BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Rulemaking Re Electric Distribution Companies Obligation to Serve Retail Customers at the Conclusion of the Transition Period Pursuant To 66 Pa.C.S. § 2807(e)(2)	Docket No. L-00040169
Advance Notice Of Final Rulemaking Order	
Default Service and Retail Electric Markets	Docket No. M-00072009
Proposed Policy Statement	

REPLY COMMENTS OF THE RETAIL ENERGY SUPPLY ASSOCIATION

I. INTRODUCTION

The Commission has the critical task of sifting through the disparate comments in these dockets and to arrive at the rules and policies for post-rate cap Default Service in the manner required by the Electricity Generation Customer Choice and Competition Act.[1] Some of the initial comments have, and undoubtedly some of the reply comments will, present the Commission with recommendations that are squarely at odds with the fundamental and overriding purpose of the Electric Choice Act. As shown in RESA's initial comments, this indisputable purpose of the Act is to provide all retail customers with direct access to the competitive electric generation market. The Retail Energy Supply Association ("RESA")[2]

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1 66 Pa. C.S. §§ 2801-2812 ("Electric Choice Act" or "Act").

2 RESA is a non-profit organization and trade association of retail energy suppliers who share the common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than regulated utility structures. RESA's members include Consolidated Edison Solutions, Inc; Direct Energy Services, LLC; Hess Corporation; Reliant Energy Retail Services,

submits these reply comments to help the Commission identify and implement the fundamental principles necessary to provide Pennsylvania customers with the considerable benefits of a properly functioning and workable competitive retail electricity market. To its credit, at least one electric distribution company ("EDC"), Allegheny Power, recognizes the proper role of post-rate cap Default Service to enable retail electric competition to deliver benefits to customers.[3]

The fundamental principles that must guide the Commission's rules and policies for post-rate cap Default Service in the manner required by the Electric Choice Act are:

- Implementing the "prevailing market prices" legal requirement according to its plain meaning in view of the purpose of the Electric Choice Act and the General Assembly's clear policy declarations that the competitive electric generation market – not regulated monopoly utility service disguised as Default Service and unbundled distribution service – is to be the electric service of "first resort" for retail customers.

- Requiring frequent short-term competitive procurements of Default Service supply with concomitant retail price adjustments appropriate for each customer class – instead of requiring management of portfolios of laddered, long-term supply contracts and spot market purchases.

- Ensuring that Default Service costs embedded in distribution rates are removed from distribution rates so that Default Service rates include all the costs of providing the service, in the same manner

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LLC; Sempra Energy Solutions; Strategic Energy, LLC; SUEZ Energy Resources NA, Inc. and US Energy Savings Corp. The opinions expressed in this filing represent the position of RESA as an organization but may not represent the view of all members of RESA.

[3] Allegheny Power Comments at 3-4 (emphasis added):

> **Default service is intended to be a backstop to retail choice for customers, not a replacement for access to the benefits of retail competition.** Accordingly, default service should be a simple, "plain vanilla" product, because it is more efficient to provide differentiated, specialized products and services to those customers who want them through the competitive retail market. In particular, complex or experimental product alternatives, or ones that would be expensive to create and/or administer should generally be provided to customers through the competitive retail markets, where the customers who want those alternatives can affirmatively choose them, rather than using default service to force such products on all customers.

as competitive suppliers' retail prices must include all their costs of providing service.

- Eliminating all vestiges of rate-cap period switching restrictions, such as demand ratchets, 12-month minimum stays, generation rate adjustments ("GRAs") and exit fees, which the Commission has correctly determined are barriers to customer access to the competitive retail market and which are unnecessary in the post-rate cap period if Default Service rates reflect "prevailing market prices" as required by the Act.

In order to properly align the Default Service regulations with the plain meaning, clear legislative intent and overriding policy purpose of the Electric Choice Act, the Commission must reject recommendations that would result in Default Service rates being disconnected from prevailing market prices. The Default Service regulations must require Default Service rates for customers who are temporarily not receiving electric supply from electric generation suppliers ("EGSs") to be reflective of market prices prevailing at or near the time the electric supply is being provided to the customers.

