



**Direct  
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Ron Cerniglia, Director  
Government & Regulatory Affairs  
Direct Energy Services, LLC  
7240 Ryehill Drive  
Cary, NC 27519

Tel: (919) 267-5503 Cell: (518) 522-6461  
Email: Ron.Cerniglia@directenergy.com

April 17, 2014

Chairman John F. Mizner, Esq.  
Independent Regulatory Review Commission  
333 Market Street, 14th Floor  
Harrisburg, PA 17101

Re: Regulation #57-305, IRRC #3053, PUC Docket L-2014-2409385 (Disclosure Statement) & Regulation #57-306, IRRC #3054, PUC Docket L-2014-2409383 (Standards for Changing a Customer's EGS)

Dear Chairman Mizner:

Direct Energy Services, LLC ("Direct Energy" or "Company") submits this letter to express its support for the above regulations issued by the Pennsylvania Public Utility Commission ("PUC" or "Commission") by orders entered on April 3, 2014.

Direct Energy is a North American affiliate of Centrica plc, the leading international provider of energy and other energy-related services. Direct Energy provides electricity, natural gas and other energy services to more than 300,000 residential and non-residential customers in Pennsylvania. Direct Energy employs over 1,000 employees in the Commonwealth, with five (5) corporate offices and twenty-nine (29) franchise offices. The Company offers retail energy customers many products and services, including variable, fixed-price, renewable, carbon neutral, demand response, and energy efficiency products.

The PUC adopted the two Final-Omitted Regulations in response to an unprecedented number of complaints by customers who were being served by electric generation suppliers on variable rate contracts and who, in many instances, experienced large hikes in their generation rates due to the unprecedented rise in wholesale generation prices this past winter. The first Final-Omitted Regulation proposes changes to customer disclosure statements designed to provide customers with greater initial and ongoing disclosure about such variable rate products in the future. In the second rulemaking, the PUC directed accelerated switching time frames to allow customers to switch suppliers within three (3) days or less so that customers can quickly switch from supplier to supplier (or to and from default service) without the unreasonably long delays they experience today.

Direct Energy very much appreciates the PUC's efforts and generally supports both of these new Rules.<sup>1</sup>

<sup>1</sup> Of course, Direct Energy reserves its right to seek clarification or request other action as necessary and appropriate with respect to the Final Rule once it becomes effective.

Direct Energy has consistently advocated for a market design that better serves the public interest while encouraging the development of a robust competitive retail market in the Commonwealth.

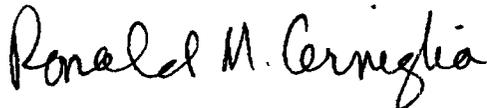
Direct Energy respectfully submits that the PUC's Disclosure Statement Rule is, on the whole, a reasonable and balanced response to the concerns about need for greater prior notice and disclosure for customers taking service under variable rate contracts. It includes reasonable methods of protecting consumers without unnecessarily impairing the competitive market.

The Commission's Standards for Changing a Customer's EGS are an enormously important step to make the switching process more consumer friendly and to facilitate more market responsiveness. Today, many residential and small business customers, the majority of which are still on the utility provided default service, become frustrated and lose interest in switching when they become aware of the 16-45 day delay before a customer account is actually switched from default service to an EGS account chosen by the customer. The expedited switching mandate is technically possible and will undoubtedly help in the development of a fully competitive market in the Commonwealth.

As such, both Regulations are fully authorized by the Public Utility Code<sup>2</sup> and fully consistent with advancing the stated goals of the General Assembly, as set forth in the Declared Policy of the Commonwealth that "[c]ompetitive market forces are more effective than economic regulation in controlling the cost of generating electricity."<sup>3</sup>

Direct Energy respectfully supports the PUC's request that its rulemakings be approved at this time in order to provide appropriate guidance to all parties and to implement these important reforms as soon as possible. Please feel free to contact me if you have any further questions.

Sincerely,



Ronald M. Cerniglia  
Director  
Government  
& Regulatory Affairs

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<sup>2</sup> 66 Pa. C.S. § 2807(d)(2).

<sup>3</sup> 66 Pa. C.S. § 2802(5).