

RMI Technical Conference – September 21, 2011

PLEASE NOTE: AS OF 9/22/11, THE 2ND EN BANC HEARING, ORIGINALLY SCHEDULED FOR 10/27/11, HAS BEEN RESCHEDULED TO 11/10/11 FROM 1:00 – 5:00 PM IN HEARING ROOM 1, KEYSTONE BUILDING, HARRISBURG

Submit all deliverables to ra-rmi@pa.gov

All discussion documents/deliverables available at
[RMI Discussion Documents & Deliverables](#)

Action Items highlighted in yellow

Organizational Issues – Karen Moury

1. *Future Meetings/Calls – Proposed Dates/Times*
 - a) *October 20 at 10:00 a.m. [after CHARGE call]*
 - b) *November 2 at 1:30 p.m.*
 - c) *November 17 at 1:30 p.m.*
 - d) *November 30 at 10:00 a.m.*
 - e) *December 14 at 10:00 a.m.*
- Moury: Placeholder for 10/20/11 [CHARGE call that day]. May not need anything between 10/6/11 and 10/27/11 en banc hearing. All conference calls (CCs) [except en banc]. *Editor's Note: After the call, the en banc hearing was rescheduled to 11/10/11 and participants were asked to keep the 10/27/11 at 1:00 p.m. slot open on their calendars in the event that a CC is needed.*

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

1. *Marketing by EDC*
 2. *Seamless Moves*
 3. *Account Changes*
 4. *PAPowerSwitch.com Format*
 5. *Discussion of Direct Energy Deliverables [Attached]*
- House: See the Retail Energy Suppliers Association [RESA] discussion document on new/moving customer issues [[Discussion Document for New/Moving Customer Program & Related Customer Choice Education](#)] – automatic assignment to an electric generation suppliers [EGS] instead of to default service [DS]. Comments?
 - PECO: Next steps would be additional subgroup meetings over next 2 weeks. Report on progress 3 weeks from last week.
 - House: Move on to Direct Energy submission re: Supplier of First Resort [[Supplier of First Resort: EDC Policies & Information](#)]. Thought charges to EGSs were to be eliminated/reduced as EGSs & electric distribution companies [EDCs] became more

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- familiar with protocols. Possibility going forward? Issue from EDC-side re: providing info, requests coming in, magnitude of problem?
- Direct Energy: Collaborative by FirstEnergy [FE], FirstEnergy Solutions [FES] and Direct Energy [DE] after discussing with EDCs. Meeting on weekly basis. Trying to identify best practices/make recommendations. Need to get some clarification from EDCs and EGSs. Discuss at 10/6/11 meeting. Provide document week before.

Subgroup on New/Moving Customer Issues to provide status update at 10/6/11 RMI CC

Subgroup on Supplier of First Resort Issues to provide deliverable – due 9/28/11 for 10/6/11 RMI CC

EGS/EDC Coordination Platform – Kirk House & Matt Wurst

1. *Credit Standards-Variations*
 2. *List of EDC Supplier Charges*
- House: RESA deliverable that discussed credit standards and supplier charges [[RESA Deliverable -- Misc Issues](#) – See pg. 3 re: Supplier Charges; See Attachment D, pg. 33 re: Credit Standards]. Have received no reactions to document. Matt Wurst and Kirk House will go through supplier tariffs and review document and have update 2 weeks from now.

Commission Staff will review supplier tariffs and RESA deliverable to provide status update at 10/6/11 RMI CC

Default Service (DS) Model – Matt Wurst & Karen Moury

1) *Default Service Products*

- Moury: What do the parties view as the acceptable and non-acceptable default service products? What products should default service providers [DSPs] offer?
- Office of Small Business Advocate [OSBA]: Load following contracts for serving small and medium business customers. Variety of contracts based on EDC settlements. 1-year contract is acceptable product. Based on Pike experience, need to be at least 2 procurements for 1-year delivery period. Spaced out so not directly on top of each other. Don't see need to make significant increases in amount of spot purchases. Essentially satisfied with products currently being offered. Could be issue with bidding time-of-use [TOU]/critical peak pricing [CPP] programs out to EGSs.

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- Office of Consumer Advocate [OCA]: View DS as “plain vanilla” service except for Act 129/Alternative Energy Portfolio Standards [AEPS] requirements. Room for discussion on how to meet those requirements.
- EGSs: Identifying some in previously discussed working group – TOU rates, wind product. May or may not need to be Act 129 or regulatory clarifications. Utilities may be able to bid out TOU/CPP products to EGSs.
- EDCs: Open to discussion regarding TOU/CPP programs. Concerned with use of savings from CPP programs towards Act 129 Energy Efficiency & Conservation requirements under Act 129. Perhaps bid out TOU/CPP programs after expiration of demand response requirement.
- DTE Energy Trading [DTE]: DS should be wholesale service to serve retail customers and should be as plain vanilla as possible with inclusion of renewable power requirements. Differentiated service product offerings should be done by retail suppliers. DS shouldn't be in competition with such product.