II. POST-RATE CAP DEFAULT SERVICE RATES MUST BE MARKET-REFLECTIVE IN ORDER TO FULFILL THE ELECTRIC CHOICE ACT'S MANDATE – EMBODIED IN THE "PREVAILING MARKET PRICES" LEGAL STANDARD – OF ESTABLISHING ROBUST AND SUSTAINABLE COMPETITIVE RETAIL MARKETS AS THE "FIRST RESORT" SERVICE FOR CUSTOMERS.

Various comments assert that the "prevailing market prices" requirement is satisfied if long-term wholesale supply is acquired from the market at different times even if the contract price is set years in advance of when the supply is needed. These comments take the language of Section 2807(e)(3) grossly out of the context of the Electric Choice Act and the General Assembly's declaration that post-rate cap Default Service is to be the retail electric service of last resort, not first resort. The context of the statutory language makes clear that post-rate cap Default Service is to be a service to accommodate customers who are temporarily not receiving electric generation service directly from the competitive electric generation market either

because their chosen supplier has not delivered the energy or they have not chosen a competitive supplier. In other words, post-rate cap Default Service is to be a short-term service to accommodate shopping customers who are not receiving electric generation service from competitive suppliers, and to require Default Service Providers ("DSPs") to acquire energy as needed to serve Default Service customers.

In view of the purpose of the Act and the General Assembly's clear preference for competitive market forces rather than regulation to control the price of electric generation supply, the "prevailing market prices" language of Section 2807(e)(3) can only be interpreted as the prices of energy that are prevailing in the wholesale market at or close to the time the electricity is actually being provided to retail customers not receiving electric supply from competitive suppliers. The phrase cannot be interpreted to permit DPSs to go into the wholesale market years in advance, or to permit the blending or averaging of multiple, advance procurements to produce Default Service rates disconnected from the market prices prevailing at or close in time to when the short-term Default Service is being provided to customers.

The interpretation offered by the commentators preferring wholesale procurement pursuant to long-term contracts would permit a contract of <u>any</u> length to satisfy the "prevailing" market price test. So, if a generator was willing to enter into a 30-year contract in 2007, that would be the "prevailing market price" <u>for that entire period</u>, according to this nonsensical interpretation. Obviously, this suggested interpretation would produce the absurd result of having an antiquated price disguised as a market-reflective price, and would contravene the plain meaning and purpose behind the creation and implementation of the Electric Choice Act's "prevailing market price" legal standard.

For medium-sized and large commercial and industrial ("C&I") customers (peak demands 300 kW and above), this means hourly priced default service, which for the most part is consistent with the Commission's revised approach for frequent retail price adjustments for these customers and is entirely consistent with the approach already adopted for the Duquesne service territory. To accommodate the concerns of residential and small C&I customers (25 kW-300 kW peak demands), the language should be interpreted to require primarily monthly or quarterly full-requirements load following supply procurements, which is consistent with the Commission's revised approach for quarterly or more frequent retail price adjustments for these customers.

To provide some mitigation against monthly or quarterly price variability for residential and small C&I customers, a small baseload amount (such as, at most, 15%) could be procured on a longer term basis (at most, 1 year) consistent with the legal standard of Section 2807(e)(3). Such longer term contracts would reflect the amounts of supply that indisputably would be needed for Default Service. This methodology would permit Default Service rates for these smaller customers to be generally reflective of prevailing market prices, and in a transparent manner that will permit competitive suppliers to compete. This methodology will also: (1) eliminate the large risk premiums associated with long-term supply contracts;[4] (2) place more limited short-term consumption and migration risks on wholesale suppliers instead of DSPs and retail customers; (3) minimize reliance on spot market purchases; and (4) relieve DPSs of the costs and risks of managing a portfolio of supply products and services of various types and durations, which would unnecessarily increase Default Service rates.

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[4] The OCA's assertion that short-term load following contracts come with large risk premiums (OCA Comments at 15) is simply incorrect. The shorter the term, the lower the risk premium. The risk premiums in load following contracts of three months or less pale in comparison to those in long-term (1 year or longer) load following contracts.

