

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

**Retail Markets
Working Group**

Docket No. M-00072009

**COMMENTS OF RELIANT ENERGY, INC.
ON SECTION 69.1812 – 69.1817
PENNSYLVANIA PUBLIC UTILITY COMMISSION’S FINAL POLICY STATEMENT**

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POSITION PAPER OF RELIANT ENERGY, INC.

TO THE RETAIL MARKETS WORKING GROUP:

Introduction

Reliant Energy, Inc. ("Reliant") is pleased to have the opportunity to offer these comments on the issues addressed in the Commission's Final Default Service Policy Statement to enhance the development of competitive retail electric markets in Pennsylvania. Reliant commends the Commission for considering opportunities to enhance customer choice and facilitate the development of retail markets. As the Commission recognized in the Order promulgating its Policy Statement "robust, effective markets are a vital element of any post-rate cap price mitigation strategy."¹ Reliant believes that the measures addressed in the Commission's Policy Statement coupled with the proper market structure for default service, will help level the playing field for competitive suppliers who wish to bring the benefits of competitive service offerings to Pennsylvania businesses and consumers. Reliant offers the perspective of a competitive retail supplier serving about 1.8 million customers nationally in states that have transitioned or are in the process of transitioning to competitive markets, including Pennsylvania. Reliant looks forward to a collaborative Working Group process to

¹ *Default Service and Retail Electric Markets*, Final Policy Statement Order, entered May 10, 2007, at Docket No. M-00072009 (Slip Op) (Final Policy Statement) at 13.

develop specific recommendations regarding the implementation of these retail market enhancement policies.

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I. Why are Retail Market Enhancement Measures Necessary?

The Electricity Generation Customer Choice and Competition Act (Choice Act) recognized that competitive markets are the best way to place downward pressure on prices and the best way to ensure that Pennsylvanians receive the benefit of innovative products and services. However, the transition to a competitive market requires a dramatic shift in the way customers perceive electric generation service. Although restructuring began several years ago, the presence of below market rate caps in most of Pennsylvania has prevented retail market development in most Pennsylvania service territories. Accordingly, most Pennsylvania customers are still accustomed to having only a single electricity provider to choose from—their local EDC. The EDCs enjoy an advantaged relationship with customers and control all typical communication channels with customers (i.e., invoices, bill inserts, customer call centers, etc.) and all customer-specific data (consumption data and contact information) as a result. Therefore it is difficult for a market entrant to overcome these substantial advantages that are stacked in favor of the EDCs' default service. The retail market enhancement measures envisioned in the Policy Statement are a series of tools that can be used to establish a more level playing field for

competitive suppliers in the retail market. These measures will help effectuate the paradigm shift that must take place to successfully transition from a monopolistic to a competitive retail electric market in Pennsylvania.

II. Working Group Objectives and Timeline

Reliant respectfully submits that the main objective of this Working Group should be to develop specific policy guidelines for the Commission to adopt in implementing these retail market enhancement measures for all EDCs in a timely manner. Reliant believes the most productive use of this Working Group process is to focus on how these programs should be implemented as opposed to whether they should be. The Commission has already recognized that these policies are in the public interest and has articulated its intention that the Working Group conclude with sufficient time so these programs can be implemented prior to the expiration of the remaining generation rate caps.² Therefore, Reliant recommends an expedited schedule for the Working Group process to provide for final recommendations to the Commission sometime in January 2009. Reliant submits that an expedited process is necessary so the EDCs have sufficient time for the information technology and business process changes needed to implement many of the retail market enhancement measures. Reliant notes that PPL's generation rate cap expires on December 31, 2009, so time is of the essence.

Reliant also cautions that the Working Group process should not be used as a means to delay or defer consideration of retail market enhancement programs in proceedings concerning individual EDC default service plans. The Commission clearly recognized the nexus between

² "Our expectation is that the activities of this working group will be completed well before the expiration of the remaining generation rate caps." Final Policy Statement at 14

the default service plans and these retail market enhancement programs in its Policy Statement.³ In the absence of specific statewide regulations or policy recommendations, the EDC default service plans remain an essential avenue for implementing these programs. Furthermore, even with an expedited schedule, it is likely that additional default service plans may be filed and litigated before the Working Group completes its final recommendations to the Commission. Deferring consideration of these programs during the pendency of the Working Group could make it impossible to implement the programs prior to the expiration of the remaining generation rate caps.

