IR 14-338

Liberty Utilities

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February 11, 2015

NHPUC FEB11'15 PM 3:06

Via Hand-Delivery and Electronic Mail

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Comments

Dear Ms. Howland:

On behalf of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities, I enclose for filing in the above-captioned docket an original and six copies of the Company's comments on potential changes to the default service procurement process.

Thank you for your assistance with this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,

Sarah B. Knowlton

Sarah B. Knowlton

Enclosures
cc: Service List

STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

Docket No. IR 14-338

Investigation Into Alternatives to Default Service Procurement

Liberty Utilities (Granite State Electric) Corp.
d/b/a Liberty Utilities

I. Introduction

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities is pleased to provide comments to the Commission regarding a review of various approaches to the procurement of default service as discussed at the Technical Session held on January 14, 2015 in Docket No. DE 15-035. This investigation was ordered by the Commission as a result of the significant increases in default service costs that were implemented this winter. The significant increases in wholesale electric prices during the winter months are not a short-term problem or one easily resolved through a change in procurement practices. Schedule 1 is a recent press release by ISO-NE regarding the outlook for the 2014/2015 winter and beyond. The conclusion reached by ISO-NE states "*New England's dependence on natural gas puts the region in a vulnerable position, especially during cold weather, because the current pipeline infrastructure cannot deliver all the gas required to serve both heating customers and power generators.*" ISO-NE goes on to conclude "*With the retirement of coal, oil, and nuclear power plants, the region's reliance on natural gas to produce electricity is expected to increase.*" Until the wholesale electric market resolves the underlying conditions that resulted in the current situation, the volatility and high wholesale electric prices will continue to be the norm.

In the Technical Session, the Commission Staff asked for electric distribution companies to provide a summary of their current default service procurement process and for interested parties to provide alternative proposals that address the issues identified in the Order of Notice issued on November 24, 2014.

II. Current Procurement Process

Liberty Utilities currently procures default service for its customers taking Energy Service through a procurement process that is consistent with the restructuring principles of RSA 374-F and complies with a settlement agreement approved by the Commission on January 13,

2006 in Order No. 24,577 ("Default Service Settlement Agreement"). Liberty Utilities procures default service twice a year for the six-month periods of May through October and November through April. The process is open and competitive to any qualified supplier interested in providing default service to Liberty Utilities' customers. A copy of the upcoming solicitation for the May through October 2015 period is attached in Schedule 2.

Liberty Utilities' solicitation process begins approximately 12-14 weeks prior to the expiration of the existing power purchase agreements and is outlined below:

i. - 14 weeks - Update models and Request for Proposals ("RFP") documents.
ii. - 11 weeks – Issue RFP to interested parties and NEPOOL Markets Committee.
iii. - 9 weeks – Bidders notify Liberty Utilities regarding intent to bid.
    a) New bidder proposes changes to Master Power Purchase Agreement with requirement to be executed prior to final bids.
iv. - 7 weeks – Indicative bids received and analyzed.
v. - 6 weeks – Final, binding bids received and winning bids selected prior to 2pm on day received.
    a) Transaction executed with winning bidder(s).
    b) New energy service rates calculated based on new pricing.
    c) Filing made with NH PUC containing summary of solicitation, executed confirms and detailed rate calculation.
vi. - 5 weeks – NHPUC has hearing to review solicitation and rates and issues order on rates.
vii. - 4 weeks – Liberty Utilities posts on its website new, approved rates.
viii. – May 1 or November 1 new rates become effective.

Liberty Utilities, and other electric distribution utilities in New England, has used this or similar processes since the start of retail choice in their service territories. Wholesale suppliers who participate in these types of procurements are well acquainted with the process and rely on consistency between solicitations to schedule workloads and ensure bidding models are accurate and reflect the expected cost of serving the load they bid on. Retail choice providers also rely on a consistent process for the procurement of default service when developing competitive pricing and services for customers who are evaluating their options when shopping for an alternative to commodity service provided by their distribution utility.

III. Improvements in Current Procurement Process

With any process, changes can always be proposed and implemented that improve the end result. One potential process improvement would be to eliminate the risk that a transaction agreed to between a supplier and a distribution utility can be nullified by the

Commission when reviewing the results of a solicitation. While this risk has a very low probability of occurring, it is still a risk that suppliers must factor in when responding to an RFP. Another potential improvement is to change the service periods to cover a different six-month period or extend the service period to twelve months. The service periods were defined at the start of retail choice to prevent utilities from competing against each other if they were soliciting bids at the same time. Any change in the service periods will need to ensure such an outcome is prevented.

Extending the service period to twelve months will introduce additional risk premiums that suppliers would need to include in their bids, which can be expected to result in higher prices for customers. Bidders would have to include larger risk premiums when providing fixed price bids for future commitments to reflect increased market uncertainties (customer migration risk, commodity prices, weather, regulatory changes, market changes, etc.)

Another potential change would be to implement a "laddered" solicitation process that may reduce price volatility by taking advantage of dollar cost averaging when soliciting supply on more than a single date and thus reducing the volatility of Energy Service rates. This is the process National Grid and other utilities in Massachusetts and other states use. This was also the process Unitil used in New Hampshire until its recent change from a laddered portfolio to a single solicitation for a service period. Schedule 3 provides a chart of the default service rates for Liberty Utilities and National Grid in Massachusetts for the period November 2006 to the most recently approved rates. As shown, the National Grid portfolio process does not result in any less price volatility when compared to Liberty Utilities' process. In fact, Liberty Utilities' process has resulted in lower default service rates than that of National Grid for a large portion of the time. Thus, Liberty Utilities is concerned that if the laddered solicitation is required, it will result in higher rates for its customers. In addition, a laddered solicitation process would require Liberty Utilities to solicit bids at various points in time for only portions of its energy service load requirements rather than the entire load. Given the relatively small size of that load, it is probable that many wholesale suppliers will either deem those smaller load blocks insufficient in size to warrant the submission of a bid or result in higher bids to cover their fixed administrative costs over a smaller volume of anticipated sales. Either that or the resulting bids may be higher to provide the suppliers with an attractive level of profit margin.

IV. Improvements in Access To Retail Choice by Residential Customers

Default service was created to provide a last resort service when a customer is not taking commodity service from a competitive energy provider. Most residential electric customers in New Hampshire, and throughout New England, have not elected to take service from a competitive energy provider. There are many factors that have resulted in this situation but improving access to retail choice service would provide residential customers with an

alternative source for commodity service and not continue to rely on default service as their only option. An option used by other states with retail choice is to have the State of New Hampshire either develop its own website to provide up to date information and pricing from all retail choice providers who have been approved to provide commodity service in New Hampshire or partner with another entity to provide this information. The State of Connecticut has a website that customers may use to research offers from competitive suppliers. The address of the website is: http://energizect.com.

