

RMI Technical Conference– September 14, 2011

Action items highlighted in yellow

Submit all deliverables to ra-rmi@pa.gov

All deliverables available at

[http://www.puc.state.pa.us/electric/Retail Electricity Market.aspx](http://www.puc.state.pa.us/electric/Retail_Electricity_Market.aspx)

Default Service Plans for 2013-2014 – Karen Moury

1. *Group's input on various options, including:*
 - a) *One-Year Bridge Plans*
 - b) *One-Year Extension of Existing Plans*
 - c) *Submission of Plans Consistent with Commission Regulations and any Additional Directives (i.e. Competitive Default Service Plan)*
- **Electric Generation Suppliers (EGS):** Generally prefer one-year bridge plan. Extension of existing plans may not allow for implementation of changes from RMI. Extension of existing plans also creates issues involving long-term contract overhang. Want to be able to implement opt-in auction and other competitive enhancements.
 - **PECO:** Supports extension of existing plans. Plans are previously approved, compliant with Act 129, and allow for focus to be on RMI and not litigation. If there isn't consensus on the 1-year bridge plans, litigation might inevitably be the result. Could still move forward with competitive enhancements. Want to give wholesale bidders as much transparency as possible, especially regarding opt-in auctions. Extension wouldn't touch portfolio design.
 - **FirstEnergy (FE):** Supports submission of plans consistent with current regulations. Gives Commission flexibility to terminate plans as circumstances warrant or incorporate competitive enhancements into plans as it sees fit. Must comply with Act 129. Merger with WPP contains stipulations that could be issue with other options.
 - **Office of Consumer Advocate (OCA):** Supports extension of existing plans. Allows for compliance with Act 129. If don't get extension, companies should file new plans and litigate. Could do opt-in auction pilots.
 - **Office of Small Business Advocate (OSBA):** Supports submission of plans consistent with current regulations. Need to be consistent with regulations and Act 129. Opt-in auctions are not consistent with either. Would have to litigate a 1-year bridge plan.
 - **Pennsylvania Utility Law Project (PULP):** Supports extension of existing plans. Concerned with Act 129 compliance. 1-year bridge plan puts cart before horse as RMI outcomes unknown. If don't extend current plans, should file new plans consistent with Commission regulations.

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- Dominion/IGS: Supports extension of current plans. Takes into account price issues that may arise as a result of mass switching after June 1, 2013, and is more sensible for litigation purposes.
- AARP: Must emphasize concern about potential for adverse impacts on default service (DS) pricing from opt-in auction offered at time of any extension or bridge plan.
- Moury: Staff will put forth confidential recommendation to Commission via Tentative Order. Electric distribution companies (EDC) will have time to amend plans that may have been filed.

Commission Staff to draft Tentative Order regarding Default Service Plan Filing Timelines – Intend to present to Commission for approval at 10/13/11 Public Meeting

Consumer Education – Tom Charles & Dave Hixson

1. *Call Center Script Changes (New and Moving Customers)*

- See RESA Deliverable
- Retail Energy Suppliers Association (RESA)/Subgroup: Outline – Address concern re: customers being automatically assigned to DS when moving into utility or within utility territory. Have identified interim proposals to be implemented. Have identified long-term topics. EDC Customer Service Representatives (CSR) would introduce shopping to customers. Would include list of EGSs in welcome packets. Long-term measures: EDI changes, system changes; recommend proposed process/timeline starting in 2012. Future discussions include long-term measures, inclusion of renewable offers, terms and conditions, referral programs, etc. Would be helpful to get Commission guidance. Subgroup should move forward in its discussions of referral programs, etc. All EDCs to now be included in subgroup.
- EDCs: All EDCs now included in subgroup. Would need to discuss system changes, longer talk times and training for CSRs, etc. Need further discussion of referral programs. FE will provide CSRs during subgroup discussions to get “real world” input.
- OCA: Want to make sure CSRs are educating, not forcing customers to switch. Customers have option to stay on DS. For opt-in auctions, EGS must accept customers. Should be included in standard offer/referral program discussions, as well.
- Citizen Power: Include discussion of renewable offers.
- AARP: Supports having EDC CSRs educate about right to shop, provide materials about shopping, referrals to PA PowerSwitch (PAPS), etc. Concern about instructing or telling people they *have* to switch.

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2. Annual Chairman Letter/Postcard

- See ACCES/PEMC Deliverables. See RESA/Direct Energy Deliverables. Deliverables available at http://www.puc.state.pa.us/electric/Retail_Electricity_Market.aspx.
- Charles: Provide input regarding removal of "\$100" language and preference as to what format (letter vs. large postcard vs. small postcard) should be used. PAPS talks about "shop, switch, save."
- EGSs: Generally not opposed to inclusion of specific value language as long as it is accurate at time of publishing. Customers know it may not apply to everyone, all the time. Commission wants robust competitive market so shouldn't emphasize DS in any way. Postcards less expensive than letters.
- OCA: Agree with referral to PAPS and OCA websites. Risky to include specific value language because not consistently accurate. People should know they have the option to remain on DS.
- OSBA: Incentives may vary between EGSs. Make sure customers know that 2nd year of service may be priced differently than 1st year.
- ACCES/PEMC: Should provide most realistic/practical message. Not just dollar savings. Don't want to confuse customers. Want to under-promise and over-deliver savings. Believe large postcards are best option.
- PULP: Don't want to push "likelihood" of savings. Commission shouldn't be making value statements. Believe that's marketer's role.
- AARP: Like redlined edits. Commission should emphasize helping people shop and compare offers. Don't emphasize savings. Agrees with OSBA comments. Should address what shopping is.
- Citizen Power: Agree with OSBA and AARP. Believes letter is best method.

