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*12/6/18*

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CASE MANAGEMENT

DEC 04 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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File No.: 300135-70

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December 3, 2018

Via Hand Delivery and Email

Aida Camacho-Welch, Esq.  
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New Jersey Board of Public Utilities  
44 South Clinton Ave., 3rd Floor, Suite 314  
P.O. Box 350  
Trenton, NJ 08625-0350

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BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**RE: In the Matter of the Petition of Public Service Electric & Gas Company for Approval of Its Clean Energy Future-Energy Cloud ("CEF-EC") Program on a Regulated Basis  
BPU Docket No.: EO18101115**

Dear Secretary Camacho-Welch:

Enclosed are an original and ten (10) copies of the Response of Direct Energy Business, LLC ("Direct Business"), Direct Energy Business Marketing, LLC ("Direct Marketing"), Direct Energy Services, LLC ("Direct Services"), and Gateway Energy Services Corporation ("Gateway"), (collectively, "Direct Energy") and Centrica Business Solutions (collectively "Intervenors") to Public Service Electric and Gas's ("PSE&G") opposition to Intervenors' Motion for Intervention. By copy of this letter, copies of this response are being forwarded on this date via email to all persons whose names appear on the attached Service List.

I also have enclosed an extra copy of this Response to be stamped "filed" and returned to this office by the courier.

Thank you for your courtesies.

Respectfully submitted,



Christopher E. Torkelson

*C.M.S.*  
*Just copied*

CET/ldr  
Enclosures

cc: Stefanie A. Brand, Esq. (*w/encs., via email and FedEx*)  
Matthew M. Weissman, Esq. (*w/encs., via email and Fedex*)  
All Persons on Attached Service List (*w/encs., via email only*)

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TRENTON, NJ

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File No.: 300135-70

December 3, 2018

Via Hand Delivery

Commissioner Mary-Anna Holden  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Trenton, New Jersey 08625

**Re: In the Matter of the Petition of Public Service Electric and Gas Company  
For Approval of its Clean Energy Future-Energy Cloud (“CEF-EC”)  
Program On a Regulated Basis  
BPU Docket No. EO18101115**

Dear Commissioner Holden:

In accordance with N.J.A.C. 1:1-12.2(c), Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, and Gateway Energy Services Corporation (collectively, “Direct Energy”) and Centrica Business Solutions hereby submit this letter in response to the November 28, 2018 letter filed by Public Service Electric and Gas Company (“PSE&G”) opposing the Motion to Intervene of Direct Energy and Centrica Business Solutions (“Letter in Opposition”). As more fully discussed below, Direct Energy and Centrica Business Solutions respectfully request that the Board grant the Motion to Intervene of Direct Energy and Centrica Business Solutions (“Motion”), on the basis that they will be substantially, specifically and directly affected by the outcome of this contested case and that their business interests are sufficiently different from that of any party so as to add measurably and constructively to the scope of the case. *See* N.J.A.C. 1:1-16.1 and 16.3.

The single most compelling factor supporting intervention in this proceeding by Direct Energy and Centrica Business Solutions relates to access by third party suppliers and market participants to the customer usage data that will be made available through the deployment of advanced metering infrastructure (“AMI”). Through access to this smart meter data, Direct Energy and Centrica Business Solutions will have the opportunity to develop innovative products and services in the competitive market. It is critical that access issues are adequately resolved prior to deployment of smart meters. Through full intervention status, Direct Energy



and Centrica Business Solutions will have the opportunity to advocate for a proper set of rules addressing access to smart meter data.

The Motion describes Direct Energy as one of the largest competitive retail providers of electricity, natural gas and home services in North America, with over 4 million customer relationships, multiple brands and roughly 5,000 employees. As third-party suppliers, all four Direct Energy intervening companies hold electric power supplier licenses. Under those licenses, Direct Energy is licensed to sell electricity to customers in PSE&G's service territory. In addition, through an affiliated division, Direct Energy participates in the market through (i) the sale of Hive products that allow consumers to control their heating and cooling, lights, plugs and sensors through mobile applications; (ii) a family of brands that install, service and repair electrical systems, offer HVAC solutions, and offer installation, repair and maintenance for heating, ventilation and air conditioning systems; and (iii) conducting home energy audits, which involve the use of customer data to perform analytics and offer recommendations on how to reduce their overall energy consumption. Also, it is noteworthy for purposes of this response that Direct Energy is a PS&EG customer at its corporate location in Iselin, New Jersey.

Further, as noted in the Motion, Centrica Business Solutions, a subsidiary of Centrica plc and affiliate of Direct Energy, integrates localized energy solutions for businesses around the world that leverages its energy insights, onsite generation and demand management capabilities. The energy solutions integrated by Centrica Business Solutions include solar, combined heat and power, energy efficiency, energy insight, demand response, power generation and energy storage. Offering innovative distributed energy solutions, Centrica Business Solutions enables organizations to improve operational efficiency, increase resilience and drive their business vision forward.