Moreover, this methodology will also eliminate the need for reconciliation of supply costs, because these costs of the short-term contracts are what they are. As set forth in its initial comments, RESA opposes reconciliation, but if reconciliation is permitted, it should be limited to administrative costs and AEPS costs, but no other energy costs. Also, if permitted, reconciliation should occur as frequently as possible to minimize distortions in default service prices. RESA recommends that, if permitted, reconciliation must occur at least quarterly)and preferably, monthly) so that default service rates more accurately reflect all of the underlying costs of default service as close in time as possible to the point at which default service is used by customers.[5] Finally, and just as important, this methodology will provide the regulatory certainty competitive suppliers need to enter and remain in the market.[6]

RESA's recommended short-term Default Service supply procurement methodology should be implemented in a simultaneous, coordinated and uniform manner statewide for all DPSs which, as recognized by other commentators, will capture efficiencies and economics of scale, and avoid adverse effects of many different procurements for many different products at different times.[7]

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5 This recommendation is consistent with PECO's comments (at 15): "DSPs should be offered discretion to adjust prices and reconcile cost recovery on a quarterly basis for smaller customers. . . ."

6 RESA Comments at 3, 8, 11-12; Dominion Retail Comments at 9, 11-12.

7 Constellation Comments at 7-8; and FE (MetEd/Penelec/Penn Power) Comments at 6.

A. A portfolio of Default Supply resources is contrary to the "prevailing market prices" legal standard and will unnecessarily increase Default Service rates.

As explained in RESA's initial comments, permitting DSPs to utilize portfolios if resources including long-term, laddered supply contracts is contrary to the "prevailing market prices" legal requirement and is also bad policy.

As expected, most EDCs and the public advocates (OCA and OSBA) endorse the "portfolio management" approach. However, as shown above and by other comments, the portfolio management approach is also bad policy and will unnecessarily increase Default Service rates. For example, the Energy Association of Pennsylvania ("EAP") acknowledges that "[w]hen developing a supply portfolio, any uncertainties over the amount of energy, capacity and transmission related products that will be required, increases the supplier's risks."[8] Constellation correctly describes the additional costs and risks inherent in DSP portfolio management, and shows why this function is appropriate for wholesale suppliers and not DPSs.[9]

Finally in its comments, Allegheny Power explains the deficiencies of the portfolio management approach. It points out that the most fundamental flaw is the false premise that it is possible for a complex portfolio to provide better prices than markets.[10]

RESA submits that requiring DSPs to manage a portfolio of Default Service supply resources is: (1) contrary to the plain meaning of the "prevailing market prices" legal standard as well as the clear and overriding purpose of the Electric Choice Act; (2) unnecessary if regular, shorter-term competitive Default Service procurements are used to provide the temporary

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8 EAP Comments at 9.

9 Constellation Comments at 12-13.

10 Allegheny Power Comments at 7-8.

Default Service envisioned by the Act; and (3) will increase Default Service rates. The calls for DSP "flexibility" to "tailor" DSP portfolios and programs to their "unique" circumstances, as well as the requests for mini-rate cases within DPS programs to incorporate demand and declining energy block rate design issues,[11] are overt attempts to continue barriers to competitive entry and to maintain Default Service as the service of first resort rather than last resort. The Commission should reject the portfolio management approach for Default Service supply and require coordinated, uniform short-term competitive supply procurements as described above for Default Service supply for residential and small customers, and hourly priced service for medium and large business customers.

B. The Electric Choice Act relies upon market forces and not regulatory fiat to provide customers with the "lowest reasonable long-term cost."

The OCA argues that the fundamental goal of the Electric Choice Act is to provide the lowest reasonable cost to residential customers over the long term, and that the Commission recognizes this by modeling certain portions of the Default Service rules on the gas cost supply regulations and the least cost fuel procurement provisions of the Public Utility Code.[12] The OCA also argues that the Commission set the proper standard consistent with this goal by requiring Default Service procurement to provide the "lowest reasonable long-term costs" through the DSP's management of a portfolio of resources, including bilateral contracts. The OCA's position, and the Commission's "lowest reasonable long-term costs" standard, are contrary to the Electric Choice Act's market-driven provisions for the acquisition of Default Service supply in the post-rate cap period.

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[11] PECO Comments at 12.

[12] OCA Comments at 2-4, 8-9.

As explained in RESA's initial comments, lower prices is only one of the many benefits of customer choice,[13] but the "lowest reasonable long-term costs" standard is contrary to the "prevailing market prices" legal requirement. If Default Service supply is acquired competitively at prevailing market prices, by definition that is the lowest reasonable cost allowed under the framework of the Electric Choice Act. Clearly, requiring that Default Service rates be the lowest "long-term" rates is inconsistent with the temporary, short-term nature of the post-rate cap Default Service required by the Electric Choice Act.