The Massachusetts Department of Public Utilities recently opened an investigation into initiatives to improve the retail electric competitive supply market (MA DPU 14-140). One of the initiatives it is investigating is the development of a shopping website to provide customers with information on offers from competitive suppliers that is easy to locate and understand. Many of the competitive suppliers participating in the Massachusetts investigation also serve customers in New Hampshire. A copy of a presentation regarding key features of a shopping website is included in Schedule 4.

V. Budget Billing

Liberty Utilities offers a budget billing option to its customers. The Company markets this option to its customers through newsletters, its website, social media and emails in an effort to help customers with leveling the higher priced months with the lower priced months.

The benefit of promoting this billing option is that customers have a choice to pay in this fashion each month without seeing the significant bill spikes in the higher priced months. Customers can sign up and leave the program at any time. The Company already has a webpage dedicated to budget billing enrollment, examples of how the payments are calculated, and how it helps to reduce the highest electric bills during the year.

VI. Alternative Procurement Processes

The Commission requested descriptions of alternative procurement processes that can be considered in place of the current processes. One approach would be to have a centralized procurement administered by the State of New Hampshire. This process would procure default service for all distribution utilities in New Hampshire instead of the current process of separate procurements by each. This could be administered similarly to the procurement of Basic Generation Service in New Jersey or Generation Service in Maine. This approach may result in greater bidder participation and lower costs due to the increased volume and value of the consolidated obligations. This process could also be structured to provide for uniform commodity rates across New Hampshire. Each utility would have differing Energy Service

rates to account for the different adjustments each is required to include in its rates. Adjustments that are unique to a utility may include annual cost vs. revenue reconciliations, the cost to meet New Hampshire's Renewal Portfolio Standards and other adjustments.

Another alternative would be to allow the distribution utilities to develop a pre-approved hedging program with the goal of reducing the volatility of Energy Service rates. The distribution utility would enter into transactions to cover a portion of its Default Service load. As long as the distribution utility entered into such transactions consistent with the pre-approved plan, such costs would be fully recoverable from its customers. This would work similarly to the hedging programs that have been previously implemented by natural gas distribution companies in New Hampshire. One disadvantage of this approach is that while there is muted price fluctuation, there is no guarantee that costs would be at or below market. Additionally, a hedged or fixed price long-term pricing structure competes directly with the service offerings of Competitive Energy Suppliers. Lastly, depending on how the fixed price compares to market at a given point in time could lead to a mass migration of customers to or from Competitive Energy Suppliers. This "jumping" back and forth creates more risk for both Competitive Energy Suppliers and any supplier bidding on Default Service, leading to higher risk premiums passed on to customers

A third approach would require distribution utilities to enter into fixed-price, long-term contracts for conventional and renewable energy for a specified portion of its Energy Service requirements. These contracts would be selected through an open and competitive solicitation process and submitted to the Commission for review and approval. This approach would help reduce the volatility of default service costs by locking in the costs for a portion of a utility's load. This approach suffers from many of the same shortcomings as the hedging alternative including no guarantee that costs of the long-term contracts would be at or below market, competing more directly with Competitive Energy Supplier service offerings and concerns about mass migration and the associated risk premiums.

VII. Conclusion

Liberty Utilities thanks the Commission for opening this investigation and allowing Liberty Utilities to provide comments for its consideration. Liberty Utilities looks forward to participating in this investigation.

Schedule 1

ISO-NE November 20, 2014 Press Release

ISO new england

PRESS RELEASE

FOR IMMEDIATE RELEASE

Contact:
Ellen Foley (413) 535-4139
Marcia Blomberg (413) 540-4555
Lacey Girard (413) 540-4483

2014/2015 Winter Outlook: Sufficient Power Supplies Expected, but Natural Gas Pipeline Constraints an Ongoing Concern

Winter Reliability Program in place to help maintain grid reliability

Holyoke, MA—November 20, 2014—The New England region should have sufficient resources in place this winter to meet consumer demand for electricity, according to ISO New England Inc., the operator of the region's bulk power system and wholesale electricity markets. However, insufficient pipeline capacity to meet power generators' demand for natural gas continues to be a particular concern during the winter months. To address potential fuel-availability issues and to help protect system reliability during the cold winter weeks, ISO New England has for a second year developed a Winter Reliability Program (WRP).

"The 2013/2014 Winter Reliability Program was critical in keeping the lights on during last winter's cold temperatures," said Vamsi Chadalavada, executive vice president and chief operating officer of ISO New England Inc. "Yet even with that program, system operators' ability to maintain a reliable supply of power was challenged as a result of the limited supply of natural gas coming into New England to serve natural gas power plants. Because of the retirement of several large non-natural-gas-fired generators since last winter, as well as the possibility of pipeline constraints, the ISO and stakeholders implemented another winter program to increase the fuel availability for oil- and natural-gas-fired power plants. If this winter is the same or colder than last winter, having generators with oil on site or a committed source of liquefied natural gas will help improve power system operations."

2014/2015 Winter Summary

Winter forecast for consumer demand and capacity

ISO New England's winter forecast predicts that at normal winter temperatures of about 7 degrees Fahrenheit (°F), peak demand would be about 21,085 megawatts (MW). If extreme winter weather of 2°F occurs, demand could reach 21,835 MW.* Both forecasts take into account reductions in electricity demand from regionwide energy-efficiency (EE) efforts. Without about 1,490 MW in lower demand from EE, acquired through the region's Forward Capacity Market (FCM), the forecast for peak demand during normal winter weather would be 22,575 MW, and the peak demand forecast for extreme winter weather conditions would be 23,325 MW.*

Last winter, system operators relied on several generators that will not be available for all or part of this winter. These include Salem Harbor Station, which on May 31, 2014, retired its two remaining coal and oil units totaling about 585 MW, and Vermont Yankee Nuclear station, which will retire its 615 MW of capacity by the end of 2014. Other generators, including the 350 MW oil-fired Norwalk Harbor Station, the 125 MW coal-fired Mt. Tom Station, and a unit totaling 150 MW at the Bridgeport Harbor Station are no longer providing power to the grid.