Once the Working Group process has concluded and the Commission has endorsed the resultant recommendations, Reliant believes that each EDC should be required to submit a compliance plan with the Commission to either implement the specific retail market enhancement programs or demonstrate how any existing programs are consistent with the policy recommendations of the Working Group.⁴

III. Information and Data Access

Timely, efficient and complete access to customer information and data is critical to EGS product development and to ensuring that the right products are offered to the right customers. Certain information, such as published customer lists, allows EGSs to effectively market to customers, while other information, such as customer-specific usage and demand information is necessary to provide customers with complete and accurate price offers. Wherever possible, such information and data should be accessible through electronic means (i.e. through Electronic Data Interchange (EDI) requests, utility websites, etc.). Information and data access becomes

³ "In these sections the Commission provides guidelines on the integration of default service with the competitive retail market." Final Policy Statement at 13

⁴ Reliant expects that some of the specific retail market enhancement programs will be developed as part of the EDCs' individual default service plans which may be finalized or in a pending litigation stage when the Working Group's process is completed.

increasingly important as we near the expiration of EDC rate caps and as more granular data becomes available with the implementation of smart meters.

i) Customer List

Customer lists should be available to licensed EGSs electronically and in a standard format. Some EDCs currently publish customer lists that are available either by request or through the EDC's website. Reliant commends the EDCs who currently provide the lists. However, it is unclear whether and to what extent the lists that are made available have been updated since the lists were first compiled during the initial restructuring periods. Because the lists were developed as part of the initial restructuring plans, there is variety in the type and format of information available in the lists. Accordingly, Reliant recommends that the Working Group standardize the information and data elements contained in the lists,⁵ the format of the lists, the frequency with which the lists are updated, the manner in which they are made available, and the method(s) that customers can use to opt-out of such lists.

Reliant recommends that the customer lists include the following data elements, if applicable, in a standardized format: account number, customer name and address (both service address and mailing address and including zip+4), phone number (unless the customer has elected to restrict this), an identifier for the customer's rate code, municipal tax codes, meter read cycle date, an identifier for meter type (e.g. summary or interval), an identifier for the customer's load profile if applicable, historical usage (kWh) in the most recent 12-month period along with 12 individual months' data on both usage, registered demand (kW) and the date the most recent update was made. Reliant does not see the foregoing list as either all- inclusive or exclusive; Reliant welcomes discussion of all data elements within the Working Group and will work

⁵ Reliant recognizes that complete standardization and uniformity may not be possible because Pennsylvania EDCs are members of different Regional Transmission Organizations or Independent System Operators which may utilize differing data elements.

toward a consensus on what data elements should be included. Reliant recommends that customer lists be updated quarterly and made available during an appropriate market development period prior to and following the expiration of an EDC's rate cap.⁶ The Company looks to the Working Group to further examine this issue and to make a recommendation on a standard format (i.e., what file type, etc.).

ii.) Historical Usage Requests

Whereas customer lists enable EGSs to identify and market to specific customers and customer groups, individual customer-specific information with greater detail is often necessary in order to generate an accurate price for a particular customer. Although, traditionally, additional customer-specific information has been made available once an EGS enrolls a customer (i.e. after the EDI 814 is submitted), such a process will not be adequate in the future. Instead, detailed historical usage and other customer data should be available through a historical usage request (i.e., through an EDI 867HU transaction), *before* the customer is enrolled so EGSs can provide the most accurate price and product offer to a potential customer.

Customer-specific information is especially critical for larger non-residential customers where there may be multiple facilities and meters involved with a wide range of usage patterns and consumption levels. Historical usage is typically categorized as either summary usage (i.e. usage derived from a single meter read, such as 1,000 kWhs for a particular billing month) or interval usage (i.e. usage across multiple time intervals such as every 15 minutes). Due to the high volume of data involved, for many EDCs, interval historical usage is currently only available to EGSs through a manual process by requesting the information from the EDC by phone, email or fax. Reliant recommends that the Working Group develop standards for

⁶ Customer lists should be made available until such time that the retail market is sufficiently developed to warrant cessation of the customer list. This time period may differ from EDC to EDC, but at a minimum, the customer list should be published for two years following the expiration of the EDC's rate cap

enabling access to historical interval data through EDI requests between an EGS and an EDC. Electronic access to interval historical usage information will facilitate retail market development by enabling EGSs to provide accurate offers to individual customers in a more timely manner. More efficient access to interval historical usage will also support more innovative product and service offerings that require more granular data.

