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January 23, 2017

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

VIA ELECTRONIC FILING

**RE: Petition of NRG Energy, Inc. for Implementation of
Electric Generation Supplier Consolidated Billing
Docket No. P-2016-2579249**

Dear Secretary Chiavetta:

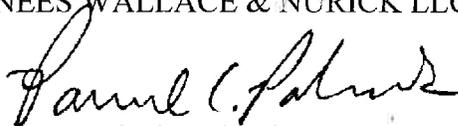
Enclosed for filing with the Pennsylvania Public Utility Commission are the Joint Comments of the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the PP&L Industrial Customer Alliance ("PPLICA"), and the West Penn Power Industrial Intervenors ("WPPII") regarding the above-referenced proceeding.

Please let me know if you have any questions. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By


Pamela C. Polacek

Counsel to the Met-Ed Industrial Users Group,
the Penelec Industrial Customer Alliance,
the Philadelphia Area Industrial Energy Users Group,
the PP&L Industrial Customer Alliance, and
the West Penn Power Industrial Intervenors

Enclosure

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Dated this 23rd day of January, 2017, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of NRG Energy, Inc. for	:	
Implementation of Electric Generation	:	Docket No. P-2016-2579249
Supplier Consolidated Billing	:	

**JOINT COMMENTS
OF THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE,
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP,
THE PP&L INDUSTRIAL CUSTOMER ALLIANCE, AND
THE WEST PENN POWER INDUSTRIAL INTERVENORS**

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Dated: January 23, 2017

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I. INTRODUCTION

On December 8, 2016, NRG Energy, Inc. ("NRG") filed a *Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing* ("Petition") at the Pennsylvania Public Utility Commission ("PUC" or "Commission"). In the Petition, NRG asks the Commission to order the planning and implementation of Supplier Consolidated Billing ("SCB"). As envisioned by NRG, the Commission would require utilities to offer SCB as a third billing option to Pennsylvania's Electric Generation Suppliers ("EGSs"), alongside utility consolidated billing ("UCB") and dual billing.¹

By Secretarial Letter, interested parties were given until January 23, 2017 to file Comments in response to the Petition. In response, the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the PP&L Industrial Customer Alliance ("PPLICA"), and the West Penn Power Industrial Intervenors ("WPPII") (collectively, the "Industrials") respectfully submit the following Comments. Each of the Industrials consists of large commercial and industrial entities ("Members") within the Commonwealth of Pennsylvania. Together, the Industrials and their Members recommend that the Commission reject NRG's Petition.

The Industrials' opposition to NRG's Petition arises from three key concerns. First, NRG's proposal could reduce the transparency of cost drivers by allowing the EGS to place all EDC charges on one line item. Second, NRG's Petition would degrade the quality of important EDC customer service functions that Members and other electric customers depend on. Finally, while NRG's proposal could provide benefits to qualifying suppliers, it does not demonstrate any

¹ With Utility Consolidated Billing, the Electric Distribution Company ("EDC") issues the bill and includes all generation charges on the bill. In dual billing, the EDC and the EGS each bill the customer for their own services.

material benefits for ratepayers. In fact, NRG's proposal would create inefficiencies that distance customers from the most proximate and noticeable parts of their electrical service.

At the outset, the Industrials note that the vast majority of Large Commercial & Industrial ("Large C&I") electric customers purchase supply from EGSs. The EGS community already has access to contact information to develop relationships with their existing and potential customers through eligible customer lists and other strategies. NRG's proposal provides no incremental benefits to ratepayers, especially Large C&I customers.² As a result, the Industrials are highly suspicious that NRG's proposal is a pointed attempt to weaken the relationship between customers and their EDCs. Because the EDCs provide crucial connectivity and reliability functions upon which Large C&Is depend, the Industrials wish to retain a direct relationship with their EDCs.

In light of the aforementioned concerns, the Industrials urge the Commission to reject NRG's Petition, and submit the following comments on behalf of their Members.

II. COMMENTS

A. **NRG's Proposal Reduces the Transparency of Cost Drivers By Allowing the EGS To Bundle All EDC Charges Into One Line Item.**

NRG proposes to allow EGSs to consolidate EDC costs into "a single, combined price for all energy consumed during the billing period."³ In essence, EGSs could summarize EDC charges into one item on the supplier consolidated bill. In contrast, EDC bills sent to Large C&I customers usually separately state each type of charge (e.g., Act 129, Smart Meter, Customer Education, DSIC, etc.), the applicable rate, and the billing determinant (e.g., kWh, monthly peak demand, Peak Load Contribution demand, etc.) used to calculate the total charge or credit. This

² Rather, it is structured to provide EGSs with a convenient avenue to pitch "additional services" to their customers which may or may not have anything to do with reliable, cost-effective electric service.

³ *Petition* at paragraph 22.

detail provides a customer with important usage data and enables the customer to confirm the accuracy of the invoice.

