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December 8, 2016

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier  
Consolidated Billing, Docket No. P-2016-

Dear Secretary Chiavetta:

Enclosed for electronic filing please find NRG Energy Inc.'s Petition for Implementation of Electric Generation Supplier Consolidated Billing. Please note that NRG Energy, Inc. requests publication in the *Pennsylvania Bulletin* of the Petition on December 24, 2016. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Karen O. Moury

KOM/lww  
Enclosure

cc: Cert. of Service w/enc.

**CERTIFICATE OF SERVICE**

I hereby certify that this day I served a copy of NRG Energy's Petition for Implementation of Electric Generation Supplier Consolidated Billing upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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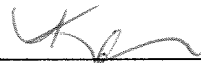
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Karen O. Moury, Esq.

Dated: December 8, 2016

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of NRG Energy, Inc. for :  
Implementation of Electric Generation : Docket No. P-2016-\_\_\_\_\_  
Supplier Consolidated Billing :

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**PETITION OF NRG ENERGY, INC.  
FOR IMPLEMENTATION OF  
ELECTRIC GENERATION SUPPLIER CONSOLIDATED BILLING**

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Pursuant to Sections 501 and 2802 of the Public Utility Code (“Code”), 66 Pa. C.S. §§ 501 and 2802, and Section 5.41 of the regulations of the Pennsylvania Public Utility Commission (“Commission”), 52 Pa. Code § 5.41, NRG Energy, Inc. (“NRG” or “Company”) respectfully requests that the Commission issue an Order implementing Supplier Consolidated Billing (“SCB”) as a billing option that is available to customers of electric generation suppliers (“EGSs”) by the second quarter of 2018. Implementation of SCB by the Commission would enable EGSs to directly bill their supply customers for the generation services they provide, while allowing customers to continue enjoying the convenience of receiving one electric bill that includes both the EGS’s competitive supply charges and the electric distribution company’s (“EDC”) tariffed delivery charges. In addition, EGSs would be able to offer customers the opportunity to receive a suite of value-added services, such as home security, HVAC maintenance and surge protection, with the charges for all services consolidated on a single bill.

If implemented, SCB would become another billing option from which customers could choose, along with utility consolidated billing (“UCB”) and dual billing, in Pennsylvania’s retail

electric market.<sup>1</sup> Importantly, adoption of NRG's proposal would preserve all protections currently enjoyed by retail consumers and would obligate EGSs offering SCB to meet more stringent financial requirements than are necessary to maintain EGS licenses and to demonstrate a technical ability to perform billing and related functions.

Although the Commission has expressly recognized the importance of SCB to the continued growth of the electric retail market and confirmed its legal authority to implement SCB, it has previously declined to move forward due to other pressing matters, which have since been fully addressed. By facilitating the ability of EGSs to directly bill their customers for the services they furnish, the Commission would be affording EGSs an opportunity to forge long-term relationships with their customers and improve their proficiency to deliver new and innovative product offerings that are tailored to meet the unique needs of those customers.

Pennsylvania's retail electric consumers would benefit from SCB. Customers would gain access to more innovative products and services, including the enhanced ability to utilize tools that enable them to budget their energy dollars more effectively. With SCB, EGSs would have the ability to offer payment plans such as pre-pay and flat bill that allow customers to decide how much they want to spend on electricity and manage their energy usage accordingly – options that are currently unavailable.<sup>2</sup> Customers would also be able to receive valuable information about their energy usage through state of the art billing systems used by EGSs, as well as more customer friendly bills that are simpler and easier to understand. Enabling a direct

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<sup>1</sup> Currently, UCB is the most widely utilized billing method, under which EDCs bill customers for their own tariffed delivery charges and the EGS's competitive supply charges. Dual billing involves the issuance of a bill by the EDC for its delivery charges and the issuance of a separate bill by the EGS for its supply charges.