Generation totaling about 29,835 MW has an obligation through the FCM to be available this winter; however, a generator's maximum possible output may be greater than its capacity supply obligation. When possible, generators typically offer the additional power they can generate, above their obligation, into the electric energy market, particularly when consumer demand for electricity is peaking. If all the region's power plants were available and operating at maximum output, the total amount of electricity produced would be approximately 32,445 MW. Nevertheless, on winter days when natural gas pipelines have operated at full capacity, not enough gas has been available to serve all of New England's natural-gas-fired power plants. In fact, while gas-fired resources together

represent more than 11,000 MW of generating capacity, ISO New England's operational experience has shown that during cold periods, the pipelines are capable of supporting less than half this amount.

Through the FCM, the region has also procured about 810 MW of electricity imports from neighboring power systems and more than 600 MW of demand-response resources that can be called on to reduce electricity use during tight system conditions.

Winter Reliability Program

The Winter Reliability Program will run from December 1, 2014, to February 28, 2015, to address concerns about the ability of resources to perform when dispatched, especially during cold weather conditions. The program provides incentives for oil and dual-fuel generators (i.e., units that can run on either gas or oil) to increase oil inventories, for natural-gas-fired generators to contract for liquefied natural gas (LNG) to augment pipeline gas, and for new demand-response resources to be available. Resources submitted to the ISO their intent to participate in the voluntary program by October 1. Final results of this year's program participation will not be available until after December 1, but preliminary results indicate that 81 oil and dual-fuel units have committed to store more than 4 million barrels of oil; eight gas-fired units have contracted for about 900,000 million British thermal units of LNG; and three new demand-response assets will be able to provide demand reductions of 14 MW.

Another component of the WRP that will help bolster reliability beyond this winter is the incentive for gas-fired generators to invest in dual-fuel capability. So far, six units with a combined capacity of 1,775 MW have submitted their intent to become dual-fuel capable this year or next. The submission deadline is December 1, 2014. Pending successful testing to ensure these resources can run on oil, units representing about 1,000 MW of capacity plan to add dual-fuel capability this winter.

Additional enhancements needed to maintain short- and long-term reliability

In addition to the WRP, operational and wholesale market changes have been or are being made to improve grid reliability in time for winter:

- **Improved information sharing:** As a result of Federal Energy Regulatory Commission (FERC) Order 787, power system and natural gas pipeline operators can now share more detailed operational information about their respective system conditions to protect the integrity of both the natural gas system and power grid.
- **Energy Market Offer Flexibility:** On December 3, significant enhancements to the energy market are scheduled to take effect. Generators will be able to submit power supply offers that vary by hour—instead of offering one static price for the operating day—and will also be able to update their offers in real time to reflect changes in the real-time price of fuel. The changes will result in more accurate prices and improve resources' incentives to follow the ISO's dispatch instructions.
- **Increased scarcity pricing:** Also beginning on December 3, higher caps on scarcity pricing will go into effect. This will result in more accurate pricing in the energy market during scarcity conditions, when the power grid is deficient in the resources needed to maintain reliability.

The ISO has made longer-term changes to the wholesale market design that will create strong incentives for generators to firm up their fuel supply and improve their overall performance, but those changes will not go into effect until 2018. In the meantime, FERC has directed ISO New England to work with stakeholders to determine an appropriate interim solution to address winter power grid reliability concerns associated with pipeline constraints. Further, ISO New England has informed regional stakeholders that power system reliability will continue to be threatened until the region invests in sufficient infrastructure to either resolve the pipeline constraints, or sufficiently offset the need for natural gas through investment in other fuels or energy sources.

Natural Gas Dependency Challenges Increase in the Winter

New England's dependence on natural gas puts the region in a vulnerable position, especially during cold weather, because the current pipeline infrastructure cannot deliver all the gas required to serve both heating customers and power generators. Most gas-fired generators do not have firm contracts for natural gas delivery and instead rely on the release of spare pipeline capacity from gas utilities. With increased residential and business conversions to natural gas for heating, spare pipeline capacity is often not available for power plants.

Last winter, periods of sustained cold weather boosted demand for natural gas, causing severe pipeline constraints that led to record-high natural gas prices. As a result, for much of winter 2013/2014, natural gas was often more expensive than oil, which is relatively uncommon. Because oil-fired generation was more competitively priced than the natural-gas-fired generation on many days, the oil fleet ran at higher-than-normal capacity through much of the winter; coal-fired generators also ran more often than usual. Most significantly, on certain cold days, the natural gas pipelines in New England were running at maximum capacity, but very few gas-fired generators were producing power, signaling that the gas was being used for other purposes, most likely to heat homes and businesses.

The cost of wholesale electricity is largely based on the cost of fuel, and with record-high natural gas prices, wholesale power prices also hit record highs last winter. As a result, from December 2013 through February 2014, the total value of the wholesale energy market was about $5.05 billion. By comparison, the value of the market in 2012—the year with the lowest average wholesale power prices since 2003—was $5.2 billion for the entire 12 months.

With the retirement of coal, oil, and nuclear power plants, the region's reliance on natural gas to produce electricity is expected to increase. Relying less on generators that have on-site fuel storage, such as nuclear, coal or oil, and more on generators with a "just-in-time" fuel-delivery system, such as natural gas, means that the availability of gas supply in the region directly affects the reliability of the power grid.

Operational Procedures to Maintain Reliability

In planning for the winter season, ISO New England takes into account a number of outage scenarios, including the potential for some natural gas generators to be temporarily unavailable during cold or extreme winter conditions. Should unexpected generator or transmission line outages occur, the ISO has procedures in place to maintain reliability, including calling on demand-response resources to reduce their energy use, importing emergency power from neighboring regions, and asking businesses and residents to voluntarily conserve electricity.

Last winter, demand for electricity peaked at 21,453 MW on December 17, 2013. The all-time winter peak of 22,818 MW was set on January 15, 2004, during a sustained cold snap. The highest demand ever recorded in New England was 28,130 MW, on August 2, 2006.

*Updated on November 24, 2014

Schedule 2

Liberty Utilities Default Service RFP

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Request for Power Supply Proposals to Provide Default Service

For the Period:

May 1, 2015 to October 31, 2015

February 13, 2015

REQUEST FOR
POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation and restructuring settlement agreements in New Hampshire[1] provide for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

In New Hampshire, the Restructuring Settlement provides access to the competitive retail electricity market for all retail electric customers of Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities ("Liberty Utilities") as of July 1, 1998 pursuant to the provisions of the New Hampshire Act. The Restructuring Settlement and the New Hampshire Act require Liberty Utilities to provide generation service ("Energy Service") to those customers that are not receiving generation service from a competitive supplier[2].