Additionally, the Working Group should examine what information and data elements are currently available through EDI historical usage requests and develop recommendations for new data elements that should be included. For example, Reliant recommends that loss factor and service voltage level information,⁷ peak load contribution values, meter read cycle date, and master metering information⁸ be made available. Additionally, information should be available to the EGSs concerning the customers' forthcoming election to participate in an EDC rate mitigation plan.⁹

iii.) Customer Identifier Database

In addition to more efficient access to customer usage data, Reliant believes that the enrollment process should also be expedient and convenient for customers. One way to improve the enrollment process is to develop a centralized, statewide database that contains a unique customer identifier that can be used for enrollment. Currently an EGS must have the customer's account number and/or meter number to enroll a customer, which requires customers to reference

⁷ In many cases the EDC acts as the Meter Data Management Agent in reporting usage information for settlement purposes to the RTO/ISO and the EDC will "gross-up" an EGS's aggregate metered load to account for distribution line losses based on published loss factors. In some cases the published loss factors are based on service voltage level and do not directly correspond to a customer's rate class. Therefore, an identifier for the appropriate loss factor is necessary.

⁸ In some cases, a customer may have multiple meters and facilities across an EDC service territory (for example a group of 7-Eleven stores). In such cases it is important for pricing and marketing purposes for an EGS to be able to identify groups and sub-groups of customer accounts and/or meters.

⁹ For example, information should identify whether a customer has elected to participate in any rate mitigation plan offered by the EDC. It is expected that individual EDCs' Default Service Supply Proposals before the PaPUC may involve structured phase-in, deferral or pre-payment plans designed to mitigate the impact of potential price increases as rate caps expire.

their utility bill before selecting an EGS for service. A centralized database, accessible by EDCs and licensed EGSs, would simplify the enrollment process. For example, if a customer contacted its chosen EGS to enroll, the EGS could query the centralized database using information provided by the customer (such as name, billing address, etc.) to find the customer's unique identifier and initiate the enrollment process. Procedures would be developed to verify the customer's identity and prevent slamming.

iv.) Customer Privacy and Authorization to Release Information

Reliant recognizes the balancing importance of customer privacy. Accordingly, Reliant supports giving customers convenient methods to opt out of having their information published in customer lists. As specified in 52 Pa. Code §54.8, customers should be able to opt out of customer lists by returning a signed form (post card, bill insert, etc.), by phone or electronically via a website.

Reliant also supports properly structured authorization requirements for the release of customer-specific information and data (e.g., historical usage requests) from an EDC. However, Reliant believes that customers should have the same convenience and flexibility in providing authorization to an EGS or third-party service provider to request customer-specific information on their behalf from the EDC. Currently, many EDCs require a written Letter of Authorization (LOA) before processing a historical usage request, particularly for interval usage requests which are mostly processed manually. Requiring a written LOA is a barrier to competition, administratively burdensome and an inconvenience to customers. It is also incongruous with modern marketing methods that may utilize a recorded telephone line or the internet. Therefore, Reliant recommends that the Working Group consider ways to make the authorization process more flexible and less burdensome on customers, their agents, and EGSs. For example, Reliant

recommends the following approach. First, no authorization should be required to process a historical usage request for customers who have not elected to opt out of having their information released in the customer list.¹⁰ Second, any data that is available electronically should be released to any licensed EGS that is capable of initiating an EDI request for such data. Rather than requiring the production of a written LOA to process the request, the EGS would have the obligation to retain a record of the customer's authorization, which could be a signed form, electronic documentation from a web-based form, an electronic storage of a paper-based form or a recording of oral authorization over a telephone line. EGSs' authorization records would be retained for a set time period and would be subject to Commission audit to ensure against unauthorized release of data.

v.) *Cost*

Reliant notes a wide variety of fees EDCs have imposed for obtaining customer usage information, particularly with regard to obtaining interval usage data. In reviewing existing EGS Coordination tariffs, Reliant notes a high of \$106 per customer account to obtain interval usage data to a low of \$40 per customer account. Varying rates also apply to special customer usage data requests, based on labor time dedicated, at the rate of about \$90 per hour to about \$50 per hour.