Curiously, NRG attempts to use the Commission's statutory authority to order unbundling—a policy that promotes transparency—as a grant of authority to implement SCB. Yet, in the same Petition, NRG asks for the right to substantially reduce transparency.⁴ This would potentially limit electric customers' ability to understand and monitor their own cost drivers. In short, a "simpler" bill results in a less informed customer base. In addition, the SCB customer is put in the position of having to trust both the EGS to accurately reflect the EDC's charges and the EDC to accurately calculate those charges.⁵

These concerns are particularly pronounced for Large C&I energy users that comprise the Industrials' memberships. These entities must be able to evaluate and review expenses so they can control costs, keep EDCs accountable, and be fully engaged in policy debates. Without transparent access to these costs, customers will become less market savvy, ultimately harming the robust market long encouraged by the Commission.

B. NRG's Petition Would Degrade the Quality of Important EDC-Related Customer Service.

The Industrials do not believe NRG's Petition, if implemented, will improve customer service for ratepayers. The Industrials' Members prefer to deal directly with the EDC for all distribution-related matters. They need to have direct access to the EDC for core functions related to connectivity and basic service reliability. However, NRG's proposal would relegate the EDC to a secondary service position, placing the EGS in the "go between" role for distribution-related questions, issues, and disputes. The lack of direct contact with the customer

⁴ *Petition* at paragraph 22.

⁵ NRG proposed to be able to "absorb" increases in distribution rates. While this could sound like a consumer benefit, it further decreases the transparency that allows customer to accurately understand their electricity-related cost drivers.

may require multiple "back-and-forths" between the EGS and the EDC, reducing timely assistance.

The Industrials' Members encounter a need for contact with their EDCs more frequently than they do with their EGSs. In addition, the issues that are most time sensitive are usually related to service quality, connectivity, new service connections, and other functions of the EDC. NRG's Petition potentially creates a "middleman" to address pressing service issues that are the function of the local distribution entity. The Industrials see this as far more likely to degrade service quality rather than improve it.

C. NRG's Petition Would Generate Marketing Opportunities For Qualifying Suppliers While Providing No Clear Benefits For Ratepayers.

NRG's Petition focuses on policy goals aligned with a segment of the supplier community, including opportunities for EGSs to pitch customers on additional services or products. In doing so, however, it fails to name any substantive benefits to the ratepayers or even to the shopping experience in general.

Instead of a proposal containing material benefits for ratepayers, NRG's Petition actually raises new consumer protection and expense concerns.⁶ For example, under NRG's Petition, EDCs would be responsible for physically shutting off non-paying accounts when directed by the EGS. NRG also proposes that EGSs may put a "block" on the accounts of customers who have unpaid receivables, so they cannot switch to another EGS or to the EDC without paying their debt in full.⁷ This essentially puts electric customers in a position where an unregulated entity

⁶ Public utility regulation exists in order to protect all customers. *John E. Juliana v. Pa.-Am. Water Co.*, 1993 Pa. PUC LEXIS 28, *9 ("The very purpose of public utility regulation is to protect the public interest by ensuring the public receives adequate service at reasonable rates") (citing *Metropolitan Edison Co. v. Pub. Serv. Comm'n*, 191 A. 678 (1937)).

⁷ See *Petition* at paragraph 22.

has the authority to shut off their power over a billing dispute. The local EDC would have no choice but to follow the directives of a faraway EGS.⁸

NRG has also not addressed potential cost increases. For example, will EGS prices be increased to recover the costs of the EGS billing system? Industrial Members are concerned that the lack of transparency will result in higher costs. In addition, NRG has not adequately addressed whether stranded costs, such as EDC billing systems and other tools, would be created for EDCs. NRG has not provided a satisfactory roadmap as to the level of costs, how costs will be recovered, and who will bear them.

In essence, NRG's Petition frequently cites the benefits of fostering a relationship between EGSs and their customers; but really it is an emphasis on business opportunities for qualifying EGSs. EGSs already have many avenues to identify and pursue prospective customers. Instead of proposing a policy that enhances value to Pennsylvania's ratepayers or to the electricity market in general, the Petition actually raises new transparency, service, cost, and consumer protection concerns. For these reasons, the Industrials urge the Commission to reject NRG's Petition.

III. CONCLUSION

As discussed herein, no evidence presented in NRG's Petition demonstrates that SCB would materially benefit ratepayers. In fact, if anything, SCB could have the inverse effect, making it more difficult for customers to understand and navigate their electricity service.

As described above, the alleged benefits of SCB relate primarily to enhancing the relationship between EGSs and their customers. However, as a practical matter, it would create an additional layer between the EDCs and their customers—a substantial disadvantage to a

⁸ While NRG proposes that the EGSs will be subject to the Commission's consumer protection regulations, it does not propose any new protections to account for the fact that an unregulated entity would have the authority to shut off a customer's power for uncollected receivables.

customer who is encountering reliability or connectivity issues. As a result, the Industrials believe that customer service would be degraded and transparency would be reduced.

For these reasons, the Industrials respectfully urge the Commission to reject NRG's Petition.

WHEREFORE, the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), the Penn Power Users Group ("PPUG"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the PP&L Industrial Customer Alliance ("PPLICA"), and the West Penn Power Industrial Intervenors ("WPPII") respectfully request that the Pennsylvania Public Utility Commission consider these Comments in evaluating the Petition by NRG for Supplier Consolidated Billing.

Respectfully Submitted,

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