



Connecticut General Assembly Energy and Technology Committee

Public Hearing – February 27, 2020

Vistra Energy Corp. (“Vistra”) submits this written testimony on Raised Bill 5225 - An Act Concerning Consumer Protections for Customers of Electric Suppliers.

Distinguished Members,

Vistra Energy is a premier, integrated, Fortune 350 energy company with retail and generation operations in Connecticut. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation.¹

Vistra believes that strong customer protections and enforcement are vital to a functioning competitive market. Vistra believes the policy goals of HB 5225 are laudable, including the policies that provide additional customer protections during the enrollment process and enable increased enforcement of customers protection rules. Vistra looks forward to working with the legislature, regulators and other stakeholders to improve and strengthen Connecticut’s competitive electricity market. As such, Vistra hereby submits this testimony on Raised Bill No. 5225.

Competitive markets naturally ensure that competitors focus on the customer experience. Those companies who are unable to provide value to their customers or treat their customers like commodities instead of valued partners are appropriately forced out of the market through market dynamics. Vistra believes that customers should be protected against bad actors and supports HB 5225’s efforts in this regard. Customer protection regulations should provide relief to customers who have been negatively impacted by these bad actors and work to prevent bad actors from entering or remaining in the market. Customer protections should be structured in such a way that they do not inhibit innovation, prevent fair business practices or punish good actors operating in good faith.

Such valid business practices include asking customers for information about their energy usage so that retail suppliers can provide them with products that best fit their energy needs. While noble in intent, legislative language preventing the customer from retrieving the EDC bill prior to contracting for service inhibits information sharing between a customer and supplier and results in a less friendly and more frustrating environment for the consumer who is trying to determine if a competitive offer is best for them. This would only cause customer confusion and harm any attempts to educate the customer on the market. There are situations where the customer may want to proactively discuss their bill to compare what they are paying now versus what they would pay when enrolling with supplier.

¹ The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and gas, Vistra is the largest competitive residential electricity provider in the country and offers over 40 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio of natural gas, nuclear, coal, solar, and battery energy storage facilities. The company is a large purchaser of wind power. The company is currently developing the largest battery storage system of its kind in the world – a 300-MW/1,200-MWh system in Moss Landing, California.

Additionally, the costs and logistical burdens (upgraded systems, additional audio storage technology) of recording and retaining all telesales calls lasting at least 10 seconds are significant. Electric suppliers who utilize this channel are currently required to comply with federal telemarketing regulations as well as the telemarketing regulations contained in the Connecticut General Statutes. Suppliers are obligated to provide the customer with multiple disclosures at the beginning of each telesales call, and the proposed 10 second recording requirement would result in almost all telesales calls being recorded, even those where there is no discussion or attempt at a sale, or those that are simply a voicemail. A reasonable alternative would be to adjust the requirement for suppliers to record all sales calls lasting 2 minutes, as well as provide an exemption for calls that result in voicemails.

Likewise, elimination of termination fees is also something that seems consumer friendly but is less so on further evaluation. Competitive electric suppliers – like competitive suppliers in other industries such as telecommunications, hospitality, or cable – often make considerable financial outlays at the beginning of a contract to provide consumers price certainty for the contract term. If energy prices increase, the consumer and the supplier are protected. However, if a consumer, without just cause, decides to break their contract, then the supplier is left with the remaining financial outlay that had been made on behalf of the consumer in good faith, and the costs may not be recoverable. In these cases, a termination fee helps protect the supplier from adverse actions on the consumer's part (i.e., breaking a contract without cause) and enables the supplier to offer lower overall prices, longer contract terms, and provides more security and stability for the supplier and their customers.

Vistra believes energy assistance programs are vital to a functioning competitive market and is encouraged that HB 5225 allows a portion of any fines levied to be paid to a nonprofit agency engaged in providing energy assistance programs. Through our TXU Energy retail brand in Texas, Vistra provides one of the largest privately funded customer energy assistance programs in the nation. For over 35 years, customers of TXU Energy have been able to take advantage of one-time bill payment assistance through the TXU Energy AidSM program (fact sheet attached). This assistance is in addition to any aid customers can receive through state, federal, and other programs. Vistra funds four million dollars annually into the TXU Energy Aid program and contributions are supplied by Vistra without rate base recovery. Vistra also serves as a catalyst for additional monies resulting in approximately \$600,000 from customer donations, charitable giving, and other donations/gifts. Vistra is looking for ways to expand our TXU Energy aid program to other states, including Connecticut, as a means to provide further assistance to those customers in need.

Vistra understands that contract transparency, appropriate customer protections, strong enforcement and customer assistance programs are key to a functioning and vibrant competitive electricity market. Vistra looks forward to partnering with the Connecticut legislature, state agencies and other stakeholders to ensure that all consumers in the state can receive the benefits of the competitive market balanced with the appropriate customer protections and assistance programs.

Thank you for the opportunity to share our perspective on HB 5225.