



1. The EDCs should procure wholesale supply for their **entire** POLR load in an open, competitive, and transparent process pursuant to well defined rules. The EDCs affiliates should be free to participate in this process, subject to the same set of rules.
2. Contracts governing POLR supply should be developed and approved beforehand, based substantially on the EEI Master Agreement, including appropriate bilateral credit provisions.
3. There should be a portfolio approach to supply; i.e. one-third sourced for one year, one-third sourced for two years, and one-third sourced for three years, with auctions or RFPs held every year on an on-going basis.
4. The product should be a full requirements supply; i.e., energy, capacity, ancillary services, renewable requirements, etc. The EDCs should procure the Network Integration Transmission Service (“NITS”) for their customers and pass these costs through in retail rates. The EDCs would pass the Auction Revenue Rights that attach to the NITS to the suppliers to hedge their congestion risk to deliver to the EDC’s zone.

5. The PAPUC must be involved in the entire process and approve all elements of the process before the auction or RFP to ensure rapid execution of agreements.
  
6. The NJ BGS model is worth considering for the large EDCs as their settlements expire.

Most participants support the EDCs remaining as the POLR suppliers. Select agrees. Select also feels that residential and small commercial customers should be able to avail themselves of fixed price supply, while the larger, more sophisticated commercial and industrial customers could be exposed to POLR energy pricing based on real time, spot market pricing. Customers should be allowed to switch to third-party suppliers at any time, subject to the EDC's switching rules. In order to reduce potential gaming opportunities, seasonal rates should be developed from the annual rates in the auction or RFP process.

During the Roundtable, some of the Commissioners expressed concerns over the long period between the Roundtable discussions and the expiration of the settlements for the large EDCs. They noted that it may be premature to issue regulations for the EDCs to procure POLR supply now because so many structural changes in the marketplace may occur in the interim.

Select agrees that this is a valid concern. Accordingly, the PAPUC may want to defer issuing regulations for the EDCs' procurement of POLR supply to a later date. The Commission should allocate sufficient time to conduct a fully collaborative process to develop the "rules of the road" for EDC procurement of POLR supply. Sufficient time also needs to be reserved for the EDCs to implement the approved procurement process. Select suggests that the Commission establish a time line that allows ample time for market participants to express their views and allows the EDCs to implement the approved process.

The Roundtable has proven to be a valuable forum to get the stakeholders together to identify issues and share experiences and lessons learned from POLR-type procurements in the various state "laboratories" around the region. Select submits that the Commission should build on this knowledge and experience by establishing a set of working groups that will develop a final product for the Commission's approval, including development of appropriate regulations. Select, as a potential supplier to the EDCs as well as to retail customers, stands ready to participate in any forum that the Commission decides to pursue.

Select believes that the PAPUC should establish a stakeholder process to address the issues identified for, and during, the Roundtable and to determine how the EDCs should meet their POLR loads. This process could be instrumental in the development of a common approach to facilitate vibrant competition for POLR procurement for the benefit of all market participants: the EDCs, their suppliers and their customers alike.

Select believes that it would be better to have the collaborative process up front, rather than having each EDC file an individual plan without stakeholder involvement. The latter approach is sure to be followed by contentious interventions at the PAPUC in each proceeding. Having each EDC file its own plan to procure POLR supply because of so-called special circumstances could lead in the extreme to the EDCs defining POLR procurement models that work to the advantage of their generation affiliates. It is clearly not in the customers interest to design a system that could lead to an extension of the current settlements rather than having an open and competitive process for securing supply when the settlements expire. That is certainly not the intent of the Competition Act.

A common procurement model for all of the large EDCs in the state would benefit all customers. This approach would work despite the fact that the settlements for the large EDCs terminate at different times.

Select appreciates this opportunity to comment and looks forward to its continued participation in the process.