<sup>2</sup> This is especially true of pre-pay billing, which EGSs simply cannot offer under the current UCB or dual bill billing options. While some EGSs are offering flat bill products, these products are not true flat bill options, as EGS can only offer flat billing for their own supply services. With SCB, EGSs would be able to offer a true flat bill that includes both EGS and EDC charges – something that is not possible absent SCB.

relationship between EGSs and their customers would enhance the overall shopping experience and customer satisfaction would be greatly improved.<sup>3</sup>

The concept of SCB is not new. Indeed, it was originally endorsed by the Commission in 1998 when several EDCs agreed to “competitive billing” as part of their restructuring settlements. At that time, no incremental costs associated with implementing SCB were identified and the industry’s focus was on ensuring that the necessary electronic data interchange (“EDI”) transactions were developed.<sup>4</sup> A significant amount of work has already been done by the Electronic Data Exchange Working Group (“EDEWG”) to implement SCB. When that work is combined with EDI protocols that have been previously developed to facilitate SCB in Texas (which based its protocols on those adopted in the PJM states), a solid roadmap exists to forge ahead with this initiative that would move Pennsylvania toward the fully functioning, robust competitive retail electric market that has been envisioned since 1996.

## **I. INTRODUCTION AND BACKGROUND**

### **A. The Commission is committed to ensuring that a properly functioning and workable competitive retail electricity market exists in Pennsylvania.**

1. In launching an investigation of Pennsylvania’s retail electricity market in April 2011 (“Electric RMI”), the Commission observed that in 1996 the Commonwealth emerged as a national leader in electricity policy when the Electricity Generation Customer Choice and Competition Act (“Competition Act”)<sup>5</sup> was enacted.<sup>6</sup> The stated purpose of the Electric RMI was to ensure that a properly functioning and workable competitive retail electricity market

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<sup>3</sup> For instance, SCB enables retail electric customers to realize the full value of advanced metering infrastructure (“AMI”) and they would have more information available in making purchasing decisions.

<sup>4</sup> EDI transactions allow for the transfer and exchange of electronic data relating to customer information between the EDC and EGS computer systems by standard message formatting without the need for human intervention. *See Standards for Electronic Data Transfer and Exchange between Electric Distribution Companies and Electric Generation Suppliers*, Docket No. M-00960890, F.0015 (Order entered October 15, 1999).

<sup>5</sup> 66 Pa. C.S. Ch. 28.

<sup>6</sup> *Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered April 29, 2011) (“RMI Launch Order”).

exists in the Commonwealth. In the *RMI Launch Order*, the Commission expressed its continued commitment to the General Assembly's goals in passing the Competition Act and noted that "one of the great challenges for regulators is remaining fully informed and current with the industries and markets" under its oversight.<sup>7</sup> The Commission specifically sought to "explore what changes need to be made to allow customers to best realize the benefits of competition," emphasizing the importance of customers having the ability to choose electricity products and services tailored to their individual needs.<sup>8</sup>

2. After a review of the comments filed in response to the *RMI Launch Order*, the Commission issued the *RMI Launch Order II*, concluding that "the current paradigm contains both structural and operational impediments to a fully functioning, robust competitive retail marketplace."<sup>9</sup> The Commission, therefore, found that it "must examine changes to Pennsylvania's retail electric market in order to improve the competitive landscape."<sup>10</sup>

3. In the *RMI Launch Order II*, the Commission directed the Office of Competitive Market Oversight ("OCMO") to produce two work plans: one for intermediate steps involving changes to the existing market model and a second for the long range steps involving structural changes to the default service model. SCB was addressed in the second work plan involving structural changes to the default service model, which was referred to by the Commission during the Electric RMI as "End State of Default Service."<sup>11</sup>

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<sup>7</sup> *Id.* at 2.

<sup>8</sup> *Id.*

<sup>9</sup> *Investigation of Pennsylvania's Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered July 28, 2011) ("*RMI Launch Order IP*"), at 4.

<sup>10</sup> *Id.*

<sup>11</sup> A Tentative Order was entered on November 8, 2012 ("*End State Tentative Order*") and a Final Order was entered on February 15, 2013 ("*End State Final Order*") at Docket No. I-2011-2237952.

B. The Commission has found that SCB plays an important role in developing a vibrant, competitive market.

4. In the *End State Tentative Order*, the Commission noted its belief “that SCB should be made available as a billing option as part of a vibrant, competitive market.”<sup>12</sup> Specifically, the Commission agreed “that SCB can help EGSs establish a more robust, familiar relationship with a customer.”<sup>13</sup> The Commission correctly observed that “[r]emoving the utility from the billing function and presenting the customer with a single bill from the supplier will help establish the supplier’s identity with the customer.”<sup>14</sup> The Commission also recognized the importance of eliminating the “link” between the EDC and the customer that has been identified as a barrier to developing a fully competitive market. To that end, the Commission proposed that by July 1, 2013, “OCMO will provide a recommendation to the Commission as to how to proceed with making SCB available as a billing option for EGSs and third parties.”<sup>15</sup>

