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May 4, 2018

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg PA 17105-3265

**Re: En Banc Hearing on Implementation of Supplier Consolidated Billing, Docket No.
M-2018-2645254**

Dear Secretary Chiavetta:

Enclosed for filing please find the Comments of Drift Marketplace, Inc. (“Drift”) in the above-referenced proceeding. The document was filed electronically with the Commission on this date.

Please note that Drift requests the opportunity to present a witness at the Commission’s June 14, 2018 *En Banc* Hearing. Should you have any questions or require any additional information, please contact me at (212) 590-0145 or via email at natarafeller@feller.law.

Respectfully Submitted,

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Enc.

**BEFORE THE
PENNSYLVANIA PUBLIC SERVICE COMMISSION**

En Banc Hearing on Implementation of Supplier Consolidated Billing)
) Docket No. M-2018- 2645254
)

COMMENTS OF DRIFT MARKETPLACE, INC.

Drift Marketplace, Inc. (“Drift”) respectfully submits these comments in response to the Secretarial Letter dated March 27, 2018, in the above-referenced proceeding. Drift addresses the particular issues most pertinent to its business model, and reserves the right to provide additional material during the comment period.

Drift requests the opportunity to present a witness at the June 14 *en banc* hearing. In the future Drift seeks to serve Pennsylvania’s consumers as a provider and aggregator of distributed energy resources (“DER”), as well as an electric generation supplier (“EGS”). As a company whose services are dependent on its ability to calculate and forecast energy on a real-time basis, Drift is well placed to offer specific recommendations on the mechanics and technological requirements (and benefits) of implementing a Supplier Consolidated Billing program. Drift has been recognized as one of the top ten most innovative companies in the energy sector by www.FastCompany.com, and is eager to share its vision with the Pennsylvania Commission.

I. INTRODUCTION

Drift Marketplace, Inc. (“Drift”) expresses its full support for the Commission’s initiative to implement supplier consolidated billing (“SCB”). Utility consolidated billing (“UCB”) creates a barrier between suppliers and customers and prevents customers from being able to fully take

advantage of the products and services suppliers offer. Providing customers with access to decision-making over their own energy choices is a core component of Drift's business model, and Drift believes strongly that SCB will be a net positive for the retail energy market and for all Pennsylvanians. It will encourage stronger market competition by attracting those companies that are willing to invest in establishing long-term relationships with customers. In turn healthier competition will help drive down rates, open the door for the next generation of energy providers, and place Pennsylvania as a leader in energy innovation.

Technological innovations have made it possible for consumers to have greater choice and a wider range of services, tools, and information. With the SCB framework, as opposed to the UCB framework, the PUC will be able to more effectively regulate the market and protect consumers.

A. DRIFT MARKETPLACE, INC.

Drift founded in 2014 to provide energy services to customers in the retail energy markets. It began operations in mid-2017 in New York's ConEd territory, where it currently serves residential and commercial customers. Drift anticipates expanding into PJM, ISO-NE, and ERCOT territories by late 2018.

Rather than operate as a traditional competitive energy supplier, Drift is an "Energy As A Service ("EAAS")" provider, akin to a number of Software As A Service ("SAAS") providers like AirBnB, Dropbox, etc. Drift's ultimate goal is to help create a marketplace where purchasers of energy, including and especially mass market customers, are not just consumers but "prosumers." Drift believes that no matter where a customer is located on the grid and whether or not the customer is single family or low-income or a business, that customer is not charged by how much they use but by the service they receive.

Drift's business model is meant to operate as a Distributed Independent System Operator (d/ISO), integrated within the larger wholesale market. It secures a multitude of independent power nodes in its network and uses artificial intelligence to forecast energy demand; energy is intelligently distributed, stored and dispatched from its network of peer-to-peer (P2P) energy nodes to deliver power to its consumers at substantial savings over utility rates.

Drift's EAAS platform also allows producers and users to connect with each other for a variety of energy-related value-added products, like NEST thermostats for demand reduction, behind the meter storage, smart appliances, as well as services that enable consumers to earn income, support grid reliability, and reduce emissions.

