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May 9, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RE: *Petition of Direct Energy Services, LLC to Expand Retail Market Enhancements*
Docket No. P-2016-2535033

Dear Secretary Chiavetta:

Enclosed for filing on behalf of WGL Energy Services, Inc. is its Answer and Petition to Intervene in the above-referenced matter. A copy has been served on the parties of record in accordance with the attached Certificate of Service. If you have any questions, please feel free to contact me.

Best Regards,

STEVENS & LEE


Michael A. Gruin

Enclosure

cc: Certificate of Service

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A PROFESSIONAL CORPORATION

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Direct Energy Services, LLC : P-2016-2535033
to Expand Retail Market Enhancements :

**ANSWER AND PETITION TO INTERVENE OF
WGL ENERGY SERVICES, INC.**

WGL Energy Services, Inc. (“WGL Energy”), by its undersigned counsel, hereby files this Answer and Petition to Intervene in the above-captioned proceeding pursuant to 52 Pa. Code §§ 5.71 *et seq.* In further support thereof, WGL Energy states as follows:

1. On March 18, 2016, Direct Energy Retail Services, LLC (“Direct”) filed the above-referenced Petition, requesting that the Pennsylvania Public Utility Commission (“Commission”) issue an Order to move forward with a modified version of a Retail Opt-In (“ROI”) Program for retail electricity customers.

2. Direct proposes the establishment of a two-year pilot program in each Electric Distribution Company (“EDC”) service territory, under which non-shopping residential and small business customers would receive a one-time mailing, containing opt-in offers from Electric Generation Suppliers (“EGSs”) consisting of a 24 month electric generation supply contract at a price that is 5% below the EDC’s Price to Compare at the time of the offer and 2) a “value-added”, energy saving or energy management service at an additional charge.

3. WGL Energy is a licensed EGS in the Commonwealth of Pennsylvania and first began serving commercial and residential customers in Pennsylvania in 2010.¹ WGL Energy has served electricity supply markets since 2000 in Maryland, 2001 in the District of Columbia and 2006 in Delaware in accordance with the start of electric choice programs in those jurisdictions. WGL Energy has been an active proponent of fair market rules that will facilitate retail energy competition in the jurisdictions in which it operates, including Pennsylvania.

4. WGL Energy has actively participated and/or filed comments in numerous Commission proceedings related to electricity competition issues, including all of the various phases of the Commission's *Investigation of Pennsylvania's Retail Electricity Markets* (Docket No. I-2011- 2237952), the *Marketing and Sales Practices for Residential Energy Market* rulemaking (Docket Nos. M-2010-2185981 and L-2010-2208332), the rulemaking related to the *Standards for Changing a Customer's Electricity Generation Supplier* (Docket No. L-2014-2409383), the *Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products* (Docket No. M-2014-2406134) and the proceedings related to *Interim Guidelines for Eligible Customer Lists* (Dkt. No. M-2010-2183412) and *Net-Metering Policy* (Dkt no. M-2011- 2249441).

5. WGL Energy is represented in the above-captioned matter by the following counsel, to whom correspondence should be directed at the following address:

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¹ WGL Energy was formerly known as Washington Gas Energy Services, Inc.

6. The Commission's regulations at 52 Pa. Code § 5.72(a) provides that " A petition to intervene may be filed by a person claiming a right to intervene or an interest of such nature that intervention is necessary or appropriate to the administration of the statute under which the proceeding is brought. The right or interest may be one of the following:

- (1) A right conferred by statute of the United States or of the Commonwealth.
- (2) 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.
- (3) Another interest of such nature that participation of the petitioner may be in the public interest.

7. WGL Energy clearly meets the standard for intervention. As a licensed EGS actively competing for customers in Pennsylvania, WGL Energy has a direct interest in any proposal that would establish programs aimed at enhancing participation in retail electricity markets, such as Direct Energy's ROI Proposal.

8. The structure and implementation of Direct Energy's ROI proposal will affect all EGSs serving the residential and commercial markets in Pennsylvania, regardless of whether they ultimately choose to participate in the program or not. All EGS's will be impacted because the ROI proposal would involve direct outreach to all non-shopping customers in Pennsylvania, each of whom is a potential new customer for all EGSs.

9. WGL Energy is supportive of policies that will facilitate retail energy competition, however, WGL Energy is concerned with certain aspects of Direct Energy's ROI Proposal. While ROI Programs have the potential to enhance the retail market and encourage more customers to choose a competitive supplier, any ROI program approved by the Commission should be structured to be competitively neutral, while maximizing the potential for increased customer shopping in a cost-effective manner.

10. Because Direct's ROI proposal could permit certain types of EGS products to be included in EDC-sponsored mailings to customers, while excluding other types of EGS products, WGL Energy has a direct and substantial interest in participating in the proceeding that could shape the final guidelines for the ROI program.

11. The interests of WGL Energy are not represented by any other participant in this proceeding, the outcome of which will be binding upon WGL Energy. While other EGSs will likely intervene in this proceeding, EGSs are not uniform in their position on the variety of issues involved in Direct Energy's ROI Proposal. WGL Energy has views on issues that differ from other EGSs, and unless WGL Energy is permitted to intervene, such views will not be represented in this proceeding.

12. Because WGL Energy has a direct and substantial interest in this proceeding, and because no other entity can represent WGL Energy's interests, WGL Energy's Petition to Intervene should be granted.

13. WGL Energy is still in the process of formulating its positions on Direct Energy's ROI proposal, but expects to provide substantive input on a number of important issues related to the proposal, including:

- (a) The types of EGS offers and products that should be eligible for the ROI Program,
- (b) Which types of products should qualify as "value-added" under the ROI Program
- (c) The Commission's jurisdiction over non-commodity value-added products,
- (d) The role of renewable electricity products in the ROI Program
- (e) Possible limits on the number of EGSs that will be permitted to participate in the program,
- (f) Guidelines for how EGS offers will be presented to customers, and how many offers will be presented to each individual customer

(g) The enrollment process for customers who choose to accept an EGS offer under the ROI program

(h) How the costs of the administering the ROI Program will be paid

WHEREFORE, WGL Energy Services, Inc. respectfully requests that its Petition to Intervene be granted and that it be accorded full party status in the above-captioned proceeding.

Respectfully submitted,

STEVENS & LEE, P.C.



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Attorneys for WGL Energy Services, Inc.

Dated: May 9, 2016

CERTIFICATE OF SERVICE

And now, this 9th day of May, 2016, I do hereby certify that I have served a true and correct copy of the foregoing Answer and Petition to Intervene upon the persons listed below at their respective address, via first-class mail, postage prepaid.

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