

**ECKERT
SEAMANS**
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
Harrisburg, PA 17101

TEL 717 237 6000
FAX 717 237 6019
www.eckertseamans.com

Karen O. Moury
717.237.6036
kmoury@eckertseamans.com

December 15, 2016

Via Electronic Filing

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

Re: PECO Energy Company's Pilot Plan for an Advance Payments Program Submitted
Pursuant to 52 Pa. Code § 56.17

PECO Energy Company's Petition for Temporary Waiver of Portions of the
Commission's Regulations With Respect to the Plan
Docket No. P-2016-2573023

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Comments of NRG Energy, Inc. to PECO Energy Company's Proposed Implementation of a Prepayment Meter Program on a Pilot Basis with regard to the above-referenced matter. 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 Comments upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

Ward Smith, Esq.
PECO Energy Company
2301 Market St
P.O. Box 8699
Philadelphia, PA 19101-8699
Ward.smith@exeloncorp.com

Lauren M. Burge, Esq.
Harrison Breitman, Esq.
Office of Consumer Advocate
555 Walnut St., 5th Floor
Forum Place
Harrisburg, PA 17101-1923
lburge@paoca.org
hbreitman@paoca.org

Elizabeth Triscari
Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second St.
Harrisburg, PA 17101
etriscari@pa.gov

Richard Kanaskie
Bureau of Investigation and Enforcement
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
rkanaskie@pa.gov

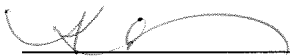
Robert Ballenger, Esq.
Josie Pickens, Esq.
Lydia Gottesfeld, Esq.
Community Legal Services, Inc.
1424 Chestnut St.
Philadelphia, PA 19102
RBallenger@clsphila.org
jpickens@clsphila.org
lgottesfeld@clsphila.org

Patrick Cicero, Esq.
Joline Price, Esq.
Elizabeth Marx, Esq.
Pennsylvania Utility Law Project
118 Locust St.
Harrisburg, PA 17101
pulp@palegalaid.net

Shelby Linton-Keddie, Esq.
Duquesne Light Company
800 North Third St., Suite 203
Harrisburg, PA 17102
Slinton.keddie@duglight.com

Daniel Clearfield, Esq.
Deanne M. O'Dell, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Fl.
Harrisburg, PA 17101
dclearfield@eckertseamans.com
dodell@eckertseamans.com

Dated: December 15, 2016



Karen O. Moury, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PECO ENERGY COMPANY'S :
PILOT PLAN FOR AN ADVANCE :
PAYMENTS PROGRAM SUBMITTED :
PURSUANT TO 52 PA. CODE §56.17 :

AND :

DOCKET NO. P-2016-2573023

PECO ENERGY COMPANY'S :
PETITION FOR TEMPORARY :
WAIVER OF PORTIONS OF THE :
COMMISSION'S REGULATIONS :
WITH RESPECT TO THE PLAN :

**COMMENTS OF NRG ENERGY, INC.
TO PECO ENERGY COMPANY'S PROPOSED IMPLEMENTATION
OF A PREPAYMENT METER PROGRAM ON A PILOT BASIS**

Pursuant to the Notice published by the Pennsylvania Public Utility Commission (“Commission”) in the *Pennsylvania Bulletin* on November 12, 2016, NRG Energy, Inc. (“NRG”) offers these Comments opposing the proposal of PECO Energy Company (“PECO”) to implement a Pilot Plan for Advance Payments Program (“Prepay Proposal”) submitted pursuant to 52 Pa. Code §56.17, and respectfully requests that the Commission reject PECO’s Prepay Proposal. Although NRG recognizes the usefulness of this product to consumers, PECO should not be permitted to use its monopoly status as the only consolidated billing entity to offer a competitive service. Rather than allowing PECO to venture into the competitive billing arena in 2018, twenty years after enactment of the Electricity Generation Customer Choice and Competition Act, (“Competition Act”),¹ the Commission should implement Supplier Consolidated Billing (“SCB”)

¹ 66 Pa. C.S. Ch. 28.

so that competitive billing services including prepaid plans may be offered by electric generation suppliers (“EGSs”) in 2018.²

I. INTRODUCTION

While a prepaid billing plan offers benefits to consumers by allowing them to better manage their energy consumption and reduce their electric costs, such a plan is a competitive billing option that offers value to consumers and, as such, is properly offered by EGSs in a market that is open to retail competition. Permitting PECO to furnish this option to consumers would afford PECO an unfair and inappropriate opportunity to provide competitive services. In general, any programs that allow consumers to obtain value-added services from electric distribution companies (“EDCs”), including prepaid billing plans that are growing in popularity among consumers in Texas, are disruptive to the retail market because they give EDCs an advantage over EGSs, which are the competitive entities that are best suited to tailoring energy products designed to meet the unique needs of their consumers.