Reliant submits that information and data access should be provided at no charge in the post-rate cap period, given the criticality of having information readily and quickly available to promote competition in the Pennsylvania electric market. Competitive suppliers require access to data to market to and provide offers to potential customers, and customers require access to data to make informed purchase and consumption decisions. Imposing fees on EGSs who

¹⁰ This is appropriate because the customer has already been given an opportunity to restrict release of its information and the customer has decided not to restrict access. Requiring an LOA in such circumstances would be redundant

request data results in higher costs for customers and is an impediment to retail competition. EDC customers have already paid for the billing, metering and IT infrastructure that is needed to obtain and maintain their demand and consumption information. If an EGS incurs expense in accessing such data, then it will include this cost in developing its rates, and, in essence, shopping customers are forced to pay twice for the same costs. Reliant is aware that at least two EDCs either currently make historical interval usage data available via EDI or are in the process of doing so, and Reliant recommends that electronic access to interval data be available from each EDC. As electronic and automated access becomes more prevalent there is practically no incremental cost associated with an EDC providing such data to EGSs and, therefore, no justification for continued charges. The importance of efficient and cost-effective access to data was well articulated by Vice Chairman Cawley in a statement issued with regard to modifications to Penn Power's EGS Coordination Tariff:

I continue to be concerned regarding expansion of these barriers to consumer and consumer representative access to usage data. I find it surprising that after over a decade of retail choice implementation, information systems are still not sufficiently developed to provide automated access to this data, without such extensive manual intervention – as these fees imply. I continue to challenge utilities to take advantage of technology and automation to drive down data access charges to close to zero. Data access will become increasingly important as utilities, such as Penn Power, reach the end of rate caps. Going forward, consumers, and their representatives, including Electric Generation Suppliers, Curtailment Service Providers, and other energy contractors and consultants, will require more timely and cost effective access to consumer usage information.

Re: PA PUC v Pennsylvania Power Company – Tariff Electric Pa P U.C. No S-2, Statement of Vice Chairman Cawley, entered April 24, 2007, at Docket No. R-00072129

IV. Customer Billing Options

There are three typical billing scenarios that can take place for a customer electing to take service from an EGS. These are commonly referred to as:

- 1) EDC consolidated billing: The customer receives a single bill from the EDC that includes both the EDC's charges for distribution service and the EGS's charges for generation service. EDC consolidated billing can be either "rate ready" or "bill ready". Under "rate ready" billing the EGS provides the EDC with a pre-set rate (such as \$0.08/kWh) that the EDC applies to customer usage to generate the EGS's charges. Under "bill ready" the EGS calculates its charges and is provided space on the EDC generated invoice to display the resulting charges without being bound to a particular rate structure format.
- 2) EGS consolidated billing: The customer receives a single bill from the EGS that includes both the EDC's charges for distribution service and the EGS's charges for generation service
- 3) Dual billing: The customer receives two bills, one from the EDC and another from the EGS.

With respect to EDC consolidated billing, Reliant supports the recommendation in the Policy Statement that EDCs implement both "bill ready" and "rate ready" billing. "Bill ready" billing is more flexible in that it allows EGSs to offer more sophisticated products and services that may not be conducive to a "per kWh" rate format. "Bill ready" billing allows EGSs to offer bundled commodity and non-commodity products and can accommodate marketing incentives and credits to customers.

More importantly, however, Reliant recommends implementation of EGS consolidated billing for each EDC. It appears that all major EDCs currently offer some form of EDC consolidated billing, but Reliant is not aware of any active program for EGS consolidated billing. EGS consolidated billing promotes retail market development by providing a direct and integrated on-going relationship between the EGS and its customers. Continuation of EDC consolidated billing or dual billing will perpetuate the EDC's monopoly over the customer relationship and will deprive EGSs of opportunities to foster greater brand recognition and customer loyalty. EGS consolidated billing will also support more innovative products and services, such as dynamic pricing, energy efficiency and demand response products, and bundled energy supply and service products. In the absence of EGS consolidated billing, EGSs who wish

to foster customer relationships and offer these innovative products must rely on dual billing, which is not ideal for either EGSs or customers.