1.2 Default Service[3]

The Default Service Settlement Agreement in New Hampshire and the New Hampshire Act require Liberty Utilities to provide Energy Service to those customers that are not receiving generation service from a competitive energy supplier. In compliance with the Default Service Settlement Agreement, Liberty Utilities will procure Default Service by customer group (small customer group and large customer group). For the Small Customer Group, Liberty Utilities will procure 100% of their Default Service supply for a six-month period. For the Large Customer Group, Liberty Utilities will procure 100% of their Default Service supply for two consecutive three-month periods.

Liberty Utilities is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its Default Service requirements.

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[1] Granite State Electric Company's Second Amended Restructuring Settlement Agreement ("Restructuring Settlement") and RSA 374-F ("New Hampshire Act").

[2] The New Hampshire Act specifies that Transition Service ends at midnight on April 30, 2006. All Transition Service customers who did not choose a competitive supplier by April 30, 2006 began receiving Energy Service on May 1, 2006. A settlement agreement approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577 provides for the procurement of Default Service commencing May 1, 2006 ("Default Service Settlement Agreement").

[3] For clarity, when referring to Default Service, Liberty Utilities is describing the wholesale service to be procured in this solicitation. When referring to Energy Service, Liberty Utilities is describing the retail service it provides to its customers.

Liberty Utilities intends to use existing Master Power Agreements (and any Amendments) that are currently in place with suppliers.

Liberty Utilities, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this Request for Power Supply Proposals ("RFP") or any appendix thereto and to withdraw this RFP.

1.3 Customer Group

For the purposes of this solicitation, the customer groups are defined as:

Customer Group	**Rate Class**
Small Customer Group	D, D-10, G-3, M, T and V
Large Customer Group	G-1 and G-2

2. Description of Services

2.1 Description

Appendix A contains an overview of the services covered by this RFP. The Appendix provides:

- A brief description of Energy Service;
- The eligibility requirements for a customer to obtain or leave Energy Service.

2.2 Expected Loads

Liberty Utilities is unable to predict the potential load requirements of any customer group. Liberty Utilities' customers are free to leave Energy Service at any time to take service from competitive suppliers. The ability of customers to enroll or return to Energy Service is described in Appendix A.

To assist Respondents in determining the potential load requirements, Liberty Utilities is able to provide the following information on the Liberty Utilities' Power Procurement website:

For Default Service:

- Aggregated historical hourly load information for Default Service (since May 1, 2006)
- Class average load shapes at the retail meter point;

- Historical customer counts: the number of active accounts in each rate class as of the last billing day in each month.
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class;
- ICAP tags as of the last day of the month for each load asset.

Please use the following link to access the site:

http://www.libertyutilities.com/nh/electricsupply/index.html

Click on "Data" at the upper right of the screen to access Load data, Customer Count Data, Class Average Load Shapes and ICAP Tags. This site is open to anyone with the above link. No user id or password is required to access the data on the site.

2.3 Load Blocks

Liberty Utilities' total Default Service requirements covered by this RFP are broken down into the following 3 load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Large	NH	100%	Default Service	5/01/2015 – 7/31/2015
B	Large	NH	100%	Default Service	8/01/2015 – 10/31/2015
C	Small	NH	100%	Default Service	5/01/2015 – 10/31/2015

Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected[4].

The amount of load to be supplied by the winning Supplier will be determined in accordance with the procedure contained in Article 6 of the Master Power Agreement, a copy of which is provided in Appendix B.

2.4 Retail Customer Rates

During the term of service covered by this RFP, Liberty Utilities intends, in accordance with the Default Service Settlement Agreement, to establish retail rates for generation service for Energy Service customers ("Energy Service Rates"). The Energy Service Rates will reflect Liberty Utilities' purchase costs for such service due to commitments made as a result of this RFP. The Default Service Settlement Agreement also requires Liberty Utilities to include in its Energy Service Rates a surcharge to account for the

[4] For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period (for example, 100% of the total load of the Industrial customer group in the Large NH Load Zone). The Respondent may not offer to serve Block A subject to a maximum or minimum level of demand in any hour.

administrative costs associated with Energy Service. The Energy Service Rates must be approved by the New Hampshire Public Utilities Commission ("NHPUC").

2.5 Effectiveness of Contracts

Any agreement(s) entered into for the delivery of Default Service pursuant to this solicitation will be subject to the approval by the NHPUC of the retail rates prior to the agreement(s) becoming effective. Section 1 of the New Hampshire Master Power Agreement Form of Confirmation addresses the possibility that the NHPUC may not approve the retail rates.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier will be selected to provide Default Service to the customer groups/load block during the term covered by this RFP. Default Service will be provided by such Supplier to Liberty Utilities in accordance with the terms and conditions of the Master Power Agreement. A copy of the Master Power Agreement for New Hampshire is provided in Appendix B.

All Respondents must have an updated executed Master Power Agreement prior to the indicative bid date.

The winning Supplier will be required to execute a confirmation within two (2) business days of being notified that it has been selected as the winning Supplier.
Under Article 7 of the Master Power Agreement, failure of the winning supplier to deliver Requirements would constitute an event of default under the Master Power Agreement, allowing Liberty Utilities to terminate and recover liquidated damages from the Supplier.

3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

Process Step	Date
Issue Request for Proposal	February 13, 2015
Submit Respondent Proposal Information	February 27, 2015– 5pm EPT
Submit Indicative Pricing	March 10, 2015– 10am EPT
Submit Final Pricing	March 17, 2015– 10am EPT
Execute Agreements and Submit solicitation process summary, Agreements and retail rates to NHPUC	No later than three business days after receipt of all executed agreements.
NHPUC Reviews and Approves Energy Service Rates	No later than five business days after filing of Energy Service Rates
Service Begins	May 1, 2015

One (1) copy of a Respondent's Proposal Information must be submitted by e-mail or mailed to the following address:

Liberty Utilities (Granite State Electric) Corp.
c/o Liberty Energy Utilities (New Hampshire) Corp.
15 Buttrick Rd
Londonderry, NH 03053
603-216-3608 (phone)
603-421-1769 (fax)
Attn: John Warshaw
john.warshaw@libertyutilities.com

In May of 2014, Liberty Utilities moved to its New Hampshire headquarters. Please take note of our updated contact information.

Liberty Utilities is conducting the procurement process in three steps. The first step is for Respondents to provide Liberty Utilities with their background and financial information by 5:00 p.m. EPT on Friday, February 27, 2015. Upon receipt, Liberty Utilities will evaluate each Respondent's qualifications and will notify any Respondent that does not qualify by at least one business day before indicative pricing is due.

