

POLR ROUNDTABLE ISSUES LIST

The following issues list is offered as a guide in the POLR Roundtable meetings and parties may respond to all or some of the following issues in their written comments and presentations. Additionally, parties are encouraged to address other issues not contained on this list.

I. Scope of POLR Service: “[T]he commission shall promulgate regulations to define the electric distribution company’s obligation to connect and deliver and acquire electricity.” 66 Pa. C.S. §2807(e)(2) (emphasis added).

Please address the nature and scope of the POLR obligation in regards to each of the following topics. Further, parties may suggest priorities and policy goals for the Commission in regards to these topics.

- Connection and Delivery: Including local transmission, distribution, interconnection and metering.
- Generation Acquisition/Supply Obligation
- Reliability
- Retail Market Support Functions: All activities currently required of electric distribution companies to support the function of competitive markets, including Demand Side Response and the maintenance of customer lists.
- Customer Care Functions: All retail customer care obligations currently assigned to electric distribution companies, including those found at Chapter 56 of the regulations.
- Environmental and Conservation: Including any potential Renewable Portfolio Standard requirements and Demand Side Response.
- Customer Participation: Does POLR service extend to all customer classes?
- EDC Participation: Should the nature of POLR obligation be uniform for all existing EDCs?

II. Qualifications for POLR: A POLR may be either an “electric distribution company or commission-approved alternative supplier.” 66 Pa. C.S. §2807(e)(3)

Please address the financial and other qualification standards for the POLR provider:

- A. Reserved for Incumbent EDC
 - What should the requirements be for an EDC to qualify as a POLR provider?
 - What are the risks and benefits of reserving this role to the incumbent EDC?
 - Do any EDCs wish to be relieved from the obligation?
- B. Alternative Suppliers that may serve as POLR
 - What should the requirements be for a non-EDC to qualify as a POLR provider?
 - What should the process be for an alternative supplier to qualify?
 - Are there unreasonable barriers to this role, regulatory or otherwise, that the Commission should address?

III. POLR Service Models

Please comment upon the form POLR Service should take. Please consider the following models and associated issues:

A. Direct Assignment to EDC or Alternative Supplier - The Commission selects the POLR from applications of one or more EDCs and/or alternative suppliers.

- What process should be used for reviewing assignment proposals?
- What should be the standard for evaluating POLR proposals as to “the prevailing market price” of generation supply?
- What should be the standard of evaluating the POLR proposals as to the procurement strategy for their generation supply? For example, should there be limits or minimum requirements on self-generation, spot market purchases, bilateral contracts, etc?
- If this model is used, should the EDC be required to make use of competitive processes, such as wholesale energy auctions, for example, to obtain generation supply?
- How could this model impact the competitive retail market and customer choice, and if negative, what steps should be taken to mitigate any such effects?
- How would this model vary depending on the identity of the (EDC vs. Alternative provider)

B. Competitive Assignment – The POLR is determined as the result of a competitive process which is open to incumbent EDCs and/or alternative suppliers.

- What process should be implemented for a competitive assignment model?
- What would be the standard for determining the winner?
- Would the competitive process capture all related POLR costs? For example, would the bid prices include both the “prevailing market price of supply” and all “reasonable costs” of POLR service?
- Would valid bids have to meet certain requirements as to procurement strategy for generation supply? For example, should there be limits or minimum requirements on self-generation, spot market purchases, bilateral contracts, etc?
- What lessons can the Commission apply from the CDS and MST programs when considering a competitively assigned POLR service model?
- How could this model impact the competitive retail market and customer choice, and if negative, what steps should be taken to mitigate any such effects?

C. Other POLR Service Models

- Please discuss existing models in states with similar regulatory frameworks that have been successful, with emphasis on rates, reliability, consumer protections, and administrative efficiency.
- Please identify any relevant POLR service models that have not been attempted that are worthy of consideration
- Please identify any models that you deem a failure, and why.

IV. Terms and Conditions of POLR Service: A POLR shall treat a shopping customer who returns to POLR service “exactly as it would any new applicant for energy service.” 66 Pa. C.S. §2807(e)(4).

Please comment on the following items:

- A. Length of POLR Service term: Is there a recommended length? Must it be uniform across service territories?
- B. Customer Migration: How should the Commission address issues surrounding customer switching, and what is the effect of the statutory language of Section 2807(4)?
- C. Customer Rate Classes and Design
 - What should they be?
 - Fixed Rates- Available to all, none or some?
 - Variable Rates – Available to all, none or some. If available, what kinds?
- D. Miscellaneous
 - Termination - May alternative suppliers terminate service to customers for non-payment where it is acting as the POLR?
 - Information Disclosure- What changes to Commission regulations are needed?
 - Universal Service/Customer Assistance- How is this incorporated?

V. Full Recovery of Reasonable Costs: A POLR shall “recover fully all reasonable costs” for its POLR related service. 66 Pa. C.S. §2807(e)(3)

- POLR Cost Categories: Categories for consideration include energy, capacity, congestion, transmission, balancing, scheduling, administrative, bad debt, ancillary, POLR assignment process costs. Others?
- Cost Category Definitions
- Standards and mechanisms for evaluating cost recovery.
- Universal Service and Energy Conservation costs: If these are part of the POLR obligation, does the statutory language of Sections 2804(4) and 2804(9), regarding the mechanisms for recovering such costs, present any problems/issues?
- How can the Commission prevent the POLR rate from disrupting the competitive retail market?

VI. Adjustment and Reconciliation of POLR Rates

- A. POLR Rate Adjustment – Please address whether a POLR provider can request adjustment in its rates, and if so, the following issues.
 - Grounds for Adjustment
 - Frequency of Requests
 - Procedure for requests and standard of Commission review

B. Reconciliation of POLR rates- Please address whether the POLR rate should be reconciled at the conclusion of the term of a POLR service plan, and if so, the following issues.

- Grounds for Reconciliation – Is it automatic or triggered at certain levels?
- Reconciliation Process and Outcome – Should there be limits on transfers resulting from over or under-collection?

VII. Default of POLR Service Provider

- Default Risk: What is the risk for potential default by alternative suppliers and EDCs?
- Preventing Default: What extra steps, if any, should be taken to avoid this, especially where alternative provider is the POLR?
- Reacting to Default: What process should be followed in the event of a default to ensure continued provision of service? Who is the replacement provider and what costs may be recovered?

VIII. Implementing POLR Rules/ Transition Issues

- Timing and Phase-in: Given the staggered schedule for the expiration of generation rate caps, should the Commission issue POLR regulations, issue interim guidelines that would be effective until the conclusion of every transition period, or address POLR plans on an EDC by EDC basis?
- Market Power: What are the potentials for market power concentration as well as market abuse and should they be addressed by the Commission in the implementation of POLR service?
- Consumer Education: What efforts should the Commission or others undertake in regards to POLR prior to implementation of regulations?
- Existing/Pending POLR Plans: How should the Commission address POLR plans that may be in operation at the time regulations go into effect?
- Other Commission Action: To what extent do existing tariffs, orders and regulations need to be changed, withdrawn, etc. as a part of any POLR rulemaking?