**RMI Technical Conference – November 17, 2011**

**Submit all deliverables to** [**ra-rmi@pa.gov**](mailto:ra-rmi@pa.gov)

**All discussion documents/deliverables available at**

[**RMI Discussion Documents & Deliverables**](http://www.puc.state.pa.us/electric/Retail_Markets_Investigation_Discussion_Documents.aspx)

**Action Items highlighted in yellow**

**Organizational Issues** – Karen Moury

1. Post En Banc Hearing Comments Due 11/23/11

* Moury: Informal comments for Staff review for preparation of intermediate work plan. Submit to [ra-rmi@pa.gov](mailto:ra-rmi@pa.gov) (not Secretary’s Bureau) by 11/23/11. Informal comments will be posted on RMI website.

1. Next En Banc Hearing - 3/21/12

* Moury: En Banc 3 – 3/21/12 at 10 AM – 4 PM. Long-range work plan with focus on end-state of default service. Will start focusing on those issues in RMI conference calls (CC) beginning Jan. 2012.

**Consumer Education** – Dave Hixson

1. Discussion of Staff Deliverables

* [EDC Tri-Fold DRAFT 2 - 11/15/11](http://www.puc.state.pa.us/electric/pdf/RetailMI/EDC_tri-fold_2.pdf)
* [EDC Tri-Fold Size Comparison](http://www.puc.state.pa.us/electric/pdf/RetailMI/EDC_tri-fold_comparison.jpg)
* Hixson: See tri-fold size comparison. Tri-fold combines electric distribution company (EDC) letter and FAQs sheet. Incorporated suggestions and revised to match EDC letter and Commissioners’ postcard. Removed municipality/co-ops reference. Will remove word “material” from savings language in chart. 33 cents to print and mail the tri-fold. 4 million residential customers in PA.
* Office of Consumer Advocate (OCA): Remove “material” from savings language.
* AARP: Printing and mailing to all residential customers is costly. 20-30% of EDC distribution customers have shopped. Why should they pay for this? Remove 30/60/90 reference. Misleading calculation. Document should emphasize variety of offers. Support use of price-to-compare (PTC). Include more education about default service (DS), PTC and EDC obligation to serve.
* EDCs: Tri-fold is cheaper than letter. May be more effective – more exciting. EDCs would like to review once more to provide feedback.
* [Staff Revised FAQs - 11/10/11](http://www.puc.state.pa.us/electric/docs/RMI/DD-Staff_Revised_FAQ_111011.docx)
* Hixson: Removed information regarding municipalities/co-ops. Included question regarding what happens if you don’t switch. 3rd FAQ made consistent with tri-fold and Commissioner postcard. FAQs would come from EDCs with letter as customer mailing.
* Moury: Will try to standardize as much as possible for use by EDCs, electric generation suppliers (EGSs), etc. for use in mailings, websites, etc. Would mail tri-fold in spring and FAQs in fall. Commissioners’ postcard would go out in early 2012. May/June for first EDC mailing. Will provide direction on Commissioners’ postcard via Secretarial Letter. Possibly address EDC letter, tri-fold and FAQs in intermediate work plan tentative order. Will provide direction on Comm. postcard ASAP.
* Commissioner Witmer’s Office: Q3 of FAWs – remove negative connotation and make positive (e.g. “Is it easy to choose a supplier?” *“Yes.”*) Consider moving Qs 3 and 4 to top.
* EDCs: Want to ensure mailings are coordinated with other EDC mailings and consumer education products. Need directives ASAP. Possibly replace EDC mailings with these deliverables.
* EGSs: Found FirstEnergy (FE) mailings to be effective way of introducing generic information with specific retail offers to customers. Worthwhile to have additional discussion going into 2012 to maximize value of mailings.

**EGS/EDC Coordination Platform** – Kirk House & Matt Wurst

1. Credit Standards

* Define the Risk – Discussion of FE Deliverable

[FirstEnergy Credit Standards Deliverable - 11/10/11](http://www.puc.state.pa.us/electric/PDF/RetailMI/DD-FE_Credit_Standards_111011.pdf)

