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Kristi Izzo
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NOTICE¹

**In the Matter of Third Party Suppliers - N.J.A.C. 14:4-7 -
The Board's Review of Consumer Protection Provisions of its Rules Concerning
Third Party Suppliers
Docket Number EX14060579
and
In the Matter of the Implementation of the Special Rule Adoption
In Compliance with L. 2013, C.263
Docket Number EX14060610**

**Notice of Stakeholder Meeting Regarding Attached Discussion Document
Thursday, September 4, 2014 - 10:00 a.m.
New Jersey Board of Public Utilities
44 South Clinton Avenue
Multipurpose Room, 1st Floor
Trenton, NJ 08625**

Pursuant to L.2013, c. 263, the Board of Public Utilities, in consultation with the Division of Consumer Affairs in the Department of Law and Public Safety, is required to adopt "interim advertising and marketing standards for electric power suppliers, gas suppliers, brokers, energy agents, marketers, private aggregators, sales representatives, and telemarketers ('interested entities') applicable to potential residential customers." These standards must include, but are not limited to, "prohibiting the interested entities from making false or misleading advertising claims to a potential residential customer; or contacting a potential residential customer by telephone for the purpose of making an unsolicited advertisement if the interested entity does not have an existing business relationship with the potential residential customer and the residential customer's telephone number appears on the no telemarketing call list established and maintained by the Division of Consumer Affairs[.]"

Further, Board Staff is conducting a review of the consumer protection-related provisions in the Board's rules at N.J.A.C. 14:4-7.

Stakeholders were invited to provide oral comments at a public meeting held on July 17, 2014, and submit written comments by August 1, 2014 pertaining to consumer protection standards. Based upon the information gathered from these comments, Staff is providing its suggested changes to the rules in the attached "Discussion Document." This document will be discussed at the above noted meeting to be held on September 4, 2014, at 10:00 a.m. at the Board's Office, 44 South Clinton Ave., Trenton, New Jersey.

¹ Not a paid legal advertisement.

Persons interested in attending are asked to preview the attached Discussion Document and be prepared to provide input regarding its contents.

A handwritten signature in cursive script that reads "Kristi Izzo".

Kristi Izzo
Secretary

Dated: August 22, 2014

DISCUSSION DOCUMENT REGARDING THIRD PARTY SUPPLIERS FOR 9/4/14 MEETING

METHODS OF CONSUMER EDUCATION -

- The BPU TPS website, being developed to educate consumers and provide unbiased, informative and transparent information regarding shopping for energy in New Jersey, will be used as the primary consumer education tool. The initial focus will be on residential electric customers, but future development may include commercial energy, residential gas and commercial gas customers.

The BPU website will not be a mechanism for customers to enter into contracts and/or change energy suppliers. After comparing prices, terms and other pertinent information, customers must follow a link to the specific third party supplier's website to obtain more information or sign up for service.

Questions:

1. Should TPS' be required to make prices and terms available on their websites without customers having to initiate a switch or sign up? If so, what would be involved?
2. What methods could be considered to market the BPU website?
3. What means could be utilized to pay for BPU website marketing expenses?

SPECIFIC ISSUES RELATED TO THIRD PARTY SUPPLIER CONTRACTS MATERIAL TERMS OF GAS AND ELECTRIC SUPPLY CONTRACTS

- Standard definitions

Questions:

1. Should the rules include standard definitions to be used by TPS in marketing and advertising materials? For example, the current rules, at N.J.A.C. 14:4-7.12, address "fixed rates" indicating the TPS must provide the time period for which the rate is in effect and may not charge the customer a higher rate during that time without the customer's affirmative consent, unless a change is required by law (such as an increase in sales tax).
 - Building on NEM's suggestions, should a definition of "variable rate" be included?
 - "Variable rate" means products utilizing a price that can fluctuate over time, in accordance with the terms included in the contract.
 - An "indexed rate" product is a type of variable rate product utilizing a price that can change based on an underlying pricing formula that makes use of an index.
 - A contract utilizing a combination of fixed and variable rates, as an example, beginning as a fixed price then converting to a variable price at a predetermined point in time or fixed as to a certain level of usage and variable for additional usage (as specified in the contract) shall be considered a variable rate contract.
2. Should small commercial customers be covered by the TPS rules related to residential customers? If so, how would "small commercial customers" be defined?

