

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL**

DPUC DEVELOPMENT AND REVIEW : DOCKET NO. 06-01-08RE02
OF STANDARD SERVICE AND :
SUPPLIER OF LAST RESORT :
SERVICE – PROTOCOL FOR :
PUBLIC DISCLOSURE OF :
PROCUREMENT INFORMATION : JUNE 11, 2008

COMMENTS OF RETAIL ENERGY SUPPLY ASSOCIATION

By decision dated February 27, 2008, the Department of Public Utility Control (the “Department”) reopened the instant docket to develop a protocol for the public disclosure of information relating to the procurement of Standard Service (“SS”) and Last Resort Service (“LRS”) power supplies and the resulting SS and LRS rates (the “Protocol”).¹ On March 17, 2008, a working group comprised of The United Illuminating Company (“UI”), The Connecticut Light and Power Company (“CL&P”), the Office of Consumer Counsel, Resource Insight, Inc. and Levitan & Associates, Inc. (the “Working Group”) submitted a joint proposal for the Protocol (the “Joint Proposal”).² The Department thereafter issued a Notice of Request for Written Comments inviting interested persons to express their views on the Joint Proposal and related topics.³

The Retail Energy Supply Association (“RESA”) submits these limited comments on the Joint Proposal as it relates to the schedule for the publication of the SS and LRS rates.⁴

¹ Decision (Feb. 27, 2008), Docket No. 06-01-08PH01.

² Letter to Ms. Louise Rickard from Ellen G. Cool, Levitan & Associates, Inc. (March 17, 2008), Docket No. 06-01-08RE02 (hereinafter the “Joint Proposal”).

³ Notice of Request for Written Comments (April 3, 2008), Docket No. 06-01-08RE02.

⁴ RESA’s members include Commerce Energy, Inc; Consolidated Edison Solutions, Inc; Direct Energy Services, LLC; Gexa Energy; Hess Corporation; Integrys Energy Services, Inc.; Liberty Power Corp.;

RESA apologizes for the lateness of this filing, but believes that the recommendations herein contained will improve the workings of Connecticut’s retail electricity market and facilitate customer shopping. Moreover, the potential pitfalls of the current approach have been further illuminated by the failure of CL&P and The United Illuminating Company to make their SS and LRS rate filings, respectively, by the dates set forth in the Joint Proposal. These delays have narrowed the already small window during which suppliers can enroll customers in June for a July 1 start date. RESA therefore respectfully requests that the Department consider these comments as it formulates a final Protocol in this proceeding.

The Joint Proposal calls for the electric distribution companies (“EDCs”) to file their proposed SS rates based on approved auction results approximately forty days before the rates would be effective.⁵ Department approval would follow two weeks later on the first Wednesday of the month.⁶ LRS rates would be filed by the EDCs three to four weeks before their effective date and would not be approved by the Department until the last Wednesday of the month.⁷

In Docket No. 07-05-33, *DPUC Administration of Disclosure Label Requirements and Examination of Direct Billing by Electric Suppliers*, the Department placed great emphasis on implementing processes and tools that would facilitate power shopping and enable customers

Reliant Energy Retail Services, LLC; Sempra Energy Solutions; Strategic Energy, LLC; SUEZ Energy Resources NA, Inc. and US Energy Savings Corp. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

⁵ Joint Proposal, Exhibit 1 (CL&P schedule) and Exhibit 2 (UI schedule).

⁶ Joint Proposal, p. 4, Exhibits 1 and 2.

⁷ *Id.*

to exercise their right to retail choice.⁸ It stated: “Providing price information is the best way to compare offerings.”⁹ The Joint Proposal is contrary to that goal as it does not give customers sufficient notice of the SS and LRS rates so that they can compare such rates to competitive offerings and switch suppliers on or before the effective date of the new EDC rates if they wish to do so.

Dominion Retail, Inc. (“Dominion”) expressed the same view in its comments dated April 22, 2008.¹⁰ It correctly observed that the EDCs only process changes to customers’ electric suppliers on scheduled meter read dates and, consequently, it can take thirty days or more to effectuate a supplier change.¹¹ Thus, customers may be forced to remain on SS or LRS for up to two billing cycles before they can switch to a lower-cost, competitive alternative.¹² Late release of the SS and LRS rates, as contemplated by the Joint Proposal, also impedes the ability of retail suppliers to develop offers that will compete most effectively with the EDC rates.

A. Standard Service

Dominion recommends that the schedule set forth in the Joint Proposal be modified to provide for Department approval of both SS and LRS rates at least sixty days before they become effective.¹³ RESA endorses that recommendation for SS rates and urges the Department to order the EDCs to conduct the final procurement for a given SS term earlier in

⁸ Decision (Feb. 27, 2008), Docket No. 07-05-33.

⁹ *Id.* at 6.

¹⁰ Comments of Dominion (Apr. 22, 2008), p.4, Docket No. 06-01-08RE01.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at 4-5.

order to achieve that result. At the very least, the initiation of the final request for proposals (“RFP”) for a given term should be accelerated by three weeks to allow the EDCs to file their proposed SS rates sixty days in advance of their effective date, with Department approval to follow at the earliest practical date. This approach leaves undisturbed the timeframes proposed by the Working Group for responding to the RFP, selecting the winning proposals, filing rates and Department approval of those rates. The only change RESA suggests is to start the entire process about three weeks sooner to allow consumers sufficient time to compare prices.

RESA recognizes, as a general proposition, that substantial divergence between the RFP date and the effective date of the rates can compromise timely price signals in utility rates. That concern, however, is less pronounced for the SS rates because of the three-year laddering approach employed by the EDCs to procure SS power supplies. The SS rates for the six-month period commencing July 1, 2008 are based on bid prices received on September 12, 2006, October 30, 2006, March 6, 2007, September 25, 2007, November 5, 2007, and April 23, 2008.¹⁴ Moving the distribution of the final RFP back by three weeks would have little, if any, effect on the price signals reflected in the SS rates because they are already stale by design.

B. Last Resort Service

By contrast, the Legislature has directed the EDCs to procure LRS supplies on a quarterly basis with no laddering, evincing its view that LRS rates should reflect current market pricing. In order to balance that commendable goal with the need to provide customers with ample notice of LRS rates, RESA recommends that the quarterly RFP for LRS


¹⁴ Technical Statement (May 30, 2008), pp. 1-2, Docket No. 08-05-14, *Administrative Proceeding to Review CL&P's Rates and Charges Effective July 1, 2008*.

supplies be conducted approximately ten days earlier than that assumed by the Working Group so that the proposed LRS rates would be filed by the EDCs for Department approval forty days prior to their effective date. This approach would not only benefit first-time LRS shoppers, but it also would be helpful to customers that move to LRS service at the expiration of their retail supply contracts and wish to time their reentry into the competitive market. As is the case for RESA's recommendation on SS procurement, this approach leaves intact all of the time periods recommended by the Working Group for each step of the process from the commencement of the RFP to final Department approval.

For the foregoing reasons, RESA requests that the Department incorporate the modified RFP schedule recommended herein and the dates of the requisite EDC rate filings and Department approvals into the Final Protocol and require strict adherence to that schedule.

Respectfully submitted,

RETAIL ENERGY SUPPLY
ASSOCIATION

By: 
Paul R. McCary
Diana M. Kleefeld

Murtha Cullina LLP
CityPlace I, 185 Asylum Street
Hartford, Connecticut 06103-3469
(860) 240-6000
Its Attorneys