



# Provider of Last Resort Roundtable

Customer Choice In Pennsylvania

By

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# Dominion Retail Profile

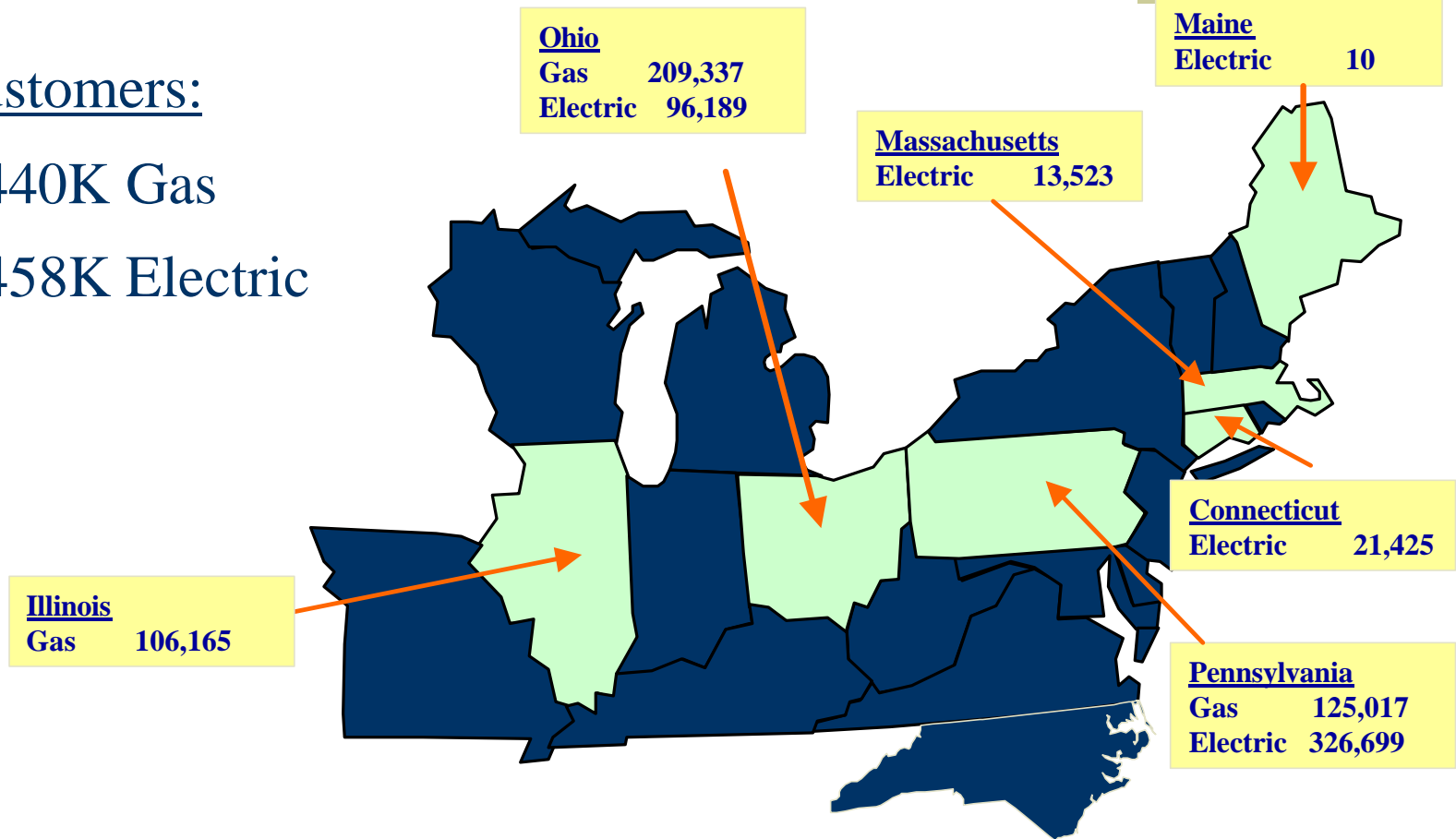
- ◆ Serve 900,000 energy commodity customers in 6 states
- ◆ One of the largest competitive suppliers in PA serving 450,000 customers
- ◆ Have been serving electricity customers since 1998
- ◆ Electricity customers have been saving by electing Dominion Retail
- ◆ Provide value propositions - “fixed” prices and guaranteed savings
- ◆ Dominion Retail is profitable
- ◆ Committed to staying in the Pennsylvania market

# Dominion Retail Markets

## Customers:

✓ 440K Gas

✓ 458K Electric



# POLR Critical Success Factors

- ◆ Establish acceptable processes for acquiring energy at “prevailing market prices.” 66 Pa C.S § 2807(e)(3).
- ◆ Define “all reasonable costs” to be included in the POLR rate. 66 Pa C.S § 2807(e)(3).
- ◆ Allow customers to switch freely. 66 Pa. C.S. §§ 2804(6) & 2897(e)(4).
- ◆ Implement a process that shifts load to the Provider of First Resort, which is the competitive market.

# Prevailing Market Prices

- ◆ POLR service best meets the prevailing market price definition if it is a price that changes every hour.
  - POLR Service has no predetermined load or load shape
  - POLR must stand ready to serve load at any time
- ◆ It is possible to view a fixed price as reflective of prevailing market prices (using forward market pricing only), if and only if that POLR rate is adjusted to reflect market at the time the rate is published.

# All Reasonable Costs: Required Components of a POLR Rate

## Must Include:

- ◆ Energy
- ◆ Capacity
- ◆ Reserve Capacity
- ◆ Transmission
- ◆ Ancillary Services
- ◆ Congestion
- ◆ Scheduling
- ◆ Bad Debt
- ◆ Energy Imbalances
- ◆ Administrative
- ◆ Weather Risk
- ◆ Switching Risk

# Dominion Retail Recommendations

- ◆ POLR service should be Provider of Last Resort and priced at a variable hourly price including all reasonable costs
  - If not hourly, fixed price offerings for shorter terms at prevailing market prices
- ◆ Competitive market should be Provider of First Resort
- ◆ POLR service should be flexible and customer friendly on switching (no minimum stays, no ratchets, etc.)
- ◆ To support POLR service and competitive markets, the Commission could consider programs such as retail auctions, allocations and aggregations.



**Dominion**

It all starts here.<sup>SM</sup>