

Chairmen Barrett and Cusack, and members of the committee. I am Rebekah Kay, director of government affairs at Vistra. I appreciate the opportunity to testify today in strong support of S.2311 and H.3459.

Vistra, a company that embodies Vision and Tradition, is a leading Fortune 500 integrated retail electricity and power generation company, providing essential and efficient services to markets in 18 states and the District of Columbia. We serve approximately 5 million retail customers with electricity across the country and offer over 50 renewable energy plans. We generate roughly 41,000 MW of power via solar, battery storage, natural gas, nuclear, and coal.

Specifically, in Massachusetts, we serve more than 250,000 electric and natural gas customers through our brands: Dynegy, Ambit Energy, Viridian Energy, Massachusetts Gas & Electric, and Public Power. We also operate three natural gas-fueled power plants in the Commonwealth plus three more in ISO-New England. Together, they provide over 3,300 MW of generation to the region.

At Vistra, we believe the advent of electric competition was also the advent of the energy consumer empowerment movement. Competition empowers customers to change the market through the power of choice. That's why Vistra aims to develop products that resonate with customers. Like any other retail market, the reasons why customers choose the way they do things are as varied as the customers themselves.

Last session, the legislature and Governor took customer choice one step further by adopting advanced metering infrastructure, or AMI. The deployment of this technology will provide customers, utilities, and their chosen retail supplier with more robust data on their specific usage. AMI enables retail suppliers to offer products directly focused on meeting each customer's individual needs.

AMI has modernized the electric grid in markets where it's been implemented. This smart meter technology will enable retailers to add value through time-of-use rates and other products that can reduce consumption by more than 10%. Through the development of innovative products directly focused on meeting customers' needs, consumers will be able to make informed decisions on when it is best to wash their laundry and dishes or charge their electronic devices or electric vehicles.

Retail suppliers are better suited than the utilities to offer these types of products stemming from the installation of AMI. While the adjudicatory, evidence-based regulatory process the utilities are subject to is both necessary and important due to their monopoly status, it severely limits their ability to create innovative pricing mechanisms and products and introduces a substantial lag between industry changes and their reflection in utility rates. On the other hand, retail suppliers evolve quickly and are tailored to adapt to the changing interests of consumers and state energy and environmental policies. Additionally, the economic incentives of the

utilities do not always align with the development of new and efficient products – which is a disadvantage for customers.

For example, earlier this year, Massachusetts's primary electric utilities, in response to the 2022 climate law, proposed plans to create lower rates for charging EVs during off-peak hours. The utilities stated that (1) such rates would not be implemented until at least 2029; and (2) households and small businesses would need to pay for additional meters to track their charging stations' power use. Allowing retail suppliers to provide such products would reduce the need for these programs to be separately funded through distribution utility rates. It's important to note that Vistra is already an expert in this realm as we offer EV charging plans in more mature markets. Massachusetts residents have paid millions of dollars already to deploy and leverage smart meters for demand response and energy efficiency programs, time-of-use pricing, and more - there's no need to pay more.

It's important to note in the Attorney Generals' studies that are often referenced, the basic service price is a poor comparison for retail supply product prices. The basic service price is not market reflective – it is fixed for six-month periods, and it does not account for the risk premium that suppliers must build into their pricing. Additionally, retail supply products vary greatly from basic service, making it difficult to compare. Retail supply plans often have different options: (1) commencement date and duration, (2) energy product type, (3) price structure and terms, (4) incentives offered, and (5) co-delivery options.

With retail suppliers, consumers have the option to choose short-term rate contracts that allow them to switch suppliers as and when needed, or to enroll in contract terms of longer duration. This empowers customers to evaluate alternative market products alongside the utility's regulated rates, and to hedge against cost increases. This freedom is especially important in the context of electrification of heating and transportation, which will increase consumers' dependence on electricity. Retail choice offers consumers the ability to plan against high usage periods by enrolling in a fixed bill program during periods of expected high usage and the ability to switch to a new provider if their current provider no longer meets their needs. It's worthwhile to point out that without competition the only way for a constituent to exercise their choice of electric provider would be to move to another utility's territory. In the old monopoly system residential customers aren't consumers; they are captive ratepayers, subject to the whims and decisions of their incumbent utility. In competition they are empowered consumers, able to choose the individual plant that is right for them.

I encourage the legislature to focus on taking steps to eliminate market and administrative barriers that restrain retail suppliers from efficiently designing products that tailor pricing and terms to match societal and consumer preferences. For example, currently, the incumbent utilities retain branding value and customer access in the Commonwealth because all billing is required to be handled by the utilities with only limited information from the retail supplier included on the utility-branded monthly bill.

It's commonly known that competition makes the economy grow, keeps prices in check, and fosters innovation. Please keep the momentum of moving Massachusetts forward by supporting Senator O'Connor and Chairman Chan's market reform legislation and opposing Chairman Crighton and Representative Moran's market closure legislation.