



Pennsylvania Retail Markets Investigation En Banc Hearing

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Overview

- **Competition is working in both wholesale and retail markets in PA, but improvements can be made**
- **Any plan adopted by the PUC must allow all qualified parties to participate in the process (wholesale and retail)**
 - Limiting or excluding any party will lead to less competition, not more
- **Operational consistency in EDC practices across the state is needed**
 - Billing options
 - Budget billing of supplier charges
 - EDI testing
 - POR
 - Website information
 - Eligibility files
 - Enrollment verification letters
- **Opt-out municipal aggregation is a legitimate option for customers**
- **Any plan adopted by the PUC should optimize the relationship of consumer protection and customer choice**

FES Proposed Alternative Framework

- **New model to be effective June 1, 2013**
- **EDC maintains administrative and billing functions only**
- **PUC selects an Alternative Default Service Provider (ADSP) through a competitive process**
 - ADSP acts as backstop in event of EGS default or for customers opting out of retail auction process
 - Provides hourly default service for large (>200 kW) customers
 - Price includes spot energy + ADSP administrative fee + Commission-determined adder
- **Residential and Small C&I (<200 kW) customers are auctioned off to retail suppliers**
 - EDCs work with an independent third party auction manager to coordinate statewide auction
 - Descending clock auction format sets pricing for 3 years

Proposed Functions

■ EDC

- Administers all customer data
- Works with ADSP to transfer default service obligations
- Works with independent third party retail auction manager
- Provides data management and billing services to ADSP and EGSs

■ ADSP

- Provides wholesale electric generation supply for all non-shopping customers

■ EGS

- Provides retail electric generation supply for tranches of customers won in the auction

■ Customer

- Stays with original EGS if already shopping prior to auction
- Served by ADSP if choice is to opt out of retail auction or if customer is a Large C&I on hourly default service (>200 kW)
- Served by winning EGS if included in the retail auction
- Customers are free to shop at any time

Proposed Timeline

- **June 2012: PUC solicits requests to serve as Alternative Default Supply Provider**
- **July 2012: PUC selects the ADSP, approves the ADSP Administrative Fee and sets the PUC Adder**
- **August 2012: Start of Customer Education program relating to auction process, default service pricing, and opportunity to participate in auction or opt-out**
- **November 2012: Opt-out process for non-shopping customers**
- **December 2012: All non-shopping, non-opt-out residential and small C&I customers are randomly placed into tranches for auction**
- **January 2013: Bidder information sessions held**
- **February 2013: One statewide customer auction (with customers bid by EDC) is held**
- **June 1, 2013: New rates in effect for 36 months**
- **May 31, 2016: Rates from the auction end**
- **June 1, 2016: All auctioned customers are now charged rates set by the EGS**