V. Purchase of Receivables Programs

Reliant supports the implementation of properly structured Purchase of Receivables (POR) programs. A POR program is a good tool to facilitate retail competition because it can level the playing field in terms of uncollectible debt expense for new suppliers. This is especially true in places like Pennsylvania where EGSs cannot terminate service for non-payment. Also, as the Commission has recognized in the Policy Statement¹¹ and in its approval of the Duquesne Light POR program, POR can be an interim measure to mitigate the anticompetitive effects of improperly allocated uncollectible debt expense in distribution rates. POR also gives less creditworthy customers access to competitive offers because EGSs have no reason to reject customers for credit reasons. Reliant believes a properly structured POR program should contain the following features.

i.) POR should be a stand-alone program

First, a POR program should be a stand-alone program that can be used in conjunction with any of the billing options discussed previously. EGSs that wish to utilize EGS consolidated billing or dual billing should not be denied the benefit of participating in the POR program.

ii.) Without Recourse

¹¹ In its Final Policy Statement, the Commission noted that the Duquesne POR program “was adopted in lieu of fully and finally addressing the issue of embedded generation costs in distribution rates. As an interim step in responding to Section 69.1808, other EDCs may wish to consider proposing similar programs for Commission review and approval.”

POR should be without recourse meaning that the EDC would purchase an EGS's receivables, would have the ability to pursue collection efforts from customers in the event of non-payment, but the EGS would have no liability for receivables that the EDC is unable to collect. Offering POR without recourse is appropriate because in Pennsylvania, the EDC has the ability to disconnect for non-payment, which is the most effective collection tool.

iii.) Disconnect for Non-payment

In the Duquesne Light POR program, Duquesne was given the ability to terminate service for non-payment of EGS charges. Future POR programs should contain this same feature. Permitting the EDC to terminate service for non-payment will increase collection rates and reduce the overall uncollectible expense experienced by the EDC resulting in a lower discount rate for the POR program.

iv.) Discount Rate

The discount rate for a POR program should only reflect the actual incremental cost incurred by the EDC in implementing and administering the program and any incremental uncollectible cost experienced by the EDC as a result of the POR program. The discount rate should also take into account the extent to which uncollectible expense is embedded in existing distribution rates and ensure against double collection of generation related uncollectible costs. For example, if an EDC has not fully unbundled generation costs from distribution rates, then the EDC would already be recovering uncollectible expense (associated with both distribution service and generation service) through its regulated distribution rates. If the discount rate charged to EGSs fails to properly account for this, the EDC would collect and customers would pay for the same costs twice (i.e. once through the distribution rate and again through the POR discount rate).

VI. Customer Referral Programs

As a general matter, Reliant supports EDC programs to inform customers about competitive offers that may be available from licensed EGSs. However, Reliant believes that the specific parameters of such programs should be developed collaboratively within the Working Group. One particular area that warrants consideration is the handling of new service initiation. For administrative efficiency and customer convenience, Reliant believes that customers initiating new service (such as a move-in or a transfer of service from one location to another) should be able to select a competitive EGS at the time of service initiation. Reliant believes that this process should require only one phone call either to the EDC or to the customer's chosen EGS to sign up for new service. A customer should not have to call the EDC to initiate service, only to have to hang up and make another call to sign up with an EGS. Accordingly, Reliant recommends that EDCs' customer service call centers should be capable of initiating a soft phone transfer to direct customers to their chosen EGS's customer service department. In the event that a customer contacts an EGS first to initiate service, then the EDC's call center should be able to accept in-bound transfers from the EGS's customer service department. Such a program should also include proper training of customer service personnel to facilitate the in-bound and out-bound transfers.

VII. Supplier Tariffs

Reliant notes some degree of commonality among existing EGS Supplier Coordination Tariffs, however further standardization is warranted as Pennsylvania transitions to the post-rate cap period and as the retail market develops. As rate caps expire, a growing number of competitive suppliers will consider entering the Pennsylvania retail market. Inconsistency in

rules for customer enrollment, access to customer-specific information, billing procedures, data availability and other issues presents a barrier to new market entry because more time and resources are necessary to enter each EDC service territory. Reliant recommends that the Working Group conduct a review of each EDC's EGS Coordination Tariff, identify areas of inconsistency and develop a recommendation for how greater uniformity can be achieved. Given the wide array of issues involved in the EGS Coordination Tariffs, it is likely that this process could take longer than the expedited schedule Reliant is recommending. If the Working Group finds that this process would delay completion of the Working Group, then Reliant recommends that tariff uniformity be addressed on a separate track from the remaining retail market enhancement policies.

VIII. Retail Choice Ombudsman

Reliant supports the establishment of a Retail Choice Ombudsman as an employee designated by the Commission to oversee the implementation of policies to promote the development of competitive retail markets and help resolve disputes that arise between EGSs and EDCs. The Commission Ombudsman should also monitor the development of retail competition and make recommendations to the Commission on policies that can improve market development. Reliant notes that similar "Offices of Retail Market Development" have been created in at least two other states,¹² and have proven effective.

