

**Pennsylvania Public Utility
Commission
POLR Roundtable**

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- Retail and wholesale competition have provided significant benefits in PA.
- Moving forward, PA must be pragmatic and flexible – form must not dictate over substance.
- PA needs to look at its own history, as well as experiences in other jurisdictions.
- POLR has created a dialogue regarding its role of promoting competition versus providing a safety net.

- Exelon believes that specific POLR plans should adhere to a set of common principles.
- Exelon supports a broad range of procurement models that should be available within each jurisdiction. Further changes in market structure, rules and participants can be expected leading up to the expiration of all of the EDC rate caps at the end of 2010.
- Exelon believes that the Commission should focus on establishing a process for the submission, evaluation, approval, implementation and monitoring of the EDC POLR plans.

- Wholesale POLR supplies should be acquired at market-determined prices that include full-requirements.
- Wholesale supply agreements should align with the PJM planning year.
- The interval between a wholesale price offer and a definitive agreement must be limited.
- Switching rules will help mitigate volumetric and seasonal price risk and associated supply costs.
- There is no free call option on an affiliate's supply.

- Market friendly, transparent process, EDC neutral to supply risk, generally positive reaction by stakeholders.
- Provides for a vertical (slices or tranches), full-requirements product.
- Suppliers must have risk management capabilities.
- Process is objective, standardized and involves regulatory oversight at the front end of the process.

- Like the auction model, it is a form of competitive procurement.
- Residential & non-residential loads can be bid separately.
- The RFP process is well known by utilities but is somewhat less price transparent than an auction.
- Provides supply and price certainty and can provide for multiple bidders to participate.

- Provides an alternative when there are either no or few bids under other competitive procurement models.
- By their nature, bilaterals provide for fewer participants.
- This approach may simplify the EDC's ability in meeting its load.
- Although less price transparent, "prevailing market prices" standards can be applied.

- Could be a combination of a competitive procurement model and a bilateral agreement model.
- Could also provide for price certainty and stability.
- Has the potential to place the procurement risk on the utility.
- Competitive RFPs coupled with a certain amount of affiliate-supplied power could make-up an EDC's POLR supply portfolio.

Phase One

- The Commission should establish guidelines for the contents and approval of proposed EDC POLR plans.
- The guidelines should require the EDC to identify and explain the process it intends to use to procure POLR supply.
- This should be done 12-18 months in advance of their rate cap expirations.
- The Commission should initiate a proceeding to review the proposals and allow for intervention by interested parties.

Phase Two

- EDC would be responsible for implementing its POLR supply procurement process.
- The Commission would monitor implementation to ensure no material deviation from the plan.
- Stakeholders to be kept informed at each stage of the process.
- The final result of the procurement process would be the execution of “standard” contracts with each of the POLR suppliers, including appropriate collateral and credit requirements.

- Adoption of common POLR plan principles.
 - Market-determined prices.
 - Alignment with PJM planning year.
 - Timely approval of supply agreements.
 - Switching rules.
 - No free call option.
- Flexibility in selection of POLR supply procurement model.
- Adoption of two-phase Commission review, approval, implementation and monitoring process.