

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Investigation of Pennsylvania’s)
Retail Natural Gas Supply Market)**

Docket No. I-2013-2381742

**Comments of the
National Energy Marketers Association**

The National Energy Marketers Association (NEM)¹ hereby submits comments on the Commission’s Tentative Order adopted August 21, 2014, in the above-referenced proceeding. The Commission indicated in the Tentative Order that it would accept comments that, “focus on issues not identified and discussed in the September 12 Order and/or this Tentative Order.” (Tentative Order at 51). In the Tentative Order the Commission directed OCMO to examine many significant issues in this Investigation including:

- the SOLR reconciliation process and improvements to timing of the process;
- capacity assignment and storage, particularly with regard to system reliability;
- non-discriminatory allocation of access points to local production;
- balancing issues;
- supplier creditworthiness requirements;
- implementation of seamless moves and instant connects;
- acceleration of switching timeframes;
- Standard Offer Programs;
- CAP participation in the retail gas market;
- enhanced consumer education, particularly PAGasSwitch.com;
- POR program best practices that should be applied more consistently to utility programs;
- modifications to supplier disclosure requirements;
- joint utility-supplier bill;
- remote access to customer account number via secure portal mechanism;
- migration riders; and
- electronic data transaction protocols.

¹ The National Energy Marketers Association (NEM) is a non-profit trade association representing both leading suppliers and major consumers of natural gas and electricity as well as energy-related products, services, information and advanced technologies throughout the United States, Canada and the European Union. NEM’s membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, global commodity exchanges and clearing solutions, demand side and load management firms, direct marketing organizations, billing, back office, customer service and related information technology providers. NEM members also include inventors, patent holders, systems integrators, and developers of advanced metering, solar, fuel cell, lighting and power line technologies.

NEM appreciates the Commission's steadfast commitment to the development of retail choice markets in Pennsylvania. NEM agrees with and supports OCMO's examination of the issues identified by the Commission. Indeed, many of the programs identified have been instrumental in facilitating consumer shopping in the Pennsylvania electricity market and merit serious consideration and expansion to the retail gas market. Other natural gas-specific operational issues identified have been persistent and sustained barriers to supplier participation and consumer shopping and are also properly included in the scope of the Investigation.

The Commission did however decline to require OCMO to examine the issue of utilities exiting the merchant function, although noting it may revisit this decision at any time. The Commission also declined to have OCMO examine further rate unbundling in the Investigation at this time. NEM recommended in its previously filed comments that this Investigation include the utilities exit from the merchant function and further utility delivery service rate unbundling. Without restating those comments here, NEM notes that many of the issues that the Commission has identified for inclusion in the Investigation would be ameliorated and/or completely eliminated if the utilities were no longer performing the SOLR role, with its inherent competitive advantages and distortionary impacts on the competitive marketplace.

1. Proposed Revision to Capacity Issues to be Examined in the Investigation

NEM offers its comments on the issues identified for examination by OCMO to suggest a revision to the scope of the issues related to capacity. The Commission directed OCMO to examine, "capacity assignment and storage assets, with specific emphasis on how capacity assignment and the use of storage assets impact system reliability," and to also examine, "the issue of allocating system access points and to recommend whether changes are needed to permit

non-discriminatory access to locally-produced natural gas.” NEM supports inclusion of these issues in the Investigation. We suggest that the scope of these issues be expanded. The availability of Marcellus Shale gas has significantly impacted and transformed pipeline flows and pricing. Both the passage of time since the utilities capacity release programs were originally implemented, and the changes in market conditions, merit an examination of what should be considered to be an equitable division of capacity between utilities and competitive suppliers. This should include not just what is being *released* to the competitive suppliers but also what capacity is being *retained* by the utilities, and whether the retention of those assets is fair and equitable in view of the entire system.

The Commission noted in the Tentative Order that, “the NGDCs are differently positioned when it comes to storage and capacity. Each system has a certain amount of available storage and firm capacity – some systems have actual on-system storage, while others have none or a limited amount of on-system storage. Still, others may contract out the on-system or off-system storage to third party managers, which may include firm upstream capacity contracts.” In this regard, NEM notes that in the most recent 1307(f) proceeding for Columbia Gas,² that Columbia was directed in its next case to submit information related to the appropriate allocation of revenues between choice customers and PGC customers through the purchased gas demand charge and the purchased gas commodity costs. Suppliers on Columbia’s system only receive a limited assignment of transportation assets to deliver 1/365th of their annual customer load each day. The Commission determined that the allocation of revenues from asset management agreements (AMAs), capacity releases and off-system sales between choice and sales customers on Columbia’s system should be subject to further examination, and Columbia is required in its next

² Docket No. R-2014-2408268.

1307(f) proceeding to make information available about transportation and storage asset allocation between choice and sales customers; the relative responsibility of suppliers and sales customers for system storage and transportation costs; whether Columbia engages in off-system sales not involving use of its transportation and storage assets; and whether, under AMAs, released capacity transactions and off-system sales transactions, the released transportation and storage assets are paid for by choice and sales customers in proportion to load.³ NEM suggests it would be appropriate to extend this line of inquiry to the other utilities as a part of the instant Investigation.

Conclusion

NEM appreciates this opportunity to provide the Commission with its comments related to the scope of the retail gas market Investigation and looks forward to participating in the Investigation going forward.

Sincerely,
Craig G. Goodman, Esq.
President
Stacey Rantala
Director, Regulatory Services
National Energy Marketers Association
3333 K Street, NW, Suite 110
Washington, DC 20007
Tel: (202) 333-3288
Fax: (202) 333-3266
Email: cgoodman@energymarketers.com;
srantala@energymarketers.com

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³ R-2014-2408268, Opinion and Order, issued September 11, 2014, at page 33.