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November 29, 2010

**Via Electronic Filing**Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265Re: Petition of PECO Energy Company for Approval of its Smart Meter Technology  
Procurement and Installation Plan – Petition for Approval of PECO Energy Company's  
Initial Dynamic Pricing and Customer Acceptance Plan, Docket No. M-2009-2123944

Dear Secretary Chiavetta:

On behalf of Direct Energy Services, LLC and Direct Energy Business, LLC enclosed please find the original of its Petition to Intervene along with the electronic filing confirmation page with regard to the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Sincerely yours,



Deanne M. O'Dell, Esq.

DMO/lww  
Enclosure

cc: Cert. of Service w/enc.

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy Services and Direct Energy Business Petition to Intervene upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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Date: November 29, 2010

  
Deanne M. O'Dell, Esq.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for :  
Approval of its Smart Meter Technology :  
Procurement and Installation Plan – : Docket No. M-2009-2123944  
Petition for Approval of PECO Energy :  
Company’s Initial Dynamic Pricing and :  
Customer Acceptance Plan :

**PETITION TO INTERVENE  
OF DIRECT ENERGY SERVICES, LLC AND DIRECT ENERGY BUSINESS, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, Direct Energy Services, LLC and Direct Energy Business, LLC (collectively “Direct Energy”) petition to intervene in the Petition of PECO Energy Company (“PECO”) for Approval of its Smart Meter Technology Procurement and Installation Plan and Petition for Approval of PECO’s Initial Dynamic Pricing and Customer Acceptance Plan (collectively, the “Petitions”). In support of its intervention, Direct Energy states as follows:

1. Direct Energy Services, LLC is an electric generation supplier (“EGS”) licensed by the Commission at A-110164 to provide electricity and related services to retail customers throughout Pennsylvania. Direct Energy Business, LLC is an EGS licensed by the Commission at A-110025 and is also registered as a conservation service provider (“CSP”) in the Commission’s registry.<sup>1</sup>

2. Direct Energy is a North American affiliate of Centrica plc, a leading international provider of energy and other energy-related services with over 32 million customer relationships worldwide. Direct Energy is one of North America’s largest energy and energy

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<sup>1</sup> The application was docketed at A-2009-2116236, and the Secretarial Letter approving registration was issued on August 3, 2009.

services companies with approximately 5.1 million customers, operating in 20 states, the District of Columbia, and all ten provinces in Canada. Direct Energy also owns and operates natural gas fired generation facilities, operates natural gas wells, has significant contracts for wind assets, and offers energy efficiency programs to help manage its customers overall energy bills. Direct Energy decided to locate its North American business corporate headquarters in Pittsburgh, with its employee base continuing to grow as it expands its presence in the state. Lastly, Direct Energy has a unique business model, and extensive experience in providing energy services to residential, small and large commercial and industrial (“C&I”) customers, and government entities. Direct Energy offers retail energy customers many products and services, including variable, fixed-price, renewable, carbon neutral, demand response, and energy efficiency.

3. Direct Energy’s attorneys in this matter are:

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4. In its Petition, PECO sets forth its plans for concerning smart meters and dynamic pricing. PECO is proposing to offer two different rate options: Critical Peak Pricing (“CPP”) and Time-of-Use (“TOU”) Pricing. Residential customer (PECO Procurement Class 1) that are not enrolled in PECO’s CAP program will be eligible for both the CPP and TOU rates. Small and medium C&I customers (PECO Default Service Procurement Classes 2 and 3) will be

eligible for the CPP rate. PECO avers that it is using these rates to satisfy Act 129's "time of use" definition by reflecting the costs of serving customers during different time periods.

5. The Commission's regulations allow intervention where a person has an interest in the proceeding which may be directly affected and which is not adequately represented by existing parties, and as to which the person may be bound by the action of the Commission in the proceeding. 52 Pa. Code § 5.72(a)(2). Intervention is also permitted where participation of the person may be in the public interest. 52 Pa. Code § 5.72(a)(3). A "person" includes a corporation and an association. 52 Pa. Code § 1.8.