In 1996, the Commission emerged as a national leader in electricity policy when the Competition Act was enacted. In commencing the retail markets investigation (“RMI”) in April 2011, the Commission emphasized its continuing commitment to ensuring that a properly functioning and workable competitive retail electricity market exists in the Commonwealth.³ 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.⁴

² See *Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing*, Docket No. P-2016-2579249 (“NRG’s SCB Petition”) filed on December 8, 2016 (SCB implementation is proposed for the second quarter of 2018).

³ *Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered April 29, 2011) (“RMI Launch Order”).

⁴ *Id.*

Indeed, in launching the second phase of the RMI, the Commission observed that Pennsylvania's retail market was lagging behind expectations, noting that several innovative products are now being offered to retail customers in Texas that are not available to Pennsylvania consumers. Prepaid energy plans were specifically referenced by the Commission as an innovative product that is available through EGSs in a fully functioning robust competitive retail market.⁵

Following a review of comments filed during the RMI, the Commission embarked upon a series of initiatives 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."⁶ In this manner, the Commission expected "Pennsylvania to achieve and sustain the robust competitive market that was envisioned in 1996 by the General Assembly."⁷

Although the Commission has implemented various enhancements as a result of the RMI, many of which have improved various features of the market, retail electric competition has remained stagnant. For instance, the Commission observed in 2011 that nearly two-thirds of consumers were not participating in the retail market.⁸ The shopping statistics are nearly the same today.⁹ Importantly, a wide array of innovative product offerings that is the cornerstone of a well-functioning market continues to be unavailable to Pennsylvania's retail consumers.¹⁰

Given the Commission's long-standing commitment to ensuring the development of a robust competitive market, it is imperative that the Commission preclude EDCs from offering any value-added products and services, including prepaid billing options, to customers. To permit

⁵ *Investigation of Pennsylvania's Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered July 28, 2011) ("RMI Launch Order II") at 6.

⁶ *Investigation of Pennsylvania's Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered February 15, 2013) at 15.

⁷ *Id.*

⁸ *Electric RMI Launch Order II* at 6.

⁹ <http://extranet.papowerswitch.com/stats/PAPowerSwitch-Stats.pdf?download/PAPowerSwitch-Stats.pdf>

¹⁰ *Electric RMI Launch Order II* at 7.

EDCs to furnish these competitive products to consumers would represent a retreat from the goals of the Competition Act and would be contrary to the Commission's expressly-stated objectives of creating a structure where healthy competition thrives and consumers enjoy a wide variety of innovative product offerings.

II. BACKGROUND

On October 26, 2016, PECO filed the Prepay Proposal, along with a Petition for Temporary Waiver of Portions of the Commission's regulations. By the Prepay Proposal, PECO proposes to implement a prepayment meter program that will allow certain of its residential customers and applicants for service to voluntarily enter a program in which they pay their bills for utility service in advance of receiving that service.

PECO relies on the Commission's regulations at 52 Pa. Code §56.17 as authorizing the implementation of advance payment programs, noting that this provision has been in effect since 1978.¹¹ Under PECO's proposal, the program will be a pilot limited to approximately 1,000 participants and will be available to both shopping and default service customers. PECO proposes to begin customer enrollment no later than the first quarter of 2018. After conducting process and impact evaluations, which would be completed no later than two years after customer enrollment is complete, PECO plans to make a subsequent filing to recommend elimination, extension, expansion or revision of the pilot.

The Commission published a Notice of PECO's Prepay Proposal in the *Pennsylvania Bulletin* on November 12, 2016. By that Notice, the Commission invited the filing of Comments on or before December 15, 2016. Reply Comments are due by January 16, 2017. On November 15, 2016, the Office of Consumer Advocate filed a Notice of Intervention and an Answer to PECO's Prepay Pilot Plan. Tenant Union Representative Network and Action Alliance of Senior

¹¹ Prepay Proposal ¶ 3.

Citizens of Greater Philadelphia filed an Answer on November 15, 2016 and a Petition to Intervene on November 16, 2016. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania filed an Answer and a Petition to Intervene on November 15, 2016.

Consistent with the Commission's Notice in the *Pennsylvania Bulletin*, NRG offers the following Comments in response to PECO's Prepay Proposal. NRG appreciates the opportunity to offer Comments for the Commission's consideration as it evaluates PECO's Prepay Proposal.