IX. Other Issues

i.) Code of Conduct

Reliant recommends that the Working Group consider other opportunities to enhance retail market development and provide for a fair and level playing field for new competitive

¹² The two states are New York and Illinois. The New York Office of Retail Market Development proved very effective at promoting retail market development during the three years it was open, and its functions have recently been reconstituted within the functions of the Office of Industry and Government Relations.

suppliers. Although not specifically addressed in the Commission’s Policy Statement, Reliant believes that the Pennsylvania Code of Conduct should be reviewed and updated prior to the expiration of the remaining rate caps. The Code of Conduct (52 Pa. Code § 54.122) provides for competitive safeguards to ensure that all EGSs have fair, equitable and non-discriminatory access to information and to govern the relationship between an EDC’s regulated and unregulated subsidiaries and business functions. The current Code of Conduct is out of date and does not sufficiently address all of the issues and concerns that are present when a regulated EDC also provides unregulated services, such as marketing to customers through an affiliated EGS. Reliant submits that a properly structured Code of Conduct should at a minimum address the following issues:

- 1. Prevent the direct or indirect cross-subsidization of unregulated/competitive business activities by the regulated functions.*

The current Code of Conduct states that it is designed to “prevent the cross-subsidization ... between related electric distribution companies and electric generation suppliers ...” However, the current Code of Conduct does not provide any specific guidance on how EDCs with affiliated EGSs should seek to prevent such cross subsidization. The Code of Conduct should outline how costs should be allocated with respect to shared services, facilities and resources so affiliated EGSs do not experience an undue competitive advantage as a result of their affiliation with the EDC. The Code of Conduct should also address how transactions between affiliates (including the provision of credit support and/or the joint procurement or management of generation supply) should be structured to avoid direct or indirect cross-subsidization and/or affiliate abuse.

- 2. Shared services, employees, facilities and assets*

The current Code of Conduct requires that employees of an EDC function independently from other related companies. But the Code provides no specific guidance on how to achieve

functional independence, nor does the current Code specifically address shared services, facilities and assets. The Code should be updated to ensure that affiliated EGSs do not inappropriately benefit from the use of resources shared with an EDC. Consideration should be given to requiring separate facilities and office space and separate accounting books and records.

3. Marketing and advertising

The current Code of Conduct prohibits the illegal tying of services and requires that an affiliated EGS include a disclaimer on communication and marketing materials that utilize an EDC's name or logo. However, the current Code does not directly prohibit certain inappropriate joint marketing activities. Reliant recommends an explicit prohibition on joint marketing, sales and promotional activities that would provide an unfair advantage to the affiliated EGS.

Additionally, the Code should prohibit the marketing of default service by the EDC. Although the EDC must provide objective rate information regarding default service to customers, the EDC should not be permitted to use its distribution customer service centers or other communication channels to actively market default service. Reliant also recommends that the EDCs be clearly prohibited by the Code from advertising in such a manner as to discourage customer participation in the competitive market or in any way imply that service from an EGS is inferior in terms of quality or reliability.

ii.) Default Service Procurement and Pricing

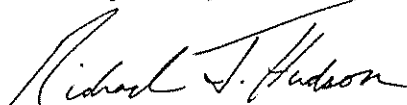
Reliant commends the Commission for considering the foregoing policies designed to enhance retail market development. However, these issues should not be viewed as a substitute for the proper market design. Although not within the scope of this Working Group, the default service structure is the single most critical factor in the development of the retail market. If default service rates are not sufficiently market reflective and market responsive then retail

competition will not develop. Accordingly, the Working Group's final report should recognize that none of these retail market enhancement measures will be able to stimulate retail market development unless the default service market design is conducive to retail competition.

X. Conclusion

In conclusion, Reliant appreciates the opportunity to present these comments on the Commission's Policy Statement recommendations regarding retail market enhancement measures. While the default service procurement and pricing structure remains the most critical factor in determining the success or failure of retail competition in Pennsylvania, the retail market development measures discussed herein are critical tools that can help foster a more level playing field for EGSs. Reliant looks forward to a productive and expedient Working Group process that will develop specific recommendations regarding the implementation of these programs.

Respectfully submitted,



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For Reliant Energy, Inc.

Dated: June 10, 2008