6. Direct Energy meets the standards for intervention set forth in 52 Pa. Code § 5.72(a). As a CSP and supplier of both retail and wholesale power in PECO's service territory in the Commonwealth and as member of a corporate family of providers of energy, energy efficiency and demand reduction services and products, Direct Energy satisfies the standard for intervention because Direct Energy possesses an "interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding." 52 Pa. Code § 5.72(a)(1).

7. Direct Energy's interests in this proceeding are unique from and not adequately represented by other parties that may seek to intervene, including individual EGSs or other organizations interested in electric competition in Pennsylvania in general and in these service territories in particular. Direct Energy is licensed by the Commission to provide service to customers in the PECO service territory and has an interest in ensuring that the pricing structures approved by the Commission will continue to support sustained and robust electric competition, especially for residential and small commercial customers. PECO's proposed plans concerning

smart meters and dynamic pricing must be implemented in a competitively neutral manner to ensure that the market environment is conducive to Direct Energy's ability to offer competitive service.

8. In view of Direct Energy's unique business model, Direct Energy's interests in this proceeding cannot be adequately represented by other EGS parties with different business models and different customer target markets.

9. Direct Energy will be bound by the action of the Commission in this proceeding, which will determine PECO's smart meter technology and dynamic pricing terms and conditions. Direct Energy must compete against the PECO's rates, and their structure could have a significant effect on the level of retail competition that will be experienced in PECO's market during this period and, thus, on the ability of Direct Energy to continue to do business in PECO's service territory. Moreover, as a CSP, Direct Energy has an interest which may be directly affected by the resolution of this proceeding and which is not adequately represented by existing parties, including other registered CSPs that may intervene or seek to intervene. A CSP's interest in an EDC's Act 129 Plan is recognized by Act 129.<sup>2</sup> As set forth in Direct Energy's CSP application, Direct Energy can provide EDCs with information, technical assistance, and analysis for a host of energy control (building automation controls, FM smart grid communications, cable smart grid communications), reduction (customer education/awareness programs, lighting retrofits, HVAC retrofits) and replacement (solar, wind) technologies. Thus, the Commission's actions regarding PECO's plans (as proposed in the Petition) will have a substantial impact on Direct Energy's future involvement in the market.

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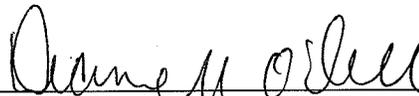
<sup>2</sup> 66 Pa. C.S. § 2606.1(a)(8) (review of CSP contracts to implement the plans) and (10) (participation of CSPs in plan implementation required).

10. Direct Energy's intervention is in the public interest. As a member of the Centrica group of companies providing energy and energy related services through over 32 million customer relationships worldwide, Direct Energy has the experience and resources to aid the Commission in carrying out its duties and responsibilities under the Act 129 and the Electricity Generation Customer Choice and Competition Act to ensure that the goals of those Acts are met. Accordingly, Direct Energy's participation in this proceeding is clearly in the public interest. See 52 Pa. Code § 5.72(a)(3).

11. At this time, Direct Energy continues to evaluate its position on PECO's proposed plans and will refine its position based on further study of the proposals, review of discovery and additional input from other parties.

WHEREFORE, Direct Energy Services, LLC and Direct Energy Business, LLC respectfully requests that the Commission grant its Petition to Intervene in this matter.

Respectfully submitted,



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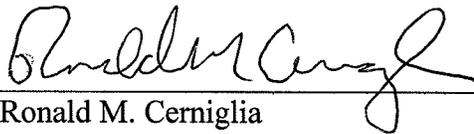
Attorneys for Direct Energy Services, LLC and  
Direct Energy Business, LLC

Date: November 29, 2010

**VERIFICATION**

I, Ronald M. Cerniglia., hereby state that I am the Director of National Advocacy within the Government & Regulatory Affairs organization of Direct Energy Services, LLD. and am authorized to make this verification on its behalf, and that the facts set forth in the in the attached Petition to Intervene are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 11/29/10

  
Ronald M. Cerniglia