

**Pennsylvania Public Utility Commission  
Provider of Last Resort  
Roundtable**

**Select Energy, Inc.  
Presentation  
May 19, 2004**

- **Select Energy, Inc. ( Select ) -- competitive subsidiary of Northeast Utilities, the largest energy provider in New England**
  - serving CT, MA, & NH with delivery and Provider of Last Resort (POLR) Services
- **Select -- major wholesale and retail supplier and energy services provider in the New England, New York, and PJM**
  - Currently serving ~ 7000 MW of full requirements load
  - Depth of Experience in various processes to serve POLR loads in Connecticut, Maine, Massachusetts, New York, New Jersey, Maryland
    - Request for Proposals
    - Descending Clock Auctions
    - Bilateral Negotiations

- **POLR service should be available to all customers**
  - All customers free to choose third party suppliers within EDC guidelines
    - Fixed, market-based prices for small customers
    - For customer classes with the sophistication and expertise to deal directly with third party suppliers either:
      - Real time pricing
      - Short duration fixed market based prices
- **EDCs should retain POLR service responsibility**
  - EDCs have infrastructure
    - Connection and Delivery Services
    - Customer Care Functions
    - Retail Market Support Functions, etc.

- **EDC procurement process for POLR generation supply**
  - Open competitive process
    - not an extension of existing settlements
  - One to Three year Term
    - Transactional, for forward market visibility and liquidity
    - Market-based prices for supply will facilitate retail competition
  - Designed for broad based participation with multiple suppliers
    - Ensures diversity of supply and credit support
    - Limits potential impact of supplier default

# **Select's Suggested Format for Procurement of POLR supply**

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- **Pre-Qualification of bidders, including credit support requirements**
- **Wholesale supply contracts approved in advance by the PAPUC**
- **Rules for participation known in advance**
- **Expedited PAPUC approval of winning bids**

# Select's Suggested Format for Procurement of POLR supply

- **A portfolio approach to supply**
  - E.g., 1/3 sourced for one year, 1/3 for two years, 1/3 for three years
  - Benefit: supply reflects current market prices but not locked into what could be historically high prices
- **Full requirements product**
  - EDC procures transmission and passes cost through to customers
- **Consider NJ BGS auction format**
  - model has worked successfully from the NJBPU, EDCs and supplier's perspective