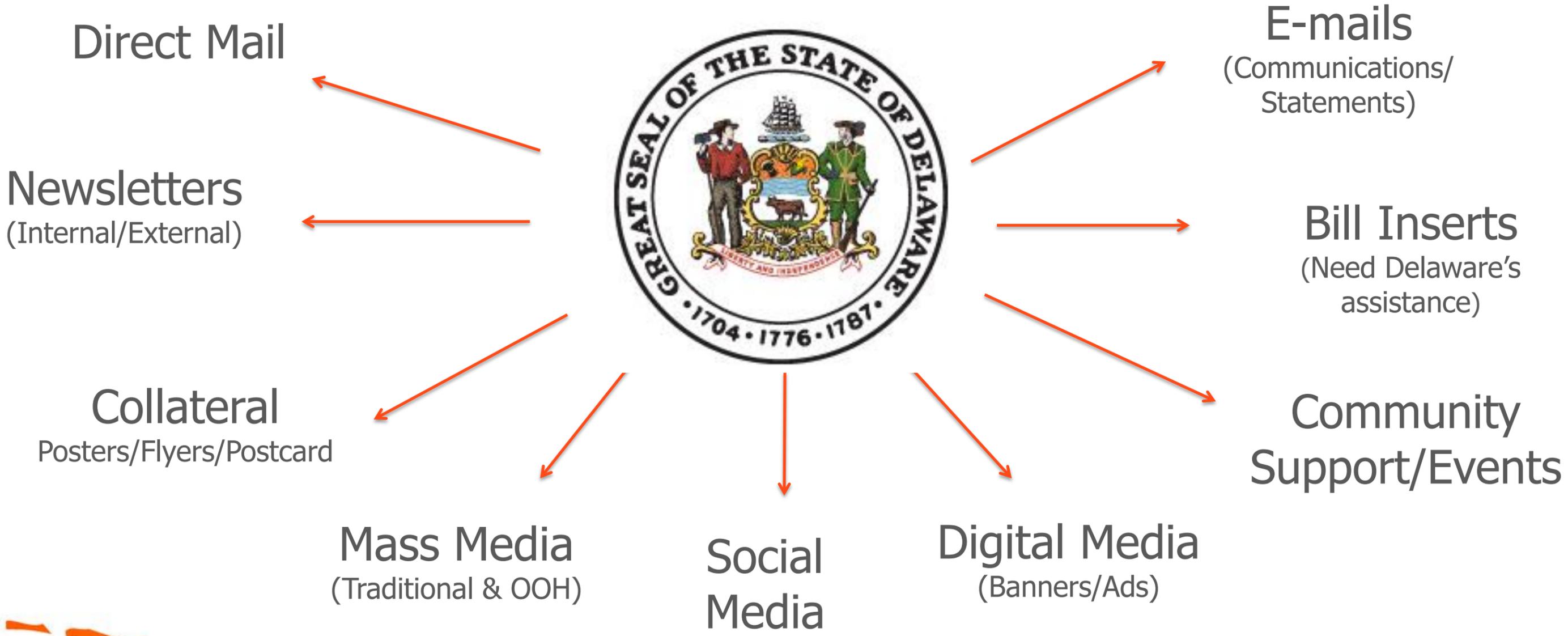
APPENDIX

Delaware Legislative Language

Section 68. Electricity Affordability Program

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Summary of Marketing & Communication Channels



Marketing and Media Tactics Proposal

PRELIMINARY PLANNING PARAMETERS:



Delaware



Q4
Begin on
October 5, 2015

DIRECT MARKETING TACTICS:

Direct Mail

- Residents in the Direct Energy footprint across Delmarva utility area
- Bill Inserts

MEDIA TACTICS:

Spot Radio

- New Castle County: WSTW-FM (Hot AC)
 - Part of Wilmington MSA
- Kent County: WDSD-FM (County)
- Sussex County: WWFG-FM

Newspaper

- Wilmington News Journal
- Dover Delaware State News

Micro Marketing Teams – Local teams on the ground

OOH - Layered elements to support radio and direct marketing tactics:

- Bulletins
- Transit (moving billboards, bus shelters, etc)
- Mall Units (Considerations for Christiana Mall, Tanger Outlets – Rehoboth Beach and Dover Mall)

Sample Landing Page:

Dedicated Url: www.directenergy.com/DELMARVA

A custom landing page will be built for online enrollment journey.

Here's an Exclusive Offer for .

Get a special low price plus a bonus offer just for employees and friends of .

To see your exclusive energy offers, enter your address and zip code.

Street Address

Zip

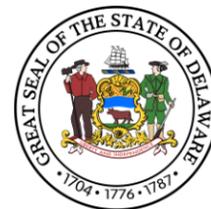
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SAMPLE
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The State of
Delaware

Enroll today and start enjoying the benefits!



Marketing Concept Sample

SAMPLE CREATIVE

**YOU HAVE THE
POWER TO SWITCH
AND SAVE**

Git doluptam faceaque doluptam apis
ma pro dollaborum quatur sersperibus
ipsaeste consequae doluptatem
voluptas expliqu isincipis anducia
consequid quam voluptaque
cusdaes iur sum.



**ENDORSED BY
THE STATE OF DELAWARE**

 **Direct
Energy.**
LIVE BRIGHTER™



Direct Energy will provide immediate customer benefits while enhancing the development of Delaware's competitive marketplace

- **Direct Energy has extensive experience and currently operates in Delaware**

- Residential and non-residential commodity offerings
- Delmarva default service (SOS) provider with 11% of Residential load
- Mister Sparky, Benjamin Franklin Plumbing, and One Hour Heating & Air Conditioning
- Direct Energy Solar provides residential and small commercial rooftop solar solutions
- Direct Energy Business has a partnership with Solar City for non-residential applications

- **Would the Direct Energy Opt-In Energy Program harm the competitive market of Delmarva?**

- Current mass market (residential and small commercial) migration levels are extremely low
- We are not proposing to eliminate Standard Offer Service (SOS); Delmarva is not financially harmed when a customer switches
- Customers may decide to not participate in this opt in offering and stay with Delmarva for SOS service
- Customers who do participate in the opt in program can leave to go back to Delmarva SOS or switch to another supplier without incurring an early cancellation fee from Direct Energy
- Customer awareness and interest will increase and participants will benefit from Direct Energy's offering and as a result, we believe a more robust and open competitive market will evolve with many suppliers and competitive offerings made available