5. After a review of comments, the Commission embarked upon a series of initiatives in the *End State Final Order* that it hoped would “create a structure where the market drives prices charged by EGSs, where EGSs expand their investment in Pennsylvania due to certainty and a more level playing field, and where consumers enjoy competitive prices and a wide variety of innovative product offerings.”<sup>16</sup> In this manner, the Commission expected “Pennsylvania to achieve and sustain the robust competitive market that was envisioned in 1996 by the General Assembly.”<sup>17</sup>

6. The Commission specifically identified the inability of EGSs to issue consolidated bills to customers as a factor making “the relationship between the EGS and the

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<sup>12</sup> *End State Tentative Order* at 27.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 28.

<sup>16</sup> *End State Final Order* at 15.

<sup>17</sup> *Id.*



customer tenuous at best.”<sup>18</sup> Recognizing that this “dynamic can result in customer confusion and hesitancy among EGSs to invest more resources in the Commonwealth,” the Commission concluded that customer confusion and reluctance by EGSs to invest in the market “most certainly does not foster a robust and vibrant competitive market in Pennsylvania, as envisioned by the Legislature.”<sup>19</sup>

C. The Commission deferred implementation of SCB to focus on other priorities.

7. While the Commission continued to express the view in the *End State Final Order* that “SCB will facilitate the offering of innovative new products and services and will also help the supplier in establishing a brand identity with the customer,” it refrained from moving forward with SCB implementation at that time.<sup>20</sup> The Commission’s rationale was the need for “extensive work and expense by many entities,” “especially given the multitude of other, more critical, changes” being mandated in the near-term.<sup>21</sup> Notably, the Commission concluded that “none of these concerns present an insurmountable obstacle to making SCB available.”<sup>22</sup>

8. Instead of moving forward with SCB, the Commission directed OCMO to explore the possibility of making the EDC consolidated bill “more supplier-oriented.”<sup>23</sup> Noting that the EDC consolidated bill relegates the EGS information to a few lines, the Commission observed that “[t]his is an especially incongruent result for many customers whose supplier generation charges actually exceed the utility’s distribution charges.”<sup>24</sup> Therefore, the Commission sought to make the EGS’s charges and information more prominent, envisioning an end-result that

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<sup>18</sup> *Id.* at 12.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 66-67.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 63-64.

<sup>23</sup> *Id.* at 67.

<sup>24</sup> *Id.*

“would look more like a joint EDC-EGS bill.”<sup>25</sup> The Commission directed OCMO to submit its recommendations by the end of 2013.

9. This Commission directive resulted in the implementation of joint bills pursuant to the order in *Joint Electric Distribution Company-Electric Generation Supplier Bill*, Docket No. M-2014-2401345 (Order entered May 23, 2014) (“*Joint Bill Order*”). While the joint bill is commendable as an educational tool, having a logo and a line item on the bill has not enabled EGSs to forge long-term relationships or engage in more effective communications with their customers or to develop product offerings designed to fulfill the specific needs of their customers. This initiative also has not had the desired effect of moving Pennsylvania toward a more robust and vibrant competitive market.

D. The concept of EGSs issuing consolidated bills dates back to 1998.

10. The concept of EGSs having the ability to issue consolidated bills to customers, containing their charges and those of the EDCs, is not new. In 1998, several EDCs agreed as part of their restructuring settlements to implement “competitive billing” options, which would have permitted EGSs to issue consolidated bills to their retail customers, with those bills containing both the EDC and EGS charges, by January 1, 1999.<sup>26</sup> Notably, numerous parties including the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission’s Bureau of Investigation and Enforcement (then the Office of Trial Staff), also agreed to these provisions in 1998.<sup>27</sup> Although the restructuring settlements were approved

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<sup>25</sup> *Id.*

<sup>26</sup> See, e.g., *Standards for Electronic Data Transfer and Exchange Between Electric Distribution Companies and Electric Generation Suppliers*, Docket No. M-00960890, F.0015 (Order entered April 14, 2000) (Order references the various restructuring settlement agreements providing for competitive billing services). Indeed, PECO Energy Company’s supplier tariff contains provisions addressing SCB. Pa. P.U.C. No. 1S, Page Nos. 97-101. Although these provisions represent a starting point for full SCB implementation, it is necessary due to the passage of time to revisit and update the language, while also standardizing the process throughout Pennsylvania.