Commission Staff will enlarge green postcard, address all issues discussed, possibly include savings disclaimer, and provide as deliverable in future.

3. Bi-Annual EDC Letter/Postcard

- Hixson: Need to compile EDC letter from ACCES/PEMC and FAQs from Direct Energy.
- EDCs: OK with letter. Would want any FAQs to be consistent with website. Unsure about inclusion of 1 cent translating to \$100 language. Would want to edit before sending.
- OCA: OK with letter. Will redline FAQs.
- EGSs: Suppliers need to know when letters are being mailed so can provide consistent messages.
- OSBA: Still concern of 2nd year pricing issue.

OCA and other interested parties to submit redlining of FAQs – due 9/21/11 for 9/28/11 RMI CC.

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Interested parties to submit redlining to EDC letter – due 9/21/11 for 9/28/11 RMI CC.

4. *Small Business Customers*

a) *Optional Pricing Information (25 KW and below)*

- Charles: Issue of putting new page on PAPS for “shop for your small business.” Make voluntary for EGSs and include “plain vanilla” pricing. Would be a Commission investment to make changes.
- OSBA: Consider using consumption instead of demand value to classify business customers. Might be recommendations in Retail Choice Activity Report regulations. See 52 Pa. Code § 54.202 (definitions).
- EGS: Support inclusion of page. Have disclaimer regarding eligibility.

Commission Staff will review Retail Choice Activity Report for suggestions regarding consumption vs. demand numbers

b) *Focus Group/Outreach*

Commission Staff will review recommended outreach list from OSBA.

5. *Statewide Campaign*

a) *Surveys/Awareness*

- Charles: Anyone with any other surveys should submit them.

No feedback re: surveys and awareness.

b) *Funding*

c) *Timing*

d) *Message*

- Charles: Pool resources from EDCs and EGSs to conduct statewide campaign. Utilize Council for Utility Choice (OCA, EAP, government advisory bodies, RESA, OSBA, etc.) to manage campaign. 1 message representing everyone.
- Industrial Energy Consumers of Pennsylvania (IECPA): Not benefitting industrials – shouldn’t bear burden of costs.
- OSBA: Any costs would somehow be subsidized – rates, Commission budgetary assessments, EGS pricing, etc. Consider costs vs. benefits.
- EDCs: Want cost recovery.

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- Energy Association of Pennsylvania (EAP): Request money from General Assembly.

Supplier of “First” Resort – Kirk House & Megan Good

1. *Marketing by EDC*
2. *Seamless Moves*
3. *Account Changes*
4. *PAPowerSwitch.com Format*
5. *Other-Discussion of Deliverables*

Discussion postponed to 9/21/11 RMI CC.

Acceleration of Switching Process – Dan Mumford & Patricia Burket

1. *Staff Update on Status*
 2. *Changes to Confirmation Letter-Effect of Settlement Stipulations*
- Mumford: Commission staff is ready to provide confidential recommendation to Commission. Will be in Tentative Order for Commission approval. Any further input?

No feedback

Commission Staff to draft Tentative Order regarding the Acceleration of the Switching Process – Public Meeting TBD

EGS/EDC Coordination Platform (Status Update) – Kirk House & Matt Wurst

1. *Credit Standards-Variations*
2. *List of EDC Supplier Charges*
3. *Staff Reviewing Information*

Discussion postponed to 9/21/11 RMI CC.

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Price to Compare – Dan Mumford

1. Staff Update on Status

- Mumford: Commission staff is ready to provide confidential recommendation to Commission re: inclusion of the Price to Compare (PTC) on customer bills. How guidance is given publicly hasn't been resolved. Possibly a Secretarial Letter. Shouldn't affect current inclusion of PTCs on bills.
- FE: Believes PECO has settlement stipulation. Will submit info on settlement stipulation.

Commission Staff to submit confidential recommendation to Commission. Staff will update RMI Working Group regarding means by which guidance will be given.

