

EXPANDED CONSUMER PROTECTION WORKING GROUP MINUTES

Friday, March 3, 2023

Poll Question Series 1:

Which marketplace participant best describes you? 70% participated (38 of 54 participants)	
Approved Vendor	38% (14/38)
Designee	19% (7/38)
Consumer	0%
Government Agency	22% (8/38)
Non-Profit Advocacy/Community Group	19% (7/38)
Prospective Approved Vendor/Designee	0%
Other	5% (2/38)

TOPIC 1	Customer Confusion Between Alternative Retail Electric Suppliers and Approved Vendors/Designees Marketing Community Solar
BACKGROUND	<p>Community solar products are a fairly new concept to residential consumers, while the Alternative Retail Electric Supplier (ARES) market has been active for about 10 years. Because community solar products are sold through the same channels and may have similar marketing tactics as, for example, green/renewable ARES products, and considering program guidelines allow for ARES and community solar products to be bundled together, there is potential for customer confusion in several ways.</p> <p><u><i>Distinguishing between ARES and Community Solar deals:</i></u></p> <p>A potential for confusion exists between similarly marketed “green” or “renewable” energy products offered by ARES and community solar providers. This is potentially even more problematic with Illinois Solar for All customers, which the Consumer Protection Handbook points out have historically had low participation rates in the clean energy economy for reasons including an information gap and high level of distrust of programs designed to help them. The 2022 Long-Term Renewable Resources Procurement Plan also states:</p> <p style="padding-left: 40px;">“The Agency has observed that the history of questionable marketing practices of some Alternative Retail Electric Suppliers gives reason to ensure significant safeguards are in place around the marketing of community renewable generation subscriptions.”</p> <p>As a result, the HEAT Act creates restrictions on signing up low-income customers for ARES products. Similarly, Approved Vendors/Designees must follow additional consumer protections for offers in the Illinois Solar for All program, including additional warranties and operation and maintenance agreements, that no up-</p>

	<p>front payment is required by the customer, and specific income verification requirements.</p> <p><u><i>Bundled Community Solar/ARES products:</i></u></p> <p>Per program requirements, “community solar offers under the ABP or ILSFA may require a customer to receive electric service from a specific, designated supplier” (for non-low-income customers). The Consumer Protection Handbook addresses bundled offers (where a community solar offer is tied to an ARES supply offer), and specifies that “disclosing the specific method and formula used to determine the energy supply rate over all the years of the community solar contract, general statements about the basis for supply rate changes, such as general references to changes in market conditions, will not be deemed sufficient disclosure of the method and formula used to determine the energy supply rate.” This interrelationship between an ARES and an Approved Vendor/Designee and the resulting contractual terms and billing mechanisms could cause confusion in this nascent market for community solar.</p>
<p>ISSUES / QUESTIONS FOR DISCUSS</p>	<p><i>Discussion questions:</i></p> <ul style="list-style-type: none"> ○ <i>Has customer confusion been encountered in the sales interaction with community solar providers such that customers think they are buying renewable energy from a RES instead of subscribing to a community solar project?</i> <ul style="list-style-type: none"> ○ <i>What additional information and/or customer education could help alleviate this confusion?</i> ○ <i>Are Approved Vendors/Designees offering bundled options with an ARES, and, if so, is customer confusion observed?</i> ○ <i>Should additional disclosures regarding the relationship between ARES and Approved Vendors/Designees be required for customers eligible for Illinois Solar for All?</i>
<p>MINUTES</p>	<p>Stakeholder feedback included:</p> <ul style="list-style-type: none"> ● There tends to be a lot of confusion for customers around the difference between community solar and ARES, especially because customers may be more familiar with ARES. ● There needs to be continued consumer education around the differences between community solar and “green” ARES products, including how RECs are treated and whether the customer is changing their electricity supply. ● There may be more consumer confusion around community solar when bundled with ARES offers. Currently, bundled ARES offers are not often seen in the marketplace. ●

TOPIC 2	In-Person Sales and the Potential for Misinformation
BACKGROUND	<p>One category of complaint trends observed by the IPA and ES is misinformation provided during in-person sales, specifically with doorstep sales interactions. The Consumer Protection Handbook requires that an Approved Vendor or Designee’s employee or agent conducting any in-person marketing or solicitation state the name of the company they represent, as well as that they represent an independent seller or third-party owner of PV systems and that they are not employed by, representing, endorsed by, or acting on behalf of, any governmental body, government program, utility, electric cooperative, or consumer group (unless the Approved Vendor or Designee is a governmental body, utility electric cooperative, or consumer group and is in compliance with the requirements of Section I(D)(1)). Complaints have demonstrated that some agents are not complying with this requirement.</p> <p>The Handbook further requires that Approved Vendors or Designees who engage in in-person solicitation for Distributed Generation projects or Community Solar subscriptions under 25 kW shall display identification on an outer garment that prominently display the Approved Vendor or Designee’s agent’s full name in a clear and reasonable size font; an agent ID number; a photograph of the agent; and the trade name and logo of the company the agent is representing. Criminal background checks are also required, as is a prohibition on marketing before 9:00 am and after 7:00 pm.</p> <p>Enforcement of these provisions can prove difficult because of the nature of in-person sales. Misinformation provided during these doorstep or other in-person sales interactions can damage the reputation of the Program generally and does not foster transparency or allow for a customer to make an informed decision.</p>
ISSUES / QUESTIONS FOR DISCUSS	<p><i>Discussion questions:</i></p> <ul style="list-style-type: none"> ○ <i>What are best practices Approved Vendors and Designees employ to monitor and oversee in-person solicitation and marketing?</i> <ul style="list-style-type: none"> ○ <i>Is third-party verification used to verify the sale?</i> ○ <i>How does the Approved Vendor/Designee track the territory coverage of doorstep sales?</i> ○ <i>How are complaints of misleading marketing investigated?</i> ○ <i>What in-person sales incentive structures are most commonly used and how do those structures affect the customer experience?</i>

	<ul style="list-style-type: none">○ <i>What trends do the consumer advocates observe from consumer feedback about in-person marketing?</i>
MINUTES	<p>Stakeholder feedback included:</p> <ul style="list-style-type: none">● Some Designees practice in-person marketing and some only perform sales through online marketing channels.● For in-person marketing, some Designees have their sales representatives route the customer to their website to actually complete the enrollment.● Some Designees use an incentive structure that provides incentives for sales representatives who sign up more customers. Some Designees also use a claw back mechanism within their incentive structure, so if the customer cancels their subscription, the Designee also claws back the payment from the sales representative.● Some Designees use third party verification and use an app to track sales representatives' territory coverage.