In the Motion, Direct Energy and Centrica Business Solutions explained that intervention in this proceeding is necessary to protect their direct and substantial business interests in the outcome of this proceeding. Key issues identified by the Motion include: 1) access by third party suppliers and other market participants to smart meter data; 2) use of smart meter data by PSE&G; 3) adverse effect on private market participants of allowing PSE&G to use ratepayer funds to develop and promote new programs; and 4) the need to avoid establishing a framework that gives PSE&G a competitive advantage over third party suppliers and other market participants.

As part of this proceeding involving smart meter deployment, it is critical for the Board to establish parameters regarding access to the data by third party suppliers and other market participants, along with use of the data by PSE&G. Specifically, with respect to access to the data, the Board should make clear that the data belongs to the customer, not PSE&G. Also, if customers have previously authorized release of their usage data to third parties through contracts or other means, the Board should preclude PSE&G from devising any additional



hurdles to gain access. To the extent that customers have not previously consented to the release of their data, the Board should instruct PSE&G to implement a reasonable process for customers to freely and easily authorize the release of their data to third parties of their choosing. Further, it is important that the data be made available to third party suppliers through electronic data interexchange, enabling them to develop innovative products and services. In addition, the Board should restrict the use of smart meter data by PSE&G for any purpose other than fulfilling its distribution, or poles and wires, functions. Through full intervention status, Direct Energy and Centrica Business Solutions will have the opportunity to fully develop a record for the Board's consideration on their access to smart meter data and the proper use of such data by PSE&G.

Opposing the intervention of Direct Energy and Centrica Business Solutions, PSE&G describes its Petition for Approval of its Clean Energy Future-Energy Cloud ("CEF-EC") Program on a Regulated Basis ("Petition") as "a utility filing about utility meters, plain and simple." Opposition Letter at 5. While the CEF-EC Petition involves the deployment of smart meters, it is far more than "a utility filing about utility meters, plain and simple." To the contrary, the Petition proposes to use the smart meter technology as a platform enabling PSE&G to become a "leading smart energy services company." Attachment 1 at 6. As the Petition is seeking to position PSE&G to directly compete with third party suppliers and other market participants in the development and offering of innovative products and services, intervention by Direct Energy and Centrica Business Solutions will permit them to advocate for conditions associated with the smart meter deployment that are designed to protect their particular business interests and to ensure that the competitive market is not disturbed.

In its Opposition Letter, PSE&G refers to the "22 Use Cases of AMI deployment" described in the Petition and the Testimony of Gregory C. Dunlap (Attachment 1) as representing core utility functions that do not infringe of third party suppliers or other market participants. Opposition Letter at 4. The Opposition Letter gives specific examples such as outage detection, estimated time of service restoration, and detection of meter safety issues. Omitted from the Opposition Letter are the use cases that would enable PSE&G to intrude upon competitive markets, such as enhanced customer engagement and communications including data analytics (#1), interactive energy demand and bill management (#4), customer segmentation and behavioral analysis (#5), customer energy efficiency programs (#7), and customer distributed energy resources (#9). Attachment 1 at 4-5. Indeed, one of the examples offered by the Opposition Letter as relating to core utility functions involves usage and bill alerts (#3), which would interfere with the third party supplier's relationship with the customer.

As noted in their Motion, Direct Energy and Centrica Business Solutions are already providing these and other services in the competitive market. Contrary to the Opposition Letter's claim that Direct Energy and Centrica Business Solutions do not identify particular programs that they are offering (Opposition Letter at 4), the Motion describes Direct Energy's involvement in the offering of Hive products and home energy audits, as well as the use of



customer data to perform analytics and offer recommendations for reducing their overall energy consumption. Motion, ¶ 1. In addition, Direct Energy offers time-of-use and other similar products. Likewise, the Motion notes that Centrica Business Solutions provides energy solutions that include energy efficiency, energy insight and demand response, with a focus on distributed energy solutions. Motion, ¶ 2. All of these offerings mirror those that PSE&G is referencing in this proceeding. Providing any additional details or insights into future offerings is not necessary to justify the proposed intervention and would unfairly require Direct Energy and Centrica Business Solutions to reveal proprietary information about the products and services that it is now or plans in the future to offer in the competitive market.

It is imperative that the Board establish a framework now that ensures that PSE&G does not use the smart meter deployment to intrude upon competitive markets. Clearly, that is PSE&G's intent. In their Motion, Direct Energy and Centrica Business Solutions identified numerous portions of Mr. Dunlap's testimony that highlight PSE&G's plans to use the AMI to move beyond the role of an electric utility. Motion, ¶¶ 12-22. For example, he refers to the CEF-EC as establishing a business and technology operating model that enables a number of customer, community and company smart energy capabilities. Attachment 1 at 1. Also, among the benefits he identified of the CEF-EC is the opportunity for new utility products and services to be offered. Attachment 1 at 4-5.

