

Posted: April 7, 2016  
4:00 PM  
Matt Hartigan

**DELAWARE SECRETARY OF STATE**

**NOTICE OF COMMITTEE MEETING**

**ELECTRICITY AFFORDABILITY COMMITTEE**

**AGENDA**

**Friday, April 22, 2016**

- I. Call meeting to order - **1:00 PM, Secretary of State's Conference Room, Townsend Bldg. 401 Federal Street, Dover, DE**
- II. Chairman's welcome
- III. Draft Minutes of the December 14, 2015 EAC Meeting (attached)
- IV. Review of EAC Recommended Actions
  - A. Public Service Commission Petition to review possible enhancements to Customer Choice in Delaware.
  - B. Secretary of State's efforts to open customer choice for all Delaware citizens.
  - C. Summary review of Proposals for Energy Supply with recommendations to the Committee (attached).

**The Committee may convene in Executive Session under 29 Del. C. §10004(b)(6) for the purpose of discussing trade secrets and commercial or financial information of a privileged or confidential nature related to supply bid proposals. This information is not a matter of public record as defined in 29 Del.C. §10002(1)(2).**
- V. Supplier/Stakeholder Discussions, Questions or Presentations
- VI. Public Comment
- VII. Adjournment

**NOTICE**

Pursuant to 29 Del.C. §10004(e)(2), this Agenda may be changed to include additional items or to delete items that may not require discussion.

Posted: April 7, 2016

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During the Meeting, an Executive Session, closed to the public, may be called for the purpose of discussing confidential documents and information submitted in response to the PSC Staff Request for Proposals.

Interested persons should contact the Secretary of State's Office at (302) 577-8767 for information or questions about the Agenda.

**A MEETING OF  
THE ELECTRICITY AFFORDABILITY COMMITTEE  
Monday, December 14, 2015**

1. The second meeting of the Electricity Affordability Committee (“EAC”) 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 Monday, December 14, 2015 at 2:00 PM with the following Committee members in attendance: Art Jenkins, 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	Ed Jackson, Affinity Energy Mgmt
David Bonar, Delaware Public Advocate	Toni Loper, PSC Staff
Ron Cerniglia, Direct Energy	Andrea Maucher, Div. Public Advocate
Senator Colin R.J. Bonini, Leg Hall	Paul Ring, Energy Choice Matters
Colin Fitzsimmons, Direct Energy	Pam Scott, Pepco Holdings, Inc.
Mario Giovannini, Pepco Holdings, Inc.	Jordan Seemans, RWRA (NRG)
Matt Hartigan, PSC Staff	Jason Smith, PSC Staff
Heidi Hawkins, WGL Energy	

2. Secretary Bullock asked for introductions of Committee members and guests and reviewed the proposed Agenda (Attachment 1). He asked if there were any concerns or issues with the draft minutes of the first meeting of the Electricity Affordability Committee from its September 30, 2015 meeting. There being no concerns or issues, Robert Scoglietti moved and Bob Howatt seconded and the minutes were adopted as filed.
3. The Secretary then asked the Public Service Commission and the Division of the Public Advocate to share the findings related to their review of Delaware’s Customer Choice.<sup>1</sup> Mr. Matt Hartigan, PSC Deputy Director, noted that the PSC and DPA held two (2) publicly noticed workshops on October 22, 2015 and October 29, 2015 to identify any issues or concerns that stakeholders might have with respect to customer choice and to identify potential resolutions that could enhance customer choice in Delaware. Matt shared a brief review of the finding and recommendations along with the responsive comments from various workshop participants. Joint Staff and DPA Report and responsive comments are included as Attachment 2. The Secretary thanked the Joint Staff and workshop participants for their help on this issue.
4. Based on the recommendations contained in the report, Mr. Howatt suggested the Committee consider a three (3) pronged approach to implementing the recommendations. As a first step, several of the recommendations would require Commission review and approval and he suggested that the EAC submit a petition to the

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<sup>1</sup> At the September 30, 2015 EAC Meeting, 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.

Commission requesting their review and adoption of those recommendations they felt were helpful in expanding customer choice and in the public interest. Second, he suggested the Committee submit a Resolution to the General Assembly requesting them to consider providing customer choice to all Delaware customers, including the 68,000 municipal customers that do not currently have an electric supplier choice. And lastly, he suggested that in compliance with House Bill 160, Section 68, the Committee make a supplier selection and recommendation to the Secretary of State to enter into contract with the supplier. Attachment 3 contains a draft copy of the proposed Delaware PSC Petition and the General Assembly Resolution.