Liberty Utilities will not evaluate any indicative or final pricing if the Respondent does not have an executed Master Power Agreement. The Master Power Agreement must be executed prior to submitting indicative pricing.

The second step in this process is for Respondents to provide indicative pricing information by 10:00 a.m. EPT on Tuesday, March 10, 2015 at the above address. Liberty Utilities will evaluate the indicative pricing as described above, and if required, Liberty Utilities may seek clarifications from Respondents.

The third step is for Respondents to provide final pricing information by 10:00 a.m. EPT on Tuesday, March 17, 2015 at the above address. Liberty Utilities requests final pricing be valid until **2:00 p.m** that same day. Liberty Utilities intends to evaluate the final pricing and select a Supplier that day by that time. Final pricing shall be binding until execution of a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by Liberty Utilities prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by Liberty Utilities' acceptance communicated in any of the preceding manners.

Within three business days of receipt of all executed agreements, Liberty Utilities will file with the NHPUC a confidential summary of the solicitation process, the executed agreement(s) and proposed Energy Service Rates.

Consistent with the Default Service Settlement Agreement, the NHPUC will have five business days to either approve the proposed Energy Service Rates or reject them. If the

NHPUC denies Liberty Utilities' request for approval of the retail rates, the agreement(s) will be void and the parties will have no further obligation under the agreements(s).

At any time, Liberty Utilities, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to Mr. Warshaw at the address provided in Section 3.2 above.

3.4 Right to Select Supplier

Liberty Utilities shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason.

4. Service Features

4.1 Commencement Date of Supply

Service from the winning Supplier to Liberty Utilities shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from Liberty Utilities to individual customers, who are taking Energy Service in each customer group as of the Commencement Date, if any, will continue with the winning Supplier providing such service to Liberty Utilities as of the Commencement Date.

Service from Liberty Utilities to individual customers taking Energy Service as of the Commencement Date shall begin on the customer's meter reading date following notification/determination that a customer will be commencing Energy

Liberty Utilities' procedures provide for customers to be switched from one service option to another (e.g., from Energy Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Energy Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Energy Service "off-cycle". In such case, the customer will be switched to Energy Service on a date designated by Liberty Utilities.

4.2 Termination Date of Supply

Service from the winning Supplier to Liberty Utilities shall terminate at HE 2400 EPT on the dates specified in the table found in Section 2.3 – Load Blocks.

Individual customers taking Energy Service from Liberty Utilities may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer's taking competitive service from a competitive supplier, (ii) disconnection of service by Liberty Utilities in accordance with regulations and procedures approved by the NHPUC, or (iii) closing of a customer's account. Liberty Utilities' procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that Liberty Utilities receives notification of such switch. However, there may be circumstances which might require a customer to be terminated "off-cycle". In such a case, the customer will be terminated from Energy Service on a date to be determined by Liberty Utilities.

4.3 Delivery Points

The Supplier of Default Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Default Service loads. The Supplier of each of the services will be responsible for any PTF losses allocated by the ISO related to the services. The locations of the Default Service load assets are as follows:

SMD Load Zone	Load Asset	Load Asset Name	Load Block
NH	11437	GRANITE LARGE CG DS SVC LOAD	A
NH	11437	GRANITE LARGE CG DS SVC LOAD	B
NH	11436	GRANITE SMALL CG DS SVC LOAD	C

4.4 Form of Service

The Supplier of the Load Block shall be responsible for meeting the specified service requirements for all of Liberty Utilities' customers in a specific Load Block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services required to meet the needs of Liberty Utilities' ultimate customers taking such service. Liberty Utilities will implement the transfer of these responsibilities to the Supplier by updating the asset registration for each of the above Load Assets. Liberty Utilities will assign to the Supplier the applicable Ownership Share for each Load Asset. Once a Supplier's obligation terminates, Liberty Utilities will terminate the Supplier's Ownership Share of a Load Asset.

The Supplier shall be responsible for all obligations, requirements, and costs associated with the Supplier having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier's responsibilities can be found in the Master Power Agreement in Appendix B of this RFP.

The Supplier shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the supplier of such services, the Supplier will be responsible for all present or future requirements and associated costs (to the extent such charges are not imposed on Liberty Utilities as a transmission charge by NEPOOL or the ISO) associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Energy Service customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the Master Power Agreement, found in Appendix B of this RFP.

Liberty Utilities will make arrangements with the ISO for transmission service over the PTF and non-PTF, from and after the Delivery Point to the Customers' meters. Liberty Utilities will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. Liberty Utilities will pay these bills and collect the costs, along with Liberty Utilities' distribution costs, from its retail customers through its retail delivery service tariffs. Any other transmission or distribution costs will be the Supplier's responsibility.

4.5 Implementation of the New Hampshire Renewable Portfolio Standards ("NH-RPS")

In 2007 the State of New Hampshire enacted an Electric Renewable Portfolio Standards law ("NH-RPS Law") (RSA 362-F) to foster the development of renewable energy sources to meet New Hampshire's energy needs. The NH-RPS Law requires all retail electricity suppliers to source a minimum portion of their energy needs from a portfolio of renewable energy resources. The NHPUC rules (Chapter PUC 2500) implementing the NH-RPS Law can be found at:

http://www.puc.state.nh.us/Regulatory/Rules/Puc2500.pdf

These rules require Liberty Utilities to demonstrate that a portion of its electricity sales are supplied from a mix of renewable energy generation sources. They are:

Class I consists of certain new renewable generators that began operation after January 1, 2006).
Class I Thermal consists of certain new renewable technologies producing useful thermal energy that began operation after January 1, 2013
Class II consists of certain new generators utilizing solar technologies.
Class III consists of existing generators utilizing: 1) biomass technologies with a gross nameplate capacity of 25 MW or less; and 2) methane gas.

Class IV consists of existing qualifying small hydroelectric generators with a gross nameplate capacity of 5 MW or less.

The renewable requirements as a percent of sales are divided into four separate classes and summarized below:

NH RPS Classes	2015
RPS Class I	5.4%
RPS Class I Thermal	0.6%
RPS Class II	0.3%
RPS Class III	8.0%
RPS Class IV	1.5%
Total	15.8%

Liberty Utilities requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 15.8% of sales in 2015. Liberty Utilities will have the option to select bids that include or exclude the NH-RPS component.