Mr. Dunlap further referred to the AMI as the foundational layer of the Energy Cloud, which would enable PSE&G to “[d]eploy numerous other smart use capabilities that are far broader in reach than AMI and the traditional utility model.” Attachment 1 at 6. He even describes the CEF-EC as giving customers increased choice, innovative rates and new smart products and services. Attachment 1 at 7. Clearly, it is the competitive market that should be deploying smart use capabilities that are far broader reach than AMI and the traditional utility model and giving customers increased choice, innovative rates and new smart products and services. As part of this proceeding, Direct Energy and Centrica Business Solutions should have the opportunity to advocate for the development of parameters addressing PSE&G's plans to move beyond its role as the electric utility.

In the Opposition Letter, PSE&G seeks to downplay the extensive customer outreach campaign that Direct Energy and Centrica Business Solutions have appropriately characterized as presenting PSE&G with a unique and powerful opportunity to strengthen its monopoly relationship with its distribution customers and portray itself as the only entity from whom the innovative products and services enabled by AMI are available. Opposition Letter at 4-5. While Direct Energy and Centrica Business Solutions certainly understand the need for consumer education in connection with smart meter deployment, the outreach campaign proposed by PSE&G is extremely aggressive and involves numerous opportunities for touchpoints with its distribution customers. At a minimum, it is important to ensure that the messages being conveyed to customers include references to third party suppliers and other market participants.



Contrary to PSE&G's claims, intervention by Direct Energy and Centrica Business Solutions would not confuse the issues. Rather, their interventions would ensure that a more complete record is developed about matters affecting the competitive market. Specifically with respect to the issues identified by PSE&G as potentially adding confusion to the proceeding regarding access to data and supplier consolidated billing ("SCB")(Opposition Letter at 6), they are directly relevant to the deployment of smart meters, which will result in valuable customer usage data being made available. As discussed above, access to this data by third parties is critical, as is an EDI process to ease the ability of third party suppliers to utilize this data in developing innovative product and service offerings. Moreover, in the same way that PSE&G proposes to use the smart meter in a variety of ways (that go beyond the traditional utility model), it is appropriate for third party suppliers to advocate in this proceeding for the implementation of SCB that would enable them to utilize the smart meter data to provide customized energy solutions to customers in the competitive market. In any event, to the extent that issues are raised that are viewed as being beyond the scope of this proceeding, PSE&G and the Board have tools available at that time and placing any limitations on Direct Energy and Centrica Business Solutions at this time is unwarranted.

Finally, a grant of participant status is inadequate in that it would limit Direct Energy and Centrica Business Solutions to (i) the right to argue orally, (ii) the right to file a statement or brief, and (iii) the right to file exceptions to the initial decision with the agency head. N.J.A.C. 1:1-16.5. Because participant status would prevent Direct Energy and Centrica Business Solutions from actively participating in all aspects of this proceeding, including the service of discovery, submission of testimony and cross-examination of witnesses during the evidentiary hearings, they would be deprived of an opportunity to fully develop the record on the issues they have identified and to protect their direct and substantial business interest in the outcome of this proceeding. While Direct Energy and Centrica Business Solutions should not be limited in any way at this stage of the proceeding, they do not intend to challenge the benefits/costs of AMI or PSE&G's proposed cost recovery mechanism. Opposition Letter at 7. In conclusion, Direct Energy and Centrica Business Solutions submit that PSE&G's opposition to the intervention of parties with whom they are seeking to compete should not be condoned.

Respectfully Submitted,



Christopher E. Torkelson

CET:lr

**CERTIFICATION OF FILING AND SERVICE**

The undersigned hereby certifies that on the date set forth below an original and ten copies of the within Response to the opposition of Public Service Electric and Gas Company (“PSE&G”) to the Motion to Intervene, was sent for filing via hand delivery to the State of New Jersey, Board of Public Utilities as follows:

Aida Camacho-Welch  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
P. O. Box 350  
Trenton, New Jersey 08625-0350

and that two copies of each of the aforementioned documents were served via email and FedEx upon counsel of record as follows:

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P.O. Box 003  
Trenton, New Jersey 08625

Matthew M. Weissman, Esq.  
Gen. Regulatory Counsel – Rates  
PSEG Service Co.  
80 Park Plaza T5  
Newark, New Jersey 07102

and that copies of each of the aforementioned documents were served via electronic mail to the parties identified on the attached service list.



Christopher E. Torkelson, Esq.

Dated: December 3, 2018



IN THE MATTER OF THE PETITION OF PUBLIC SERVICE GAS AND ELECTRIC  
COMPANY FOR APPROVAL OF ITS CLEAN ENERGY FUTURE- ENERGY CLOUD  
("CEF-EC") PROGRAM ON A REGULATED BASIS

BPU DOCKET NO. EO18101115

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