5. So that the Committee could understand the suggestion in more detail, the Secretary asked that Mr. Howatt step through each recommendation so there could be discussion. The following summarizes the recommendations that were reviewed:
  - a. Delaware should implement a Purchase of Receivables (POR) approach to 3<sup>rd</sup> party utility billing for supply. As in other Pepco Holdings, Inc. jurisdictions, Delmarva pays a discounted price to the 3<sup>rd</sup> party supplier and assumes the risk of collection on all supply bills. The discount is designed to ensure that any debt faults are absorbed by the suppliers and not Delmarva's current customers.
  - b. Delmarva should look to expand 3<sup>rd</sup> party supplier space availability on bills. This recommendation was to provide opportunity for suppliers to incorporate messages or other information. Delmarva indicated that it had already increased the available space within its new billing system.
  - c. Shorten the timeframe for customers to switch suppliers. Suppliers requested a much shorter time frame to switch to new suppliers than is currently provided and which depend on meter reading dates.
  - d. Provide new customers with the option to select a 3<sup>rd</sup> party supplier upon initial connection rather than having to initially take Standard Offer Service for one month prior to moving to another supplier.
  - e. Permit customers making intraterritorial moves to retain their current supplier rather than having to reinitiate service as a Standard Offer Service customer prior to again switching back to their previous supplier.
  - f. Provide a mechanism for customers to enroll with 3<sup>rd</sup> party suppliers without needing their Delmarva account number or service number (referred to as "Enroll with your Wallet").
  - g. Change the SOS procurement process to accept shorter term contracts in the residential and small commercial customer classes which would more closely track market prices and provide improved competitive options.
  - h. Complete the Supplier Regulations so that all parties understand the rules related to Delaware supply.
  - i. Establish quarterly meeting opportunities with all 3<sup>rd</sup> party suppliers to permit closer coordination on supply issues and concerns that may arise.

In addition, the draft petition asks the Commission to consider potential approaches to increasing customer awareness and education with respect to customer choice for possible implementation. Many of the suppliers pointed to other nearby states and websites that have significantly more information for customers. It was moved by Mr. Howatt, seconded by Mr. Bullock and unanimously approved to petition the Commission as drafted.

6. The Committee then turned its discussion to the proposed Resolution recommending state-wide, non-discriminatory electric supply customer choice. It was noted that the Resolution lacked a complete background of the issue as it related to the current statutory requirements. With the membership of the Committee involving General Assembly representation, the Secretary, as chairman of the Committee, felt it would be more appropriate for the Secretary to consider the resolution and indicated he would accept that responsibility.

7. Lastly the Committee discussed the process by which the Committee could move forward to comply with the statutory requirement to select a 3<sup>rd</sup> party supplier that offered a fixed multi-year kWhr price and other customer benefits to contract with the State. Mr. Howatt recommended the Committee issue an RFP to permit any 3<sup>rd</sup> party supplier interested in providing such product to the State to submit a proposal. The Committee would be responsible for reviewing the proposals and recommending one of the proposals for a contract with the Secretary of State. There was discussion that opening that opportunity to all would put those suppliers that had already offered a product at a disadvantage. However, there was general agreement from the Committee to move forward on that approach to ensure an open and transparent process.
  
8. There being no further business, the Chairman adjourned the meeting at 3:30 PM.

Respectfully submitted,



Robert J. Howatt  
Executive Director  
Delaware Public Service Commission

DRAFT

ELECTRICITY AFFORDABILITY COMMITTEE MEETING

December 14, 2015

SIGN-IN SHEET

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**DELAWARE SECRETARY OF STATE**

**NOTICE OF COMMITTEE MEETING**

**ELECTRICITY AFFORDABILITY COMMITTEE**

**AGENDA**

**Monday, December 14, 2015**

- VIII. Call meeting to order - **2:00 PM, Secretary of State's Conference Room, Townsend Bldg. 401 Federal Street, Dover, DE**
- IX. Chairman's welcome
- X. Draft Minutes of the September 30, 2015 EAC Meeting (attached)
- XI. Review of the Public Service Commission and Division of the Public Advocate Joint Report on Customer Choice in Delaware.
- A. Participants and process in the Customer Choice Stakeholder Workshops
  - B. Principle findings of the Report
  - C. Joint Recommendations to enhance Customer Choice in Delaware
  - D. Stakeholder comments, issues or concerns
- XII. Supplier/Stakeholder Discussions or Presentations
- XIII. Public Comment
- XIV. Committee Implementation Actions
- XV. Adjournment

**NOTICE**

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Interested persons should contact the Secretary of State's Office at (302) 577-8767 for information or questions about the Agenda.