If Liberty Utilities accepts bids with the NH-RPS components, Liberty Utilities will require the winning Supplier to utilize the NEPOOL Generation Information System ("NEPOOL GIS") to provide NEPOOL GIS Certificates that comply with the requirements of the NH-RPS rules. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the NH-RPS component, Liberty Utilities will take a credit equal to the product of the NH-RPS obligation and the applicable Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

5. Proposal Requirements

5.1 Format of Proposal

The information required by Liberty Utilities to evaluate each proposal is identified in Appendix C. Respondents may simply complete the forms provided in Appendix C in any legible fashion and return them to Mr. Warshaw as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

5.2 Proposed Pricing

Respondents must specify the price at which they will provide Default Service for each Load Block on which they are bidding to serve. Purchases will be made on an "as-delivered" energy basis with prices stated on a fixed dollar per MWh ($/MWh) basis. Such prices may vary by calendar month and by customer group, but must be uniform for the entire calendar month and cover the entire term of this Request for Proposals.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. Capacity, uplift costs, etc.) will be rejected.

Liberty Utilities intends to pay a Supplier based on the billing determinants as defined in the Master Power Agreement. These billing determinants are the loads as reported to and settled by the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.
Liberty Utilities is seeking the following pricing:

- **All-Inclusive Bids:** For Load Blocks A, B and C, a price which includes all costs. Should Liberty Utilities select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RPS component.

- **NH-RPS Compliance:** Price, on a separate dollar per MWh ($/MWh) basis in 2015, for Supplier to provide the required NH-RPS component for the load block they are proposing to serve. Should Liberty Utilities select this option, the NH-RPS Compliance Bid prices would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.7).

5.3 Terms and Conditions

Service will be provided pursuant to the terms of the Master Power Agreement provided in Appendix B of this RFP.

5.4 New England Market Participation

Each Respondent must indicate whether it has an executed and accepted Market Participant Service Agreement with ISO New England or if it plans to execute an agreement and, if so, at what step it is in the application process and the time frame for completing the process. Respondents must also provide evidence of agreements with a Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.

5.5 Competitive Supplier Registration

The service provided by the Supplier of Default Service to Liberty Utilities is a wholesale transaction between the Supplier and Liberty Utilities; therefore, the Supplier does not have to be licensed or registered suppliers with any state regulatory commission.

5.6 Regulatory Approvals

The Supplier of the services covered by this Request for Proposal must obtain and maintain all necessary regulatory approvals required to enable it to provide the applicable service; such approvals must be obtained prior to May 1, 2015.

6. Retail Customer Relationships

6.1 Customer Billing

All customers taking Energy Service covered by this RFP will be retail customers of Liberty Utilities. As the retail provider of such service, Liberty Utilities will bill customers for the Energy Service provided.

6.2 Notification of Enrollments and Terminations

Liberty Utilities may provide electronic notification to the Supplier of Default Service customer enrollments and terminations within a customer group. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications shall only be provided when a Supplier establishes an Electronic Data Interchange (EDI) account with Liberty Utilities.

6.3 Customer Service

Liberty Utilities, as the retail provider of Energy Service, will provide customer service to all customers receiving Energy Service.

7. Selection Process

The principal criteria to be used in evaluating proposals will include:

- Lowest evaluated bid price by Load Block;
- Respondent's ability to meet the credit requirements established in the Master Power Agreement provided in Appendix B;
- Firmness of delivery;
- The supplier's past experience in providing similar services to Liberty Utilities;
- The supplier's past experience in providing similar services to other companies in New England;
- The supplier's past experience in providing similar services to other companies in other regions;
- The supplier's demonstrated understanding of its obligations under the Master Power Agreement; and

- Whether there have been any past or are any present events that are known that may adversely affect the supplier's ability to provide the requirements to Liberty Utilities' Energy Service customers.

Liberty Utilities will evaluate the NH-RPS Compliance bids only for the Load Block winning Respondents. Liberty Utilities will accept the NH-RPS Compliance bid if it is at or less than the available market prices.

8. Credit Requirements

In order to protect Liberty Utilities' Energy Service customers from the risk of Supplier default, a winning Supplier must be able to demonstrate it has the financial resources to perform during the term of the agreement. As reflected in the attached Master Power Agreement (Appendix B to this RFP), Liberty Utilities will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the bid block and a mark-to-market margining clause. As forward market prices change, the Supplier will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount equal to 10% of the notional value of each Load Block awarded. The Supplier shall provide security in one of the following forms:

- Unsecured line of credit for a rated counterparty
- Parental Guaranty
- Letter of Credit
- Cash deposit with Liberty Utilities

Respondents that are rated by a major credit rating agency must provide the ratings assigned by such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable Liberty Utilities to evaluate a Respondent's financial strength:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization
- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to Liberty Utilities or an affiliate in a response to a previous RFP, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously provided information.

9. General Requirements

Liberty Utilities may withdraw and terminate this RFP at any time without any liability. Liberty Utilities reserves the right to accept or reject, in whole or in part, any and all proposals. Liberty Utilities will not be responsible to any Respondent or any other party for failure to execute a Master Power Agreement or Confirmation.

Liberty Utilities shall reject proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of the RFP, or are submitted beyond the deadline for submission. All proposals submitted by Respondents in response to the RFP will become the exclusive property of Liberty Utilities.

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify Liberty Utilities of such change. Failing to do so may result in disqualification of the Respondent and its proposal for the solicitation.

Respondents shall, at their own cost and expense, defend, indemnify and hold harmless Liberty Utilities, its parent, subsidiaries and affiliates and their officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions proceeding or allegations of any kind which in any manner relate to arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in its proposal, or breach of any covenant by the Respondent set forth herein.

Liberty Utilities agrees that it will treat the information it receives from Respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP. .

APPENDIX A

DESCRIPTION OF SERVICES

Liberty Utilities (Granite State Electric) Corp. Default (Energy) Service	
Description	Service provided to retail customers who are not taking service from a competitive energy supplier.
Eligibility Requirements	Service to customers is initiated by: a) A customer notifying Liberty Utilities that it wishes to terminate service from its competitive energy supplier and commence Energy Service. b) A competitive energy supplier notifying Liberty Utilities that it is terminating service to a customer. c) A competitive energy supplier ceasing to provide service to a customer without notifying Liberty Utilities. d) A customer moving into Liberty Utilities' service territory and does not affirmatively choose a competitive energy supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	Note: Historic customer count data and historical hourly load profiles are available at Liberty Utilities' procurement website under: http://www.libertyutilities.com/nh/electricsupply/index.html

APPENDIX B

NEW HAMPSHIRE MASTER POWER AGREEMENT

APPENDIX C

REQUIRED PROPOSAL INFORMATION

RESPONDENT:_____

1. General Information

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State(s) of incorporation, residency and organization Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not.	
If Respondent is a partnership, the names of all general and limited partners. If Respondent is a limited liability company, the names of all direct owners.	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector	

RESPONDENT:_____

2. Financial Information

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date of Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	
Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement.	