END DATE FOR FIXED RATE PRICING IF PRICING CHANGES FROM FIXED TO VARIABLE

Suggested changes:

- Spell out fixed price end date in contract summary.
- Current rule, N.J.A.C. 14:4-7.6 (k), requires 30 day notice prior to the end of the contract, i.e. the date the service contract term ends. Should this be changed to 60 days' notice to allow customers more time?
 - a. Send in format previously designated by customer – electronic or written.
 - b. Clearly state what happens at the end of the contract.
 - c. New contract summary form required if material change in terms and conditions.
 - d. Explain customer's options and how to exercise.
 - e. Set forth date by which customer must make a decision and the date the contract ends, if different.

HOW THE PRICE FOR GAS OR ELECTRICITY IS DETERMINED

Questions:

- Could we create a uniform manner of disclosing prices in marketing materials and contract terms and, if so, what would it look like?
- Should more detailed disclosure be required for variable rate pricing; e.g., what formula or index is used to determine the rate, frequency, etc.? N.J.A.C. 14:4-7.6 (b)2 describes the contract and states that it shall include: the price per kWh or therm, or, if a fixed pricing arrangement is not made, a clear and unambiguous statement of the precise mechanism or formula by which the price will be determined.

LENGTH OF TIME TO SWITCH PROVIDERS

Questions:

- Because a switch should not occur without an actual meter reading, who should pay for off-cycle meter readings?
- Any other suggestions for shortening switch time, while still using an actual meter reading?

REQUIREMENT TO SEND WRITTEN TERMS OF CONTRACT TO CUSTOMER

Suggested Changes:

- Staff suggests both the contract and contract summary be provided to customers in the customers' preferred format. A TPS may not simply direct a customer to the website but must provide the contract and contract summary to each customer. Hard copies must be provided upon request, or when a customer elects to receive materials via hard copy.
- These materials shall be provided in accordance with N.J.A.C. 14:4-7.6 (a), which provides that on or before the date the TPS submits a change order to an LDC, and within one business day of when a customer authorizes a contract renewal, the TPS shall send a copy of the TPS contract to the customer.

One page summary of material terms of contract

Staff suggests the following format:

Include individual customer name, address & account number
Third Party Supplier Contract Summary

Third Party Supplier Information	<i>Name, telephone number, website, email, New Jersey mailing address and BPU license #. Plain language statement that TPS is responsible for supply charges.</i>
Price Structure	<i>Fixed, or variable. If fixed then variable, indicate the time frame of the fixed rates. If variable, state whether or not there are any applicable ranges/ceilings and whether a price change is tied to a published index or the utility Price to Compare, or if the supplier will change the variable rate in a non-specific manner based upon market conditions.</i>
Generation/Supply Price	<i>Cost per therm or kilowatt. If variable rate, the first billing cycle's rate. Any introductory rate with length of term.</i>
Statement Regarding Savings	<i>Plain language that the supply price may not always provide savings to the customer If the contract provides for a specified level of savings, how that will be calculated (description of reference price)</i>
Amount of time required to change back to default service from TPS or to another TPS	<i>Provide an estimated time frame in which a consumer can expect to be switched back to the EDC/GDC or to another TPS if the consumer cancels service with the current TPS- - 30 day, one billing cycle etc.</i>
Incentives	<i>Any bonuses, discounts, cashback, etc. offers and any associated terms, in plain language.</i>
Contract Start Date	<i>Plain language regarding expected start of TPS service (meter reads/billing cycles/etc.)</i>
Contract Term/Length	<i>In months, billing cycles, etc.</i>
Cancellation/Early Termination Fees	<i>Yes or no. If yes, describe the amount of the fee and how to avoid that fee, if possible.</i>
Renewal Terms	<i>Explain what the customers' options are at the end of their contract in plain language.</i>
Distribution Company Information	<i>Name, telephone number, and website. Plain language statement that the GDC/EDC responsible for distribution charges, as well as any emergencies/outages/etc.</i>

Questions:

- Is 10 point an appropriate allowable minimum font size?

THE MEANING OF “GUARANTEED SAVINGS”

Questions:

- Should there be a definition of “guaranteed savings” and a time frame? How should this requirement be worded?