

PENNSYLVANIA ENERGY MARKETERS COALITION

March 25, 2013

Rosemary Chiavetta
Secretary, Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Dear Secretary Chiavetta:

Please find enclosed the Comments of the Pennsylvania Energy Marketers Coalition ("PEMC"), in response to the Pennsylvania Public Utility Commission's Tentative Order on Reconsideration of March 14, 2013, in the matter of the previously ordered Retail Opt-In Programs under electric distribution companies' default service programs for the period of June 1, 2013 to May 31, 2015 (Docket Nos. P-2012-2283641, P-2011-2273650, P-2011-2273668, P-2011-2273669, P-2011-2273670, P-2012-2302074, and P-2012-2301664). Please do not hesitate to contact me with any questions or concerns regarding our Comments.

Sincerely,



Frank Caliva III
Regulatory Consultant
Pennsylvania Energy Marketers Coalition (PEMC)

Director
Public Affairs & Strategy Development
Strategic Communications, LLC
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Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| Petition of PECO Energy Company for Approval of its Default Service Program II |) | P-2012-2283641 |
| |) | |
| Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Their Default Service Programs |) | P-2011-2273650 |
| |) | P-2011-2273668 |
| |) | P-2011-2273669 |
| |) | P-2011-2273670 |
| |) | |
| Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan |) | P-2012-2302074 |
| |) | |
| |) | |
| Petition of Duquesne Light Company For Approval of a Default Service Program And Procurement Plan for the Period June 1, 2013 through May 31, 2015 |) | P-2012-2301664 |
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COMMENTS OF THE PENNSYLVANIA ENERGY MARKETERS COALITION

Pursuant to the above-caption dockets, the Pennsylvania Public Utility Commission ("PUC," or "Commission") seeks comments on a Tentative Order on Reconsideration issued on March 14, 2013, regarding the previously ordered Retail Opt-In ("ROI") programs under electric distribution companies' ("EDCs" or "utilities") default service programs for the period of June 1, 2013 to May 31, 2015. The Commission is proposing to indefinitely postpone the implementation of the ROI programs by the EDCs, previously ordered for the upcoming summer, out of concern that the programs may result in customer confusion. This confusion, according to the Commission, could stem from the near-simultaneous implementation by the EDCs of the Standard Offer Referral ("SOR") programs.

Both programs involve competitive energy suppliers making offers to residential (and small commercial) customers at a fixed percentage off the EDC default service price ("price-to-compare" or "PTC"). Both programs are optional for customers to participate in, but the ROI program is designed as a one-time kick-start to the competitive marketplace by offering a bonus payment to participating customers in addition to a fixed percentage off the PTC; the SOR program is designed to be ongoing and does not include a bonus payment.

Both the ROI and SOR programs are the major products of the recently-completed, two-year Retail Markets Investigation ("RMI"), launched by the Commission in April 2011. The purpose of the RMI was to: (1) assess the current state of the competitive electricity marketplace in Pennsylvania; (2) identify barriers to the proper functioning of the marketplace; and (3) to make recommendations for advancing retail competition while maintaining high levels of consumer protection.

From the beginning of the RMI, the Commissioners appeared to seek bold action and stake out a leadership position for the Commonwealth among competitive marketplaces across the country. The proposals for both the intermediate time-frame and the eventual "end-state" of the electricity market, however, seemed to scale-down considerably throughout the RMI, starting with proposals for full exit-of-the-merchant function by utilities, to development of retail auctions for moving significant numbers of non-shopping customers off default service, to the final decision to implement a Retail Opt-In Program. Now it appears the Commission would like to back away from even that relatively modest but nonetheless positive step towards a competitive marketplace.

This apparent retrenchment, while perhaps a natural result of a stakeholder process that includes a variety of competing interests, is nevertheless significantly disappointing to the PEMC. As suppliers consider the various markets around the country in which to make investments and provide offers to customers, the strongly positive signals sent by the PAPUC were met by a ramping up of market participation. This proposed decision, however, effectively means that the retail electricity marketplace will be left with a customer referral program similar to what is offered in New York in the short-term, along with some minor changes to default service procurement in the long-term. Even taken together, these are not the dramatic changes to competition that it seemed the Commonwealth was headed towards.

The PEMC appreciates the need for effective consumer education and robust consumer protections; we share the Commission's concerns that customers clearly understand the distinctions between the ROI and SOR programs. At the same time, however, experience shows that many default service customers, rightly or wrongly, have real fears about shopping that prevents them from accessing

valuable offers that could better meet their energy needs and preferences. Offering a multitude of opportunities (while simultaneously providing clear information and education) is a prudent approach to maximizing the number of customers that become comfortable with the shopping experience.

As we have noted previously, the single most powerful way to bring about a new, more competitive marketplace is to eliminate the old one, while ensuring consumer rights are protected and the reliability customers have come to enjoy from today's utilities is preserved. To reach what we believe is the desired end state – a market of empowered consumers choosing among varied, creative and competitive offers, delivered safely and consistently over the grid – we need to take a bold step.

Therefore, the PEMC respectfully urges the Commission to give a chance to the program that so many stakeholders worked so diligently to develop by withdrawing this Tentative Order on Reconsideration and directing the EDCs to implement both the ROI and SOR programs on the same schedule as previously ordered. We recognize that more work remains to be done on competition, and we pledge to the Commission our continued support to help with these efforts.

March 25, 2013

Respectfully submitted,

PENNSYLVANIA ENERGY MARKETERS COALITION



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