2) *Transitioning EDCs' Default Service Role to Non-EDCs: Conceptual Plan - RESA Deliverable [Attached]*

- Moury: RESA please explain Power Point proposal [[Transitioning EDCs Default Service Role to Non-EDCs: Conceptual Plan](#)]. Discuss timing with relation to opt-in aggregation auction proposals.
- ConEd/RESA: (See discussion document) RESA proposal contemplates restructuring current DS into 2 products – 1. Transitional DS supplied at retail by multiple qualifying EGSs; 2. Backstop service similar to provider of last resort (POLR) priced at hourly market prices to fulfill role of emergency backstop service in event that transitional DS supplier exits or EGS leaves. Limited to residential and small commercial. Would be on opt-out basis. Assigned period for transitional DS product – 1 year product. All EGSs meeting criteria could enroll equal share of customers. Backstop would be priced at hourly priced market – pass through of PJM Locational Marginal Prices (LMPs) – continue to be provided by EDC or by EGS. Also recommending stringent eligibility criteria – financial security, additional credit – anticipate further discussion on criteria.
- OSBA: Questions about document: 1. How would customers be assigned to EGSs? 2. Each EGS would get a slice of the small & medium commercial & industrial [C&I] sector so load profiles are similar? 3. Signing bonus? 4. What happens in the 2nd year after the auction time is over? 5. Must make affirmative selection of DS? Would need legislative changes. 6. Would fixed pricing products be available? May not be enough EGS competition in 2nd year. Will appeal if Commission imposes opt-out without legislative changes. Violates anti-trust laws. Views end-state as reasonable pricing and rates.
- ConEd/RESA: 1. Allocation of customers would be random so all EGSs have equal share of customers. 2. For non-residential, would have to re-work assignment to apportion load. 3. Not proposing signing bonus but option could be discussed. 4. Customers would be customers of the EGS. EGSs would compete to retain customers using variety of products/services. Consistent with existing consumer protection rules. 5. Yes. 6. Safe to say, yes. Benefit of proposal is to allow new entrants into market. EGSs will continue offering fixed prices and variety of

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- products/services. No switching restrictions or penalties in place during transitional DS product period. Do not believe this violates Act 129. Commission should determine best practice – adjudication and/or regulatory changes.
- DTE: Proposal seems to eliminate DS. Competitive process in which wholesale market participants compete for blocks of load standardized and result is low competitive price. For single period [1 year], replace wholesale auction for load with retail auction. 1st option is almost identical to wholesale model except handing EGSs the market share on random basis with market caps, after which they can eliminate version of DS and offer pricing they want to offer. Look at low load factor customers and dump them en masse. Low load factor customers would be looking for someone to pick them up. Wholesale providers compete for market share.
 - AARP: Agree with concern about legality of proposal. Treats people in way that decides in advance what's good for them – change in provider. No state has adopted proposal. Radical.
 - ConEd/RESA: Existing model takes customers en masse and dumps them as well. Given to wholesale suppliers. Opt-in could be valuable interim measure implemented in nearer term. This proposal would transition to end-state. Believes this structure could be implemented 6/1/13 and could obviate need for bridge plan, extension, etc. Proposal contains elements of many different programs from other jurisdictions – not radical.
 - EGSs: Concept of replacing DS is misleading. Load will still have to be supplied. Wholesale community will be just as active supplying it. Supplier of DS shifts so utility just acts as wires-poles company. Bidding on wholesale will not change. Auction is for those not currently shopping. Auction may increase number of EGSs.
 - OCA: No showing that this process is more efficient or that it'll bring stability and rate reasonableness. Agree with OSBA that this proposal does not carry forward Act 129 goals. Not OCA's vision of future of DS. Introducing a lot of inefficiencies in DS model that will increase prices to customers and will narrow number of EGSs. Once you have a few winners in process, difficult for everyone else to compete against them.
 - PA Utility Law Project [PULP]: Associate with OSBA and OCA comments. Must conform with Act 129 statute. Universal service program remaining intact with some transferrable funding – vague? Underestimates complexity involved in US programs.
 - Moury: Talk about implementing in June 2013 – how does that work with EDC DS plans being filed soon? How will this work with opt-in going on at same time?
 - EGSs: Programs would be sequential, not concurrent.
 - PennFuture: Effect on net metering customers?
 - ConEd/RESA: Issue still needs to be addressed. Future discussions. 2 different DS groups as end of plan – 1. Transitional DS with EGSs and 2. EGSs or EDCs providing backstop services
 - UGI Energy Services: Process is way to hand over market share to competitors who can't obtain it themselves. Believe model will lead to dampened retail activity. Model will lead to market competition solely based on price and not product differentiation.
 - Energy Association of PA [EAP]: Need Act 129 legislation changes. 7/28/11 Order, OCMO's recommendation included discussion of legislative/regulatory changes. May need legal memoranda from different parties as to legality of this and what's necessary to do this.
 - *Legal issues to be discussed in future meetings*