3. Defaults and Adverse Situations

Describe, in detail, any situation in which Respondent (either individually or as part of a consortium, joint venture or other group), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to transact business in the energy sector within the past five years including, without limitation, to purchase or deliver energy, capacity or other market products at retail or wholesale, or for the purchase or sale of electricity or natural gas, and including any financing agreements or financing provisions of any agreement. Explain the situation, its outcome and all other relevant facts associated with the event. If there was litigation, provide the case caption, index number and court. Identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.	

RESPONDENT:_____

Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.	
Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the RFP	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

Is Respondent a member of NEPOOL?	
Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?	
Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.	
Describe Respondent's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.	
Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.	

RESPONDENT:_____

5. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between Respondent or an affiliate of Respondent and Liberty Utilities, Liberty Utilities or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by Respondent or an affiliate of Respondent, against Liberty Utilities, Liberty Utilities or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against Respondent or an affiliate of Respondent by Liberty Utilities, Liberty Utilities or an affiliate of any of the foregoing.	

6. SCOPE OF BID AND TERMS OF SALE

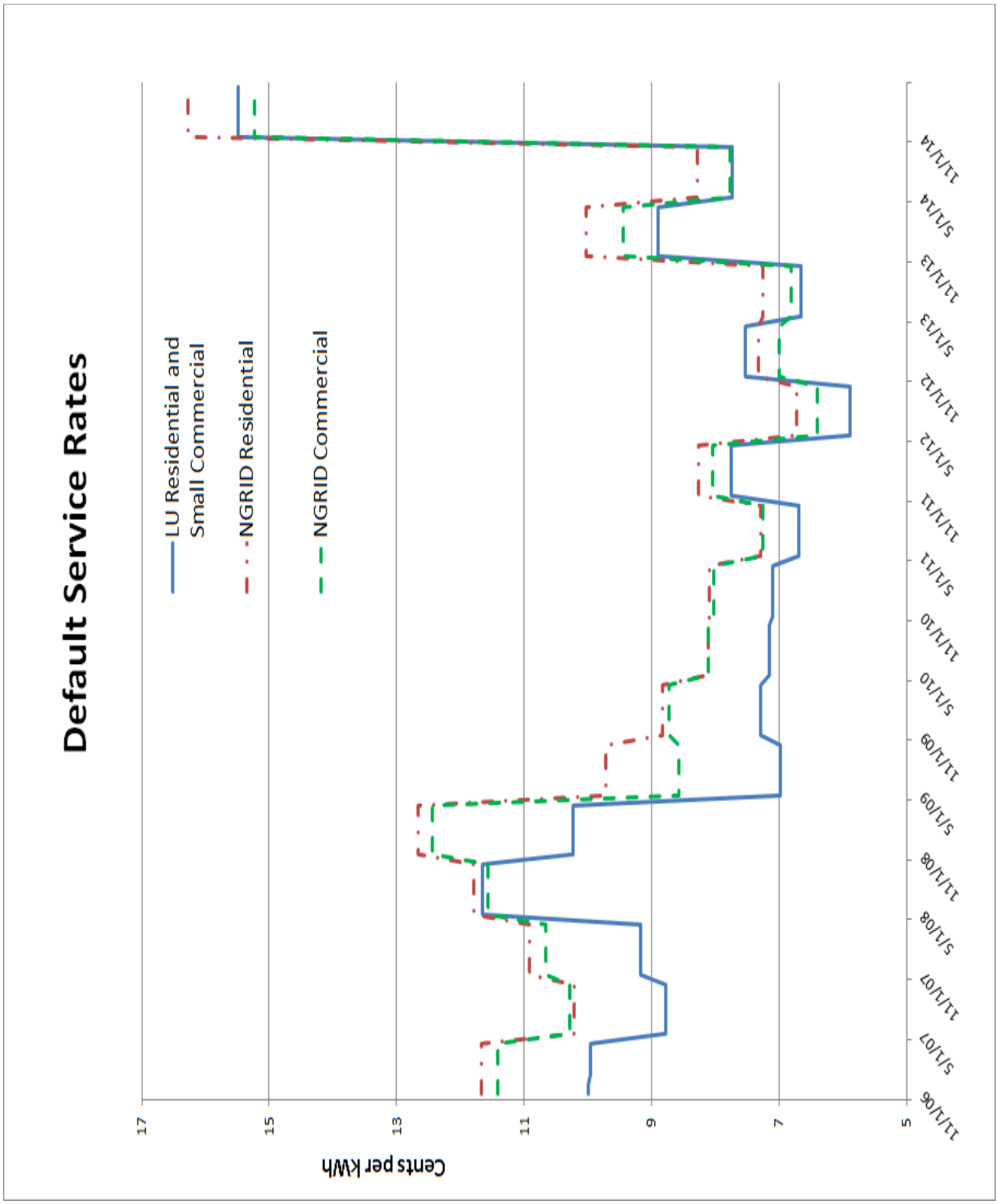
Will Respondent execute a contract substantially similar to the Master Power Agreement contained in Appendix B? Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	

RESPONDENT:_____

7. Proposed Pricing

(Respondent required to use bidding spreadsheet included on procurement website)

Schedule 3


Default Service Rates
LU Residential and Small Commercial
NGRID Residential
NGRID Commercial
Cents per kWh
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Schedule 4

Regulator-Sponsored/Hosted Shopping Website

Regulator-Sponsored/Hosted Shopping Website Analysis Summary & Preview of Market Maturity Content

Constellation℠
An Exelon Company

Summary of Key Presentation Content

- Market Maturity & Relation to Optimal Shopping Site Content
  - A shopping website's content, flow & navigation emphasis should vary based upon the relative maturity of a given state's market. We will discuss the differences between markets, focus on consumer needs within each and look at examples of Home pages across market types in an effort to identify what would best suit Commonwealth residents as they contemplate shopping for their electricity

- Consumer Front-End Best Practices
  - In this section, we will review examples of effective shopping websites including site layout & navigation, a detailed discussion of the importance of educational content to empower consumers, various approaches to the consumer experience/shopping process and additional information such as supplier ratings

- Supplier/PSC Back-End Best Practices
  - A discussion of the various methods of maintaining offers on the website, covering Supplier self-service portals, Excel upload templates and roles and responsibilities of Suppliers and Staff with an emphasis on the value of automation/API integration