Moreover, it is crucial that the anticompetitive effects of the regulation of gas cost supply procurement and the reconciliation of gas costs not be repeated in the electric Default Service market design. The anticompetitive effects of this model have been documented by the Commission in its Gas Competition Investigation.[14] As stated above, RESA does not oppose reconciliation of administrative costs and AEOPS costs.

C. The Commission correctly determined that frequent Default Service rate adjustments are required in the post-rate cap period.

Some commentators, particularly the OCA, argue that Default Service rates should not be adjusted on a quarterly or more frequent basis.[15] OCA argues" that there is no obvious benefit from the use of quarterly price changes in the stimulation of retail competition," and that quarterly pricing "might act as a barrier to customer choice." The OCA's line of argument on this issue is just plain incorrect, especially in light of the fact that not a single competitive supplier entity that has submitted comments in this docket (and which, unlike the OCA, compete

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13 RESA Comments at 6-7.

14 RESA Comments at 10.

15 OCA Comments at 18-20.

actively in competitive energy markets globally on a daily basis) has suggested that market adjusted Default Service rates are a barrier to retail competition. If quarterly price adjustments are a barrier to competition, it would be in the clear interests of one of the suppliers to have said so in this proceeding.

The OCA also argues that the Default Service rate should be a "stable price that adjusts no more than on an annual basis" because more frequent price changes present "significant problems of affordability and bill management for customers."[16] As Direct Energy's Reply Comments correctly show, these arguments can be made for a rate period of any duration, whether 3 months or 3 years, and the asserted impact on payment plans and budget plans is overstated.[17] As shown above, the Commission's requirement for quarterly or more frequent Default Service rate adjustments is required by the "prevailing market prices" legal requirement for post-rate cap Default Service, and is consistent with RESA's recommendations above for short-term Default Service supply procurement.

IECPA's claims that frequent rate adjustments such as the quarterly and monthly adjusted default service prices recommended in the ANOFR and Proposed Policy Statement are incompatible with the business needs of commercial and industrial customers. This argument inappropriately assumes that these customers will have no other options than the default service rates. As discussed previously, default service is intended to be the service of "last resort" not the service of "first resort" which, under the Electric Choice Act, should be provided in the competitive market. If commercial and industrial customers desire the stability of fixed prices, they are free to pursue those options from competitive suppliers. In fact, in the only service

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16 OCA Comments at 18-19.

17 Direct Energy Reply Comments at 9-10.

territory in Pennsylvania where frequent, market responsive pricing has been implemented for medium to large commercial and industrial customers, it is evident that these customers are able to satisfy their needs in the competitive market – 98 percent of such customers are taking service from competitive suppliers even though a utility offered fixed priced option has been in place. Also, Duquesne itself has stated that it "is confident customers preferring a fixed-price option will be able to obtain alternative choices from alternative energy suppliers."[18]

III. DEFAULT SERVICE COSTS EMBEDDED IN DISTRIBUTION RATES SHOULD BE REMOVED FROM DISTRIBUTION RATES SO THAT DEFAULT SERVICE RATES INCLUDE ALL THE COSTS OF PROVIDING DEFAULT SERVICE.

The Commission correctly determined that Default Service must include all the costs of providing the service, including default service costs embedded in EDCs existing distribution rates. This will place Default Service on equal footing with competitive service from EGSs, who must include all its costs of providing competitive supply service. The OCA argues that generation costs should not be taken out of distribution rates because that could result in customers paying twice, or non-shopping customers "bearing the burden" of costs left behind by shopping customers. The OCA argues that, at most, only incremental or marginal generation costs embedded in distribution rates should be assigned to Default Service rates.

The OCA's position is at odds with its usual advocacy for accurate cost allocation. The OCA does not object to "limited, identifiable and avoidable costs" being removed from distribution rates. If "avoidable" costs are defined as costs that go away or should go away, then the OCA's position is consistent with RESA's historic position because this definition includes a

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[18] Duquesne press release available at: http://www.duquesnelight.com/News/NewsReleases/2007/nr070125.pdf

host of costs, and the costs that RESA has consistently maintained should be removed from distribution rates and moved into Default Service rates.[19]

RESA also supports the recommendation in Strategic Energy's comments[20] that the Commission should consider adopting stricter code of conduct requirements designed to prevent the cross-subsidization of EDC affiliated EGSs.