Default Service Model – Matt Wurst & Karen Moury

1. *Definition of Default Service (Placeholder)*
 2. *Cost Allocation (Placeholder)*
 3. *EDC as Default Service Provider (Placeholder)*
 4. *Pricing of Default Service – Rate Design, Quarterly Changes (Placeholder)*
 5. *Opt-In Aggregation Auction*
 6. *Default Service Products (Discussion)*
- Direct Energy/Auction Subgroup: Subgroup did issue identification, consensus principles, possible pilots in late 2012, identified auction structure with pre-determined signing bonus. One EGS can't dominate market. Maximum flexibility to consumers to preserve existing consumer protections. Will be additional financial assurances for bidders. PUC oversees auction. EDCs conduct auction. Believe can be done through existing PA regulations. Believe it's an interim measure. Several areas for further discussion. Subgroup meeting weekly to discuss issues.
 - OSBA: Referencing the document "Opt-In Auction Friday Draft." Concerns: D.1 - Auction Structure – What's being bid? Signing bonus different for each rate class. Per customer or varied based on consumption? D.3.a. – What does "vary in size" mean? D.1.c – Customers assigned via luck of the draw? Market clearing price? At end of auction service time, EGS can drop customers or change pricing? Need statutory changes. Auction will cause increase in DS rates – high risk premium from full requirements contracts vs. high volatility from spot market purchases. After first year, revert to provider of last resort (POLR) service – not ideal. Inconsistent with Act 129 and current Commission regulations. References to Natural Gas Choice Act § 2204 (g) – 5- year look-back authorized; and to Electric Choice Act Section 2806.a – opportunity to get electricity is customer choice; Section 2807.d – informed choice. Can't make changes to market without regulatory changes.

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- Subgroup: D.1 – Bid on kWh price going to all residential and small business customers. Signing bonus – Predetermined. Fixed and provided by all applicable EGSs. One bonus amount for all opt-in customers (residential or small business). D.3.a – “Vary in size” = number of customers in tranche. Still discussion re: division of small commercial based on load factor. Assigned via luck of the draw. Use Market Clearing Price (MCP) that’s at, or below current EDC DS rate. After the end of auction service time, existing consumer protections/notifications apply. Make it clear when service time ends. Customer must make affirmative choice. Details to be worked out re: tranches. May have to reshuffle customers so tranches have equal load profiles.
- DTE Energy Trading (DTE): How does this differ from currently designed DS competitive process with declining block/market clearing approach? Opt-in in advance of auction? If current DS is based on wholesale auction, how does different kind of auction result in lower price? Once beyond individual customer, applies to wholesale level.
- Subgroup: Customers opt-in ahead of time knowing about fixed kWh price and bonus. Wholesale auction is different than customer assignment. Market clearing price determined by auction and presented to customers for choice about switching. Retail prices include retail components. Different than wholesale auctions. Difference in risk associated.
- PULP: In future, include discussion re: possible inclusion of CAP customers in auction? Would work with subgroup to discuss low-income possibilities.
- Subgroup: Will include PULP, FE, Duquesne, Constellation and UGI Energy Services in future subgroup meetings. Provide substantive report back to group on 10/6/11 RMI CC.
- Moury: Need to begin identifying products that should and should not be offered by DS providers (DSP). Discuss on next call. Commission Staff prioritizing DS model issues.

Opt-In Aggregation Auction Subgroup to provide update on discussions at 10/6/11 RMI CC.

Commission Staff to prioritize DS model issues for future RMI CCs.

Future Issues(Placeholder) – Karen Moury

1. *Customer Referral Programs*
2. *Universal Service*
3. *Energy Conservation Programs*
4. *Access to Customer Information*
5. *Choice for Customers at Small EDCs*
6. *AEPS Obligations*
7. *Unregulated Affiliates*
8. *EGS Consolidated Billing*

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- 9. *EDC Billing Systems*
- 10. *Regulatory Housekeeping*

- Moury: Still prioritizing issues. Possibly switch to biweekly calls after 10/6/11 RMI CC.
- FES: Please include discussion of RESA's conceptual plan on next week's agenda.

NEXT RMI CC: Wednesday, September 21, 2011 at 1:30 PM.

Future Meeting Dates

- Conf. Call: Wednesday, September 28, 2011 – 10 AM
- Conf. Call: Thursday, October 6, 2011 – 10 AM (possible AM & PM calls)
- En Banc: Thursday, October 27, 2011 – 1 PM to 5 PM – Keystone Building Hearing Room 1

See Website for All Deliverables

http://www.puc.state.pa.us/electric/Retail_Electricity_Market.aspx

1. Discussion Document for New/Moving Customer Program & Related Customer Choice Education – submitted by RESA
2. Customer Letter vs. Postcard Cost Estimates – submitted by PECO (Deliverable 1)
3. Shopping FAQs – submitted by RESA & Direct Energy
4. Postcard Option 2 Edits – submitted by ACCES & PEMC
5. EDC Letter for "Choice" Mailing Letter Edits – submitted by ACCES & PEMC
6. Supplier of First Resort EDC Policies and Information – submitted by Direct Energy
7. Purchase of Receivables Settlement Language Addressing the 10-Day Confirmation Letter – submitted by PECO (Deliverable 2)
8. Default Service Plan Settlement Language Associated with the Price to Compare on Customers' Bills – submitted by PECO (Deliverable 3)
9. Opt-In Auction Straw Person Status Report – submitted by the Auction Subgroup
10. Transitioning the EDCs Default Service Role to Non-EDCs: Conceptual Plan – submitted by RESA

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