- Alternative Proposal: Leveraging Commercial Shopping Sites
  - Discussion of a potential alternative to the DPU creating a website on its own, namely: exploring the efficacy of partnering with one of the premier energy shopping websites for a white-label version of their functionality

Summary of Key Presentation Content (cont'd)

- Search Engine Optimization
  - The importance of SEO in ensuring that residents will be able to easily find the DPU's unbiased and educational website when searching for information online

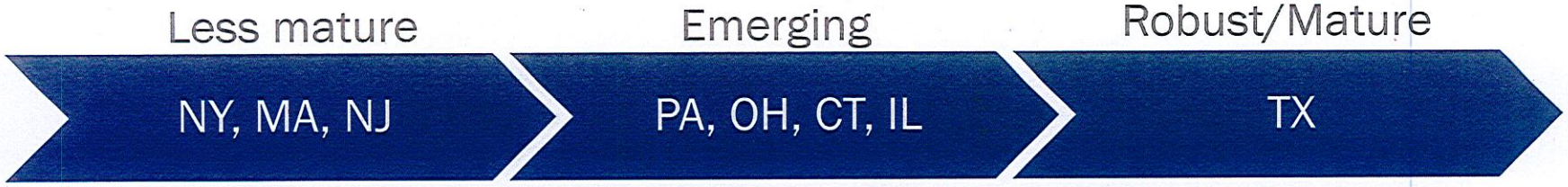
- DPU Shopping Website Funding
  - Discussion of experience in other markets as a starting point for the Technical Conference's consideration of solutions for Massachusetts

- Shopping Website Best Practices Outside of the Energy Industry
  - An exploration of examples from leading websites such as Amazon, Yelp, Progressive Insurance and others that the DPU should consider as they look to develop the most effective shopping website in the nation and a discussion of their applicability to our industry.

- Additional Information
  - Analysis of FAQs and Glossaries/Definitions to inform educational content for the site

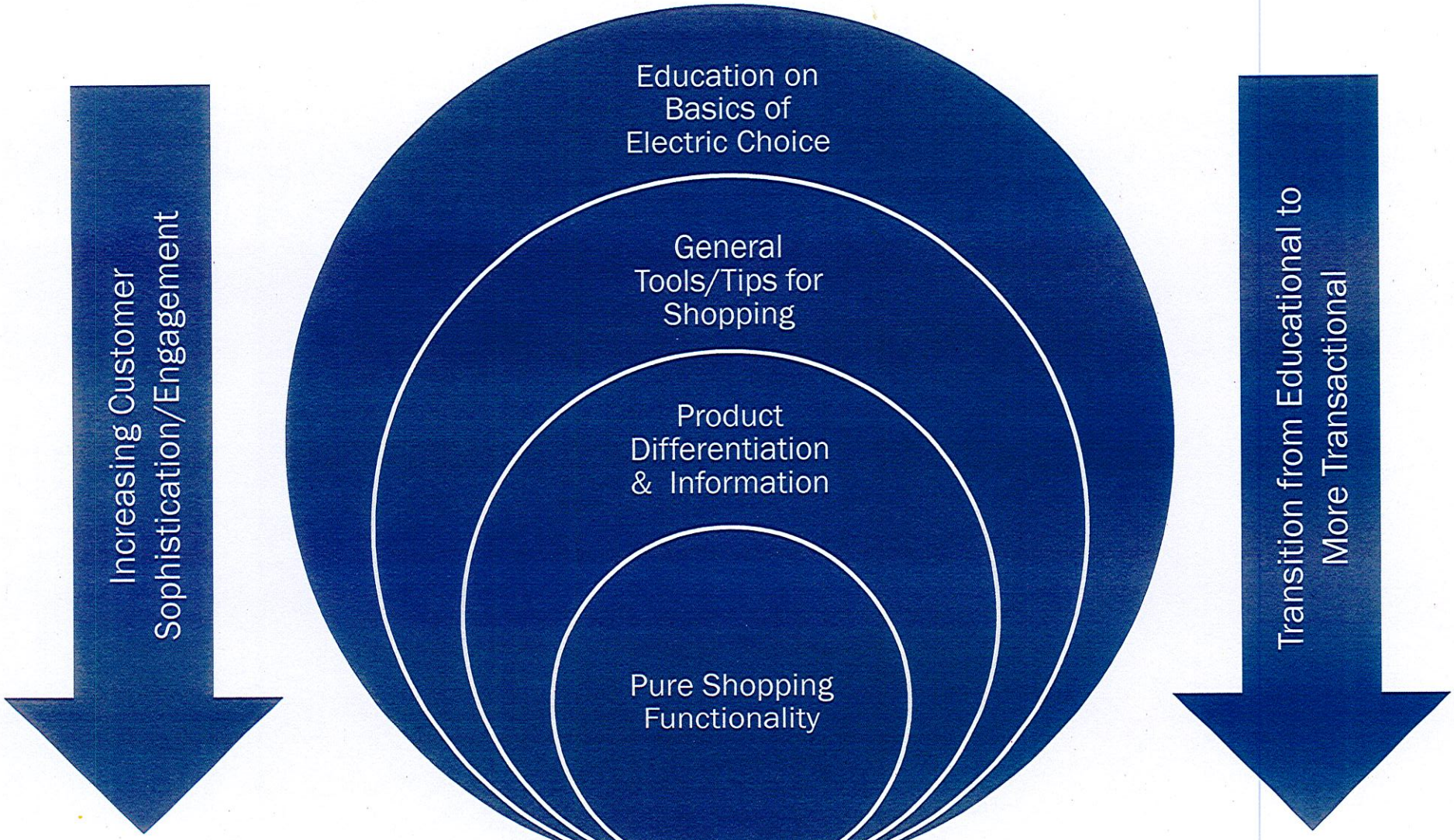
Market Maturity/Appropriate Design & Content

- Mass Markets Choice has enjoyed varying degrees of success/ adoption to date, with equally varying degrees of consumer sophistication from market to market



- Regulators' priorities should reflect the degree of consumer sophistication when contemplating the most appropriate messaging, design and content for a shopping website
  - Site flow/content that optimally serves residents of Texas will likely prove to be confusing to New Jersey residents
  - Educational content helpful to consumers in less mature markets will be superfluous to those in markets in which Choice is more established
- Shopping statistics alone cannot tell the whole story with regard to market maturity
  - They key is the degree of consumer *engagement* with their energy choices
  - Large numbers of consumers on Opt-In aggregations may not even be aware of their status as "Shoppers"

Market Maturity: Website Content Subject Matters



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