IV. SWITCHING RESTRICTIONS IN THE POST-RATE CAP PERIOD ARE ILLEGAL, UNNECESSARY AND BAD POLICY.

As expected, the EDCs disagree with the Commission's requirement that all restrictions on the customers accessing the competitive retail market be eliminated in the post-rate cap period. However, the EDCs' continued advocacy for switching restrictions demonstrates that long-term Default Service rates are contrary to the post-rate cap legal requirement that Default Service rates reflect "prevailing market prices." For example, the EDCs' trade association argues that business risks and electric rates will be higher without switching restrictions,[21] while PECO admits that switching restrictions (such as demand ratchets and 12-month minimum stay requirement) are only needed with long-term fixed-price products.[22] These parties are correct, in that long-term contracts include large risk premiums. But regulating them away is not the answer. On the contrary, a robust and sustainable retail market structure built on short-term, market-reflective default service prices serves as the most effective check on the "gaming" concern used time and time again to support the concept on switching restrictions.

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19 IECPA recommends that if generation costs are reallocated out of distribution rates, then distribution rates must be reduced on a dollar for dollar basis. RESA supports this recommendation.

20 Strategic Energy comments at 12.

21 EAP Comments at 9.

22 PECO Comments at 16 ("If customers are to be offered an annualized fixed-price option, there must be some mechanism in place to protect against 'seasonal gaming.' ").

Indeed, the Commission's June 2000 order inviting EDCs to submit tariff revisions to address "seasonal gaming" concerns demonstrates that these types of measurers are completely unnecessary if post-rate cap Default Service rates are based on prevailing market prices, as required by the Electric Choice Act.[23] In addition, the Commission has already correctly determined that switching restrictions that treat customers who switch to a competitive supplier and then return to default service differently than a new customer taking default service are prohibited by Section 2807(e)(4) of the Public Utility Code.[24] Finally, the comments of customer representatives show that customers uniformly oppose switching restrictions.[25]

Accordingly, Commission has correctly determined that all vestiges of rate-cap period switching restrictions, such as demand ratchets, 12-month minimum stays, generation rate adjustments ("GRAs") and exit fees, must be rejected in the post-rate cap period because these measurers are barriers to competition and are unnecessary if Default Service rates reflect "prevailing market prices" as required by the Act.

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23 *Guidelines Addressing Return of Customers to Provider of Last Resort Service*, Docket No. M-00960890F0017, Order entered June 22, 2000, at 4-5, 9, 16-17, 22.

24 *Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071, Order entered August 23, 2004 at 26-27; *Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service Petition for Reconsideration of Duquesne Light Company Petition for Reconsideration of Constellation NewEnergy, Inc. and Constellation Power Source, Inc.*, Docket No. 00032071, Order entered October 5, 2004 at 13-14.

25 Richards Energy (900 C&I customers) Comments at 1; CEM (4,000 business customers) Comments at 2.

V. OTHER ISSUES

A. IECPA's call to permit DSPs to Enter into Long-Term Supply Contracts with Generation Affiliates of DSPs Should be Rejected.

IECPA proposes that DSPs should be able to enter into long-term bilateral contracts with affiliated generation owners to supply its default service obligation.[26] As noted elsewhere, serving default load exclusively through long-term contracts is illegal. Moreover, permitting DSPs to enter into bilateral contracts with affiliates also would not satisfy the statutory standard because such arrangements would not necessarily reflect "market" prices. Only if the DPS's affiliate participates in a transparent and open bidding process should they be permitted to be a source of supply for default service.

B. IECPA's Demand that DSPs Must Provide Long-Term, Fixed Price Service Option Should be Rejected.

IECPA demands that DSPs be required to offer a long-term, fixed price, default service option because without such an option "customers will be severely disadvantaged in their ability to compete in the national and international market place."[27] This is simply not credible. Long-term DSP contracts are obviously and clearly inconsistent with a statutory requirement that the price of default service must reflect the price prevailing in and around the time the retail customer uses the power. Moreover, requiring such contracts from default service is inconsistent with the purpose of having default service – to be the backstop for customers who cannot obtain supply from competitive alternatives.