<sup>27</sup> See, e.g., *Application of PECO Energy Company for Approval of its Restructuring Plan*, Docket No. R-00973953 (Joint Petition for Full Settlement of PECO Energy’s Proposed Restructuring Plan filed April 29, 1998). Other

without modification by the Commission and several orders were adopted by the Commission approving EDI transactions, SCB was not fully implemented.

11. When rate caps began expiring in 2009 and the retail market rebounded after its challenges in the early 2000s, EGSs expressed a renewed interest in SCB. As a result, in April 2010, EDEWG convened to discuss SCB in the context of EDI requirements. EDEWG issued a report in September 2010 announcing consensus resolutions on various issues and seeking guidance from the Commission in resolving policy questions.<sup>28</sup> Although those issues were discussed by OCMO and stakeholders during 2010, the policy questions remain unanswered by the Commission.<sup>29</sup> During the March 24, 2011 CHARGE call,<sup>30</sup> OCMO reported that the Commission's preference was for an interested party or parties to file a formal Petition to move forward with SCB.<sup>31</sup> Thus, the filing of this Petition by NRG is the appropriate vehicle to now advance SCB implementation.

E. Although the Commission has implemented numerous enhancements to the retail market, shopping has remained stagnant over the past five years.

12. Despite the various enhancements implemented pursuant to the Commission's Electric RMI,<sup>32</sup> many of which have improved various features of the market, retail electric competition has remained stagnant. Over five years ago, the Commission noted that nearly two-

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parties that supported these settlements included industrial user coalitions, environmental groups and senior citizen organizations.

<sup>28</sup> [http://www.puc.pa.gov/electric/pdf/OCMO/SCB\\_EDEWG.pdf](http://www.puc.pa.gov/electric/pdf/OCMO/SCB_EDEWG.pdf). This report is also attached to this Petition as Appendix B. In addition, OCMO included a list of EDEWG's policy questions with the agenda for the September 30, 2010 CHARGE call, which is available here:

[http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE\\_Issues093010.pdf](http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE_Issues093010.pdf)

<sup>29</sup> [http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE\\_Recap102810.pdf](http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE_Recap102810.pdf)

<sup>30</sup> CHARGE is the acronym for a working group named "Committee Handling Activities for Retail Growth in Electricity" that was formed by the Commission to informally resolve issues arising in the retail electric market.

<sup>31</sup> [http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE\\_Recap032411.pdf](http://www.puc.pa.gov/electric/pdf/OCMO/CHARGE_Recap032411.pdf). Notwithstanding the Commission's preference for the filing of a Petition, SCB was considered during the electric RMI, as noted above, due to the importance of this initiative to the development of a fully functioning competitive retail market.

<sup>32</sup> For instance, great strides have been made to accelerate the switching process and to permit customers to enroll with an EGS when initially signing up for electric service and to stay with their selected EGS when moving to a new location. See *Final-Omitted Rulemaking Order Regarding Standards for Changing a Customer's EGS*, Docket No. L-2014-2409383 (Order entered April 3, 2014); *RMI End State Final Order* at 69-75 and 112.

thirds of consumers were not participating in the retail market. Based on these shopping statistics, the Commission found that consumers were not moving into the retail market at a pace that would be expected in a well-functioning market.<sup>33</sup> The shopping statistics are nearly the same today.<sup>34</sup>

13. Additionally, over five years ago, the Commission observed that several innovative products were being offered to retail customers in Texas, including prepaid energy plans and customer access to real-time energy consumption information to enable usage control, which were not available to retail customers in Pennsylvania.<sup>35</sup> This situation continues to persist today.

14. Although the changes that the Commission has made as part of the Electric RMI have improved the overall functioning of the market, these enhancements have not materially moved the needle in terms of the number of retail electric customers who are shopping for their supply. As the Commission found five years ago, it should again today reach “the inescapable conclusion that Pennsylvania’s current retail market requires changes in order to bring about the robust competitive market envisioned by the General Assembly” when it passed the Competition Act.<sup>36</sup>

F. This Petition offers a workable plan for moving forward with SCB.

15. Through this Petition, NRG sets forth a workable plan for the Commission to implement changes that will reinforce Pennsylvania’s status as a national leader in energy policy, encourage EGS investment in Pennsylvania and produce an environment in which consumers have greater access to competitive prices and a wider array of innovative product offerings.