* House: Review FE Credit Standards Deliverable. UGI vs. PA PUC (Commonwealth Court decision). Credit requirements were designed around “perfect storm” risk. Risk was unlikely to ever occur but still required credit protections. How often has this happened? Does formula protect against impact or entire exposure regardless of number of occurrences, etc?
* FE: 2 main themes: 1. EDCs currently serving DS load; 2. PJM market mechanism in case of default. Collect credit for market exposure for EDCs should EGS default or terminate large group of customers. Credit formula looks at historical peaks, averages them to recognize changing load patterns, gives view of what LMPs can do during time of exposure (300% LMP), estimated number days of EDC exposure before bilateral contracts can be acquired. In PJM defaults, PJM accumulates lot of expense – EDCs and load serving entities (LSEs) cover expenses. Equation designed to modestly cover EDC exposure – averaged-value mechanism. If supplier defaults and large amounts of DS load come back to EDC, defaults the DS suppliers, can be cascading effect so EDC pulls both credit requirements. Multiply LMP max by 300%. Credit requirement based on 24-hours of 5-day exposure. Single averaged peak x LMP x factor x #days of exposure. Will supply example calculation.
* EGSs: Hypothetically, every EGS should post collateral with all other EGSs because, at times of default, EGSs would receive bill as market participant from PJM. All market participants have to provide money to PJM in case of large default. Have collateral requirements with winning DS request for proposal (RFP) participants. If DS supplier defaults, EDC has to buy. If EGS defaults, EDC doesn’t have to do anything. DS supplier does. EGS commitment to PJM with FERC-approved rigorous collateral requirement does show EGSs’ ability to meet FE points.

**FirstEnergy to provide example risk calculation for 12/2/11 RMI CC.**

* Wurst: Appears that FE is under assumption that PUC only has static $250k bond with EGSs. Annually, bond is amended to either be higher of $250k or 10% of gross sales. Not static. $250k might cover some difference between price customer guaranteed and what they got. Bonds have to have language that it’s for beneficiary’s estate and GRT and to ensure delivery of electricity. See example on website -- <http://www.puc.state.pa.us/general/onlineforms/pdf/EGS_Licen_App.pdf>
* House: Cost for non-compliance on supplier tariff obligations. Self-explanatory.

*No comments.*

* Specific Examples of Acceptable Instruments – Discussion of RESA Deliverable

[RESA Response to Credit Standards Inquiry - 11/14/11](http://www.puc.state.pa.us/electric/docs/RMI/DD-RESA_Response_Credit_Standards_Inquiry.docx)

* House: Comments on RESA credit standards deliverable? Staff will review.

*No comments.*

**Retail Opt-in Auctions** – Karen Moury

1. Status Update

* Moury: Subgroup to convene 1 more time to work on non-consensus issues. Provide status update as deliverable by 11/30/11 for 12/2/11 RMI CC. Possible way of handling retail opt-in auctions and customer referral programs: Bifurcate programs from rest of DS plan provisions. Have those 2 issues be addressed in separate consolidated on-the-record proceedings presided over by ALJ. Have that come to Commission while DS plans are still being litigated. Have auction and referral programs approved and dumped back into DS plan proceedings. EDCs who haven’t filed DS plans by that time will be asked to file those parts for proceeding. Still working out timing issues.
* House: Would provide as much uniformity as possible. 2 programs would be certified up to Commission without ALJ initial decision in order to expedite. Customer referral program in 2 pieces: 1. New mover/new service concept; 2. CR program modeled after NY program. 1st might go in intermediate work plan tentative order. 2nd would be in litigated proceeding.
* OCA: By statute, DS cases must be done in 9 months. Commission gets 2 months for consideration of record. ALJ gets 6 weeks. About 2-3 months to litigate. Could run into timing issues. Voluntary extensions a possibility?
* EGSs: Retail opt-in auction subgroup to have call on 11/21/11. Litigation direction is beneficial. Allows parties to reduce litigation costs and expeditiously resolve issues with 2 programs. Need more details.

**Retail Opt-in Auction Subgroup to provide status update – due 11/30/11 for 12/2/11 RMI CC.**

**Other** – Karen Moury

Moury: DS plan final order expected at 12/15/11 Public Meeting. Will coordinate with intermediate work plan – also at 12/15/11 PM.

**Next Meeting** – Karen Moury

Moury: 11/30/11 RMI CC canceled. Brief call on Fri. 12/2/11 at 10 AM. Main topic is retail opt-in auctions. May touch on consumer education.

**Deliverables:**

1. FirstEnergy - Example risk calculation due 11/30/11 for 12/2/11 RMI CC.
2. Retail Opt-in Auction Subgroup – Status update due 11/30/11 for 12/2/11 RMI CC.