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3) *Quarterly Rate Adjustments for Residential and Small Business Customers*

- Wurst: Solicit comments on possibility of having EDCs continue DS models with intermediate revisions and analyze pros/cons of quarterly adjustment model. Beneficial to go to 6-month Price to Compare (PTC) so it's easier for customers to understand costs?
- OCA: Understands concerns and will look into issue.
- OSBA: Be mindful of active contested proceedings.
- EGSs: Support moving toward more market-reflective DS *if* EDC is DS provider. Should be shorter-term changes, not longer. Generally OK with quarterly timing.
- EDCs: Wouldn't want to be shorter-term changes.
- PA Energy Marketers Coalition [PEMC]: OK with quarterly.
- AARP: See models from other jurisdictions.

Future Issues – Discussion of Priorities – 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*
- 9) *EDC Billing Systems*
- 10) *Regulatory Housekeeping*

- Moury: Beginning discussion to prioritize. Regarding customer referral programs, review Retail Markets Working Group document [[RMWG Draft Customer Referral Program Report](#)] and comments [http://www.puc.state.pa.us/electric/Retail_Markets_WG.aspx] to discuss on 9/28/11. Try to roll everything together and discuss on 10/6/11 to determine possible customer referral program. Access to customer information. On hold until PA PUC acts on reconsideration order. Regulatory Housekeeping on hold. Once all changes in place made through process, have in one spot for review. Have all resources [prior, current, future] in one place.
- ConEd/RESA: Have RESA discussion document on new mover issue. Will schedule subgroup meeting.
- PECO: Existing scripts – inventoried, summarized, no major concerns. Focusing on RESA document and potential changes.

Review Retail Markets Working Group customer referral program document and comments for discussion on 9/28/11 and possibly 10/6/11.

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- Moury: Short-term and long-term prioritization
- Direct Energy/RESA: In opt-in subgroup, have discussed applicability to Customer Assistance Program (CAP) customers. Will develop recommendation.
- Mumford: Universal service could be both short-term [e.g. CAP customer shopping] and long-term [e.g. auctions; integration of US programs if DS model changes]. Many people may not know much about universal service. Will have discussion/FAQ documents to facilitate discussions.
- PULP: Agree with Mumford's list of issues. Need to be addressed as quickly as possible in order to implement transitions and have clarity and uniformity.
- EDCs: Discrete issues: Customer referral programs, Choice for Customers at Small EDCs, EGS Consolidated Billing. Indiscrete issues: Universal Service, AEPS Obligations, Energy Conservation Programs, EDC Billing Systems. Unregulated Affiliates was referred to code of conduct document. Add Bill Impacts to list.

Commission Staff will review issue regarding unregulated affiliates for future discussion.

- Reliant Energy: Supplier Consolidated Billing [SCB] should be discussed sooner. Need to get bill to customer every month to develop link between EGS and customer. Already had some discussions in Electronic Data Exchange Working Group (EDEWG). No matter the DS provider, could have EGSs and/or EDCs providing billing. Add electric vehicles as long-term measure.
- Moury: Reliant provide short write-up as to how EVs fit into investigation.

Reliant to provide short write-up regarding electric vehicles and placement in RMI to ra-rmi@pa.gov.

Next RMI CC: Wednesday, September 28, 2011, at 10 AM.

Please leave the time period from 1:00 – 3:00 PM on 10/27/11 available for a tentative RMI Conference Call.

Discussion Documents & Deliverables ([RMI Discussion Documents & Deliverables](#)):

1. [Discussion Document for New/Moving Customer Program & Related Customer Choice Education](#)
2. [Supplier of First Resort: EDC Policies & Information](#)
3. [RESA Deliverable -- Misc Issues](#)
4. [Transitioning EDCs Default Service Role to Non-EDCs: Conceptual Plan](#)
5. [RMWG Draft Customer Referral Program Report](#)

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