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<sup>33</sup> *Electric RMI Launch Order II* at 6.

<sup>34</sup> <http://www.papowerswitch.com/sites/default/files/PAPowerSwitch-Stats.pdf> (November 2016 shopping report).

<sup>35</sup> *Electric RMI Launch Order II* at 7.

<sup>36</sup> *Id.*

Particularly in the absence, currently, of any movement toward removing the EDCs from the default service role, the implementation of game-changing SCB is the next natural and necessary step toward creating a vibrant competitive electric market for Pennsylvania's retail customers. This Petition contemplates the following steps that must be accomplished prior to the implementation of SCB in Pennsylvania:

- Publication of Petition in *Pennsylvania Bulletin* on December 24, 2016, soliciting comments by January 23, 2017 and reply comments by February 22, 2017;
- Issuance of an Order by the Commission on June 15, 2017 announcing that SCB should be available as an option for EGS customers in all EDC territories by the second quarter of 2018; setting forth policy guidance on the questions previously posed by EDEWG; addressing various operational issues impacting SCB, directing the development of necessary EDI protocols; and forming a SCB Stakeholder Work Group led by OCMO;
- Submission of a Report by the SCB Stakeholder Work Group by September 30, 2017 which: (i) develops model supplier tariff language; (ii) develops a model agreement between EGSs and EDCs relating to SCB; (iii) identifies Commission regulations that may be impacted by SCB and proposes revisions, waivers and interim guidelines that may be necessary; (iv) recommends the additional financial security and technical requirements that should be imposed on EGSs offering SCB; (v) determines how to handle LIHEAP credits; (vi) addresses consumer education; (vii) describes the components of each EDC's compliance filing; and 8) establishes a certification and compliance process for EGSs offering SCB;
- Submission of EDI protocols by EDEWG by September 30, 2017;
- Issuance of Implementation Order by December 31, 2017, which approves or otherwise resolves all issues addressed by the SCB Stakeholder Work Group Report, approves with or without modifications the EDI protocols submitted by EDEWG, and directs the filing of compliance plans by the EDCs by January 31, 2018;
- Approval of EDCs' compliance filings by March 31, 2018; and
- Implementation during second quarter of 2018.

16. NRG's proposed plan for implementing SCB does not contemplate evidentiary hearings because no material issues of fact are presented by this Petition, and any disputes of

NRG's factual assertions may be adequately addressed through comments and a stakeholder process.<sup>37</sup> The decisions that the Commission must make in order to proceed with SCB implementation are legal and policy in nature and of the type that the Commission has frequently addressed through comments and a stakeholder process. These issues include the expected level of any implementation costs and cost recovery methods, which have been routinely addressed through comments, orders and compliance filings without any hearings.<sup>38</sup>

17. Any requests for hearings would be merely intended to delay SCB implementation, which the Commission should not condone. To the extent, however, that the Commission determines that in-person hearings are required, NRG respectfully requests that the Commission direct that they be scheduled on an expedited basis so as to preserve the proposed timeframe set forth herein and further requests that the Commission narrow the scope of any hearings by specifying the particular material issues of fact that should be addressed.

18. Through the discussion below, NRG describes: (i) its operations and its participation in the electric retail market in Pennsylvania; (ii) its proposal for how SCB would be designed and implemented in a manner that preserves existing consumer protections; (iii) the

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<sup>37</sup> See *Diamond Energy Inc. v. Pa. PUC*, 653 A.2d 1360, 1367 (Pa. Cmwlth. 1995) (“While oral proceedings may be necessary for determinations likely to turn on witness credibility, written submissions may be adequate when economic or statistical questions are at issue”); *Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan*, Docket No. P-2014-2459362 (Order entered November 1, 2016) at 29-32 (an opportunity to comment before approval by the Commission satisfies due process requirements). Although NRG is attaching a Verification to this Petition, its purpose is to verify the various factual assertions made throughout the Petition regarding the Company’s business and participation in the retail market; the status of the retail market; a description of SCB; customer benefits that may flow from SCB; barriers of UCB; and the work that has already been done in Pennsylvania and elsewhere to develop EDI protocols. None of those assertions, even if they are disputed by commenters, raise issues of material fact requiring evidentiary hearings in order to proceed with SCB.