DRAFT



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904

## **MEMORANDUM**

**To:** Members of the Electricity Affordability Committee

**From:** Joshua Bowman, Public Utility Analyst

**Date:** March 15, 2016

**RE:** THE DELAWARE ELECTRICITY AFFORDABILITY COMMITTEE REQUEST FOR PROPOSALS FOR AN OPT-IN ELECTRIC SUPPLY PROGRAM – RESULTS AND RECOMMENDATIONS

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### **Background**

On December 14, 2015, the Electricity Affordability Committee (“EAC” or “Committee”) directed that the Public Service Commission (“PSC”) issue a Request for Proposals (“RFP”) in order to comply with the statutory requirement contained in Senate Substitute No. 1, House Bill 160, FY2016 Bond and Capital Improvements Act of the State of Delaware, Section 68 (“EAC Section”). This RFP sought proposals from Third-Party Electric Suppliers to contract with the State to offer an opt-in electric supply program that includes 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.

SB 160, Section 68 states:

**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, 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 customer 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 the program, the ability to decline participation.

## **RFP Process**

On January 22, 2016, PSC Staff issued a RFP on behalf of the EAC, attached as [Exhibit "A"](#). The RFP was posted and made available to the public on both the State of Delaware Bid Solicitation website and the PSC's Request for Proposals website.

An *Invitation to Provide Proposals* was published in the Public Notice sections of both [The News Journal](#) and the [Delaware State News](#), on January 31 and February 1, 2016, respectively.

The RFP was also sent directly to the following vendors: Smart Energy Holdings LLC, Viridian Energy PA LLC, Xoom Energy of Delaware LLC, NRG Energy, Starion Energy PA Inc., ResCom Energy LLC, Nextera Energy Services LLC, Liberty Power Holdings LLC, Perigee Energy LLC, MidAmerican Energy Services LLC, Glacial Energy of Maryland Inc., Ethical Electric, Kleantricity Inc., Energy Me Midwest LLC, First Point Power LLC, True Light Energy, Community Energy LLC, Clearview Electric Inc., Ambit Energy, Agera Energy LLC, T and M Associates, Direct Energy, Champion Energy Services, Just Energy, Ed Jackson Energy, WGL Energy, and Exelon Corporation.

Six proposals were received by the closing date of February 26, 2016. Proposals were received from the following companies: Agera Energy, Champion Energy Services, Constellation NewEnergy Inc., Direct Energy, MidAmerican Energy Services, and NRG Home.

On March 1, 2016, the proposals were evaluated by PSC Staff members Malika Davis, Public Utility Analyst III; Matthew Hartigan, PSC Deputy Director; and myself.

The proposals were evaluated based on the following criteria in decreasing order of weight:

1. The value of the opt-in, fixed multi-year price offering, the term of such offering and the customer requirements to select and receive such offering.
2. The value of any added products and services to help consumers manage their energy bills and the offeror's demonstrated use of such products.
3. The value of any other potential customer benefits offered in the proposal.
4. The specific approach proposed for the proposal, including the time requirements for implementation and coordination in accordance with the statutory requirements.
5. The qualifications and past experience of the personnel assigned to implement the proposal.
6. Existence of conflicting or potentially conflicting interest or the appearance of such conflicts.
7. Vendor's ability to understand the statutory requirements and to provide an electric supply product that meets the objectives of the statute.
8. Vendor's PSC certification or Vendor's ability to become certified as a Delaware Residential and Small Commercial electric supplier.

**Overview of Top Two Proposals**

There was a clear delineation between the top two (2) proposals received and the others. The top two Vendors based on Staff's evaluation and ranking using the above criteria were Direct Energy and Constellation NewEnergy.

1) Direct Energy

a) Residential

[Redacted]

b) Small Business

[Redacted]

c) Other Benefits

[Redacted]

2) Constellation NewEnergy

a) Residential

[Redacted]

b) Other Benefits

[Redacted]

[Redacted]

## **Recommendation**

Based on the findings during the proposal evaluation and review process, PSC Staff recommends that, if the Committee agrees to move forward with this program, the Committee accept the proposal submitted by Direct Energy. Direct Energy has been involved in many aggregation programs in other states and jurisdictions. They also have extensive experience and currently operate within the State of Delaware offering residential and non-residential commodities. It is PSC Staff's opinion that Direct Energy's past experience in aggregation programs, its current working relationship with Delmarva customers, its innovative plan, and the overall value of the fixed price offerings, added products and services, and other potential customer benefits make it the most qualified and prepared supplier to most effectively implement and carry out the requirements of the Opt-In Electric Supply Program as set forth by Senate Substitute No. 1, House Bill 160, FY2016 Bond and Capital Improvements Act of the State of Delaware, Section 68.