B. IMPACT OF UTILITY-ONLY CONSOLIDATED BILLING

Since launching its operations, Drift has faced significant barriers in reaching out to customers, despite already delivering to its customers consistently lower bills compared to the utility. Rather, these barriers are due to the technological and informational barriers put in place by utilities. Many New York utilities are operating with systems that are incompatible with many newer web and mobile platforms; some of which are not able to process Supplier Consolidated Billing. Without such capability – and without allowing suppliers to be able to offer this service, it is unlikely that any retail marketplace will be able to attract the type market investment necessary to spur clean and distributed energy resource investment.

II. COMMISSION TOPICS

Drift provides its comments below to the six (6) topics for discussion outlined by the Commission in its March 27, 2018 Letter. To the extent it does not address particular questions in this initial set of comments, Drift respectfully requests the right to respond after the en banc hearing and in the supplemental comment period (ending July 27, 2018).

A. LEGAL

Drift concurs with the analysis submitted by the Retail Energy Supply Association (“RESA”). Implementation of supplier consolidated billing (“SCB”) is consistent with the law and intent of the Competition Act and does not contradict provisions addressed in Chapters 14 and 28 of the Public Utility Code. Moreover, it urges the Commission to remain committed to building the framework for a healthy and competitive retail energy market, and to the importance of consumer’s access to real choice on the development of that market.

B. IMPACT ON THE MARKET

When paired with additional financial and technical eligibility requirements, implementation of SCB will only help build a more robust competitive retail market. SCB would also allow suppliers to consolidate additional services on one bill, such as home security, HVAC maintenance, and products from energy partners (e.g. NEST). In contrast, regulatory mandates require utilities to prioritize reliability and ensure Provider of Last Resort status. Attempting to turn utilities into providers of bundled services deviates from its primary role to “just and reasonable rates” and has the potential to drive up utilities’ operating expenses and costs to the customer. It will also allow (and encourage) customers to engage more directly with suppliers. Through such direct relationships, consumers will also have greater agency in directing the market to respond and provide products and services consumers are looking for.

Supplier consolidated billing also encourages those suppliers that are a) able to meet heightened financial and technical qualifications and standards and b) thus more likely to want to build a longer-term market presence. It might also have the collateral effect of improving certain standards, e.g. cybersecurity protocols, on a market-wide basis.

For Drift, access to the SCB option is a necessary and integral component of its customer services model, which emphasizes providing its customers real-time energy information access and savings through its distributed energy resource aggregation service.

C. MECHANICS - HOW IT WOULD WORK

Drift would not oppose additional financial requirements for SCB providers but urges the Commission not to disadvantage small and medium sized companies if it chooses to do so. Drift recommends, in the event the Commission does seek additional collateral, that such amounts are based on the historic value of the receivables, or customer count. Any roll-out of an SCB program should also allow for consumers to have their choice effectuated as soon as possible.

D. COLLECTIONS-TERMINATION

Drift intends to submit specific recommendations on suppliers' ability to terminate customer service in the post-hearing comment period.

E. LOW-INCOME CUSTOMERS/ ASSISTANCE PROGRAMS

Drift supports the comments made by RESA, such as the possibility of a slower "phase-in" process for potentially vulnerable customer classes.

Based on its experience in the New York retail market, Drift is confident it would be able to offer cost-saving programs to its customers. Drift's business model is not to markup energy commodities, but to take out the financial, bureaucratic, and administrative overhead and offer these savings to the subscriber. A modest subscriber fee allows the smallest user to gain price parity with a large commercial organization, and the overall consumer base benefits from an aggregate managed energy demand. Functionally, this provides subscribers with access to tools that will allow them to participate in the wholesale power and advanced DER marketplace, both as consumer and/or producer (prosumer). Therefore, there is no built-in incentive to Drift to charge

more than the lowest possible cost for the energy, no matter the volume. This allows all subscribers from low-income to large commercial companies to have the same buying power.

F. POSSIBLE ALTERNATIVES

Drift intends to provide significant additional comments on possible alternatives in a supplemental filing.

III. CONCLUSION

Drift Marketplace, Inc. respectfully submits these comments to the Commission, and requests selection to participate at the June 14 *En Banc* Hearing.

If there are questions or concerns, please do not hesitate to contact the undersigned.

Respectfully Submitted,

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Dated: May 4, 2018