<sup>38</sup> See, e.g., *EDC Customer Account Number Access Mechanism for EGSs*, Docket No. M-2013-2355751 (Order entered July 17, 2013); *Smart Meter Procurement and Installation*, Dockets No. M-2009-2092655, (Order entered June 24, 2009); *Web Portal Working Group’s Solution Framework for Historical Interval Usage and Billing Quality Interval Use*, Docket No. M-2009-2092655 (Order entered September 3, 2015); *Joint Electric Distribution Company-Electric Generation Supplier Bill*, Docket No. M-2014-2401345 (Order entered May 23, 2014); *Duquesne Light Company Plan for Seamless Moves and Instant Connects*, Docket No. M-2014-2401127 (Order entered September 3, 2015); *Policies to Mitigate Potential Electricity Price Increases*, Docket No. M-00061957 (Order entered May 17, 2007) (consumer education plans developed through comments and stakeholder process); *Interim Guidelines for Eligible Customer Lists*, Docket No. M-2010-2183412 (Order entered October 23, 2014).

legal authority for the Commission to direct the implementation of SCB as an option that is available to EGSs and their consumers; (iv) the customer benefits of SCB; (v) the barriers created by the existing UCB model; (vi) the background work done to date to implement SCB; and (vii) a proposed plan of action for the Commission to follow.

## II. DISCUSSION

### A. Company Operations and Participation in Market

19. NRG is one of the country's largest power generation and retail electricity supply businesses. NRG owns and operates approximately 50,000 megawatts of generating capacity and its retail businesses serve nearly three million customers across more than a dozen states. NRG's retail companies have more than 25 years combined experience with retail energy competition and customer service.

20. NRG's Texas-based retail suppliers are responsible for billing and collections – for commodity, transmission and distribution services – for more than 2 million customers every month.

21. NRG's northeast retail business is headquartered in Philadelphia, Pennsylvania. The Company has four licensed retail companies that are actively serving residential, commercial, industrial and institutional customers across Pennsylvania - NRG Home and NRG Business,<sup>39</sup> Green Mountain Energy Company,<sup>40</sup> Energy Plus Holdings LLC,<sup>41</sup> and Cirro Energy.<sup>42</sup> These NRG retail companies offer customers a range of products including 100% renewable, cash back rewards and loyalty points.

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<sup>39</sup> Docket No. A-2010-2192350.

<sup>40</sup> Docket No. A-2011-2229050.

<sup>41</sup> Docket No. A-2009-2139745.

<sup>42</sup> Docket No. A-2011-2262337.

22. NRG actively participated in the Commission's electric RMI and pursued the implementation of SCB as part of that process.<sup>43</sup> Agreeing with the Commission that SCB helps EGSs establish more robust, familiar relationships with their customers, NRG emphasized that EGSs are the entities best suited to provide retail customers with unique products and services tailored to meet individual customer needs. NRG further explained that the current reliance on UCB denies customers the opportunity to benefit from innovative new tools designed to help them be smarter energy consumers. Also, because the EDC billing systems have been devised to bill only for tariffed utility services, NRG noted that they simply cannot accommodate the plethora of billing needs of multiple EGSs. Updates that would be necessary to accommodate the ever-changing needs of the competitive marketplace would be unwieldy for EDCs and costly to customers.

23. NRG remains committed to Pennsylvania's electric retail market. While the existing model of having the EDCs serve in the default service role will continue to hinder the development of this market, substantial progress can be realized by implementing SCB. Simply affording EGSs the opportunity – that all other suppliers of good and services routinely enjoy – to directly bill their customers for the services they provide (without requiring those customers to receive separate bills for the associated delivery charges) would create a valuable link between EGSs and their customers and establish a solid foundation for long-term relationships.

24. SCB is such an important tool for enhancing EGS services to their consumers that NRG is willing to state that if the Commission moves forward with SCB, as structured herein, NRG will utilize this option to improve its position in the retail market and enhance the services provided to retail electric consumers in Pennsylvania.

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<sup>43</sup> See, e.g., NRG comments filed on December 10, 2012 at Docket No. I-2011-2237952.



25. As the Commission has recognized, the General Assembly's vision in 1996 for a vibrant and robust retail electric market has not yet been realized. Importantly, the implementation of SCB would take Pennsylvania's market to the next level where customers have the ability to choose from a diverse range of innovative products and services at competitive prices, gain more confidence in the competitive retail electric market and have a more satisfactory shopping experience.