The constant refrain that large customers need long-term contracts from the DSP for their economic health is obviously disingenuous. There is nothing to prevent large customers from

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[26] IECPA *et al.* Comments t 3.

[27] IECPA Comments at 8.

obtaining long-term contracts from EGSs – including EGSs affiliated with the EDC. The suggestion that EGS would collude to control the price of such long-term offers is silly and illogical. First, large C&I customers do not have to rely on EGS for long-term generation deals – they can participate directly in the wholesale market as load serving entities.[28] If a large customer would obtain a satisfactory contract from the utility in its role as DSP, why would the customer not be able to obtain a similarly favorable contract from the utility's EGS affiliate? Only if the DSP contract was being subsidized by other DSP customers would this alternative be more attractive. Obviously, permitting such subsidized contracts would be impermissible both from a fairness standpoint but also because they would harm competition (by underpricing the market) and impermissible as not reflecting the prevailing market price of power.

IECPA also claims that to fail to provide a fixed, long-term DSP rate for large commercial customers (while permitting such a rate for other classes) is "unreasonable discrimination." IECPA's claim that large customers "have inadequate resources" to cope with default service prices that vary periodically is both difficult to believe (it would appear more likely that such customers simply don't want to be bothered to deal with such nuisances) but more importantly, not valid factually. The Commission clearly has acknowledged that large customers have far more competitive options available – and far more opportunities to negotiate longer term contract for power.

C. The Use of Long-Term Contracts Should be Limited.

PPL argues that the Commission should delete the provisions in its Policy Statement that limit the use of long-term contracts. The Policy Statement provides that the use of long-term contracts "should only be used where necessary and required for DSP compliance with

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[28] There are several consulting firms that specialize in assisting large industrial customers obtain power by being their own "LSEs."

alternative energy requirements and should be restricted to covering a relatively small portion of the default service load." PPL recommends that this provision be deleted. RESA disagrees with PPL's recommendation. While RESA urges the Commission to reconsider its portfolio procurement approach that relies on long-term contracts, if the Commission remains committed to this approach, the use of long-term contracts should be limited—as envisioned and provided for in the Commission's Proposed Policy Statement.

D. Price Migration Options Should be Limited to Residential and Small Business Customers.

RESA supports the comments of Direct Energy and Strategic Energy that price mitigation options such as rate increase deferrals will distort the prevailing market price of default service and impede the development of a competitive market. Even IECPA, which favors rate mitigation options, notes the problems associated with a rate increase deferral program.[29] However, IECPA also argues that any rate mitigation options should be available to all customer segments, not just residential and small business customers as proposed in the Commission's Default Service orders. RESA disagrees. Large commercial and industrial customers are sophisticated businesses and organizations that routinely manage costs for all the goods and services that they rely upon in their business operations. As such, these customers are, or should be, well prepared to deal with cost increases resulting from the expiration of rate caps. Therefore, if the Commission is compelled to allow permit price mitigation measures, the Commission's orders have correctly proposed that these options should be targeted to residential and small business customers who make up the market segment most at risk from the impacts of rate shock.

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[29] IECPA states that a rate increase deferral option would "only exacerbate any rate shock attributable to the expiration of a rate cap. Such an outcome would defeat the purpose of the proposal." IECPA Comments at 13-14.

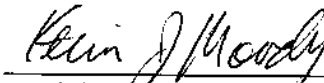
E. The Commission should not limit its options to apply its Default Service rules and policies.

Duquesne argues in its comments that the Commission should clarify that it will only apply the new default service framework for default service plans effective after 2011. Duquesne seeks this clarification in order to ensure that the Commission's new Default Service framework will not be applied in considering Duquesne's pending Default Service plan for service between 2008 and 2010. RESA submits that the Commission should reject this request. It may be appropriate for the Commission to require certain elements of the new Default Service framework to be implemented, even for Default Service plans that are currently pending before the Commission. The Commission should not limit itself in how and when it can apply its Default Service rules and policies.

VI. CONCLUSION

RESA respectfully requests that the Commission modify the ANOFR and proposed Policy Statement consistent with the comments herein to ensure that the competitive retail electric market develops in Pennsylvania to deliver the many benefits of competition to all retail customers in the post-rate cap period.

Respectfully submitted,



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Date: March 23, 2007

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