B. Description of Supplier Consolidated Billing and NRG Proposals

26. NRG proposes that SCB be made available throughout Pennsylvania by the second quarter of 2018 through the adoption of a comprehensive plan by the Commission that ensures uniformity in the design and implementation of the mechanism, as well as the consumer protections, rules and protocols that would be followed by all participants.<sup>44</sup>

27. In basic terms, a qualified EGS choosing to provide SCB services would be responsible for billing and collecting from the customer for both the EGS's generation service and the EDC's distribution charges. This model would replicate the normal practice followed by other providers of goods and services that directly bill their customers for those products or services, including any associated delivery charges. For instance, stores that sell light bulbs do not require customers to pay a separate delivery charge to the trucking company that transported the products to the store. Rather, the delivery charges are billed by the store as part of the cost of the light bulbs.

28. Under NRG's proposal, in order to provide SCB, the EGS would be required to purchase the full value of the receivables of the EDC, meaning that it would be a zero discount

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<sup>44</sup> Although NRG proposes that the major jurisdictional EDCs be directed to implement SCB, the Company does not oppose excluding small EDCs, including Citizens Electric Company of Lewisburg, Wellsboro Electric Company and Pike County Light & Power Company, if the Commission deems their exclusion appropriate. *See, e.g., Investigation of Pennsylvania's Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered March 2, 2012).

rate. The payment period proposed by NRG is 30 days.<sup>45</sup> It is further proposed that the purchase would be without recourse for all charges and, otherwise, on the same terms that the EDC purchases EGS receivables for the existing UCB.<sup>46</sup> The EGS, in turn, would be responsible for collecting from the customer all the charges owing to the customer.

29. Importantly, NRG also proposes to preserve all existing protections enjoyed by Pennsylvania's retail customers, particularly with respect to the Commission's standards and billing practices for residential service set forth in Chapter 56, with which EGSs serving residential customers are required to comply.<sup>47</sup> As structured by NRG, the EDC would continue to be responsible for physically terminating service to a non-paying customer, when termination is permitted by the Commission's rules.

30. Under NRG's proposal, the EGS offering SCB would instruct the EDC to institute the physical termination protocols in accordance with Chapter 14 of the Code<sup>48</sup> and Chapter 56

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<sup>45</sup> NRG's review of EDC supplier tariffs reveals that the payment periods for such purchases vary from 20 to 40 days and sometimes are different for residential and non-residential customers. *See, e.g.*, Duquesne Light Company Pa. P.U.C. No. 3S, Page 30B; PECO Energy Company Pa. P.U.C. No. 1S, Page No. 93; PP&L, Inc., Pa. P.U.C. No. 1S, Rule 12.9.2.2; West Penn Power Company Pa. P.U.C. No. 2S, Page No. 35. NRG's proposed 30-day period, representing a mid-point between existing payment periods, would apply to all purchases, irrespective of the EDC service territory or the type of customer.

<sup>46</sup> Stated another way, the EDC would bill the EGS directly via EDI for all charges owed for delivery service for each customer and the EGS would be responsible for paying the EDC in full. The EDI 810 transaction can be more fully developed to enable a full detailing of EDC charges. For example, in Texas, the 810 transaction has over 100 SAC codes that enable the utilities to detail charges for all services, allowances and credits to every customer.

<sup>47</sup> 52 Pa. Code, Ch. 56. *See Request of Reliant Energy Northeast, LLC d/b/a/ Reliant Energy for Approval to Amend its Electric Generation Supplier License as a Retail Electric Power Supplier*, Docket No. A-2010-2192350 (Order entered May 19, 2011). Although the Commission noted that the rules relating to residential service termination are not applicable to EGSs, the Commission has the legal authority to make these rules applicable to EGSs offering SCB by treating them as "public utilities" for limited purposes consistent with Section 2809(e) of the Public Utility Code ("Code"), 66 Pa. C.S. § 2809(e) (relating to standards and billing practices for residential utility services). *See Delmarva Power & Light Co. v. Pa. P.U.C.*, 870 A.2d 901 (Pa. 2005). The Commission may further rely on its general powers under Chapter 5 of the Code. *See PPL Electric Utilities Corporation Retail Markets*, Docket No. M-2009-2104271 (Order entered August 11, 2009).

<sup>48</sup> 66 Pa. C.S. Ch. 14.