III. COMMENTS

A. Summary of Comments

NRG opposes PECO's Prepay Proposal on the basis that PECO should not be permitted to use its monopoly status as the only consolidated billing entity to offer a competitive service. Rather than allowing PECO to venture into the competitive billing arena in 2018, the Commission should reject the Prepay Proposal and direct the implementation of SCB so that competitive billing services including prepaid plans may be offered by EGSs in 2018.

Although prepaid billing plans provide an excellent opportunity for consumers to manage their energy consumption and reduce their costs, they should be exclusively provided by the competitive companies supplying the electricity rather than the regulated company delivering the electricity. This competitive billing option should be offered by the market because it provides value to consumers, such as the ability to receive daily updates with balance and usage information via electronic communication methods. While the Commission's regulations have allowed advance payments programs since 1978, the landscape has significantly changed since that time, particularly with the passage of the Competition Act. Due to the introduction of retail competition and the entry of numerous licensed EGSs into Pennsylvania's retail market, these EGSs are best suited to developing products such as prepaid billing plans that are tailored to meet the individual needs of consumers.

Even permitting PECO to move forward with a pilot that is limited in scope and duration is not appropriate since prepay plans are properly offered in the competitive market. Indeed, it would be a waste of time and resources to engage in any efforts to allow PECO to furnish consumers with a competitive billing option that should be available only from EGSs. Under PECO's Prepay Proposal, its prepaid billing option would be offered to consumers by early 2018, just a few months prior to NRG's proposed implementation date for SCB – the second quarter of 2018.¹² In NRG's SCB Petition filed on December 8, 2016, it specifically pointed to prepaid billing plans as an example of a product that SCB would enable EGSs to offer to consumers.¹³ As NRG and other EGSs already know how to structure prepaid billing plans, it is pointless for ratepayer funds to be expended so that PECO can “test and learn” how to design and implement such offerings.¹⁴

B. NRG Operations

As 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.

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,¹⁵

¹² NRG's SCB Petition at ¶ 15.

¹³ NRG's SCB Petition at ¶

¹⁴ Prepay Proposal ¶ 5.

¹⁵ Docket No. A-2010-2192350.

Green Mountain Energy Company,¹⁶ Energy Plus Holdings LLC,¹⁷ and Cirro Energy,¹⁸ These NRG retail companies offer customers a range of products including 100% renewable, cash back rewards and loyalty points.

Of particular note for purposes of these Comments, an NRG retail company in Texas offers a “SmartStart Plan,” which is described as a pay-as-you-go electricity plan that allows customers to decide how much electricity to purchase.¹⁹ Specific features of this plan are that payments can be made in-store, online or via the Reliant app with no security deposit or monthly bill. Consumers also may sign up for the auto-reload payment option to ensure that they always have a sufficient account balance and they may receive usage and low balance alerts via text or email.

C. NRG’s Position on PECO’s Prepay Proposal

NRG opposes PECO’s Prepay Proposal because PECO should not be permitted to use its monopoly status as the only consolidated billing entity to provide a competitive service. The Commission has recognized that a robust retail market occurs when EGSs expand their investment due to certainty and a more level playing field, resulting in customers enjoying a wide variety of innovative product offerings.²⁰ Approval of the Prepay Proposal would interfere with the healthy functioning of the competitive market and deprive consumers of access to a broad array of products that are tailored to meet their individual needs. As EGSs are the entities that are best suited to developing such offerings, it is vital that the Commission rely on the competitive market for billing options that offer value to consumers. Rather than allowing PECO to venture into the competitive billing arena in 2018, twenty years after enactment of the Competition Act, the Commission should implement SCB so that prepaid plans may be offered by EGSs in the retail market in 2018.

¹⁶ Docket No. A-2011-2229050.

¹⁷ Docket No. A-2009-2139745.

¹⁸ Docket No. A-2011-2262337.

¹⁹ <https://www.reliant.com/en/public/reliant-smartstart-plan.jsp>.

²⁰ *End State Final Order* at 15.

As an active retail market participant and a provider of various competitive billing options and value-added services (through its retail companies), NRG fully supports giving consumers choices in the way they are billed for their electric supply and the power to select an EGS based on the factors that are important to them. Specifically with respect to prepaid plans, NRG is aware of their benefits, which allow consumers to budget for their electricity and manage their energy consumption to reduce their overall costs. NRG has firsthand experience with the high satisfaction levels of consumers who have opted for these programs, which are growing in popularity among consumers and are very similar to the structure of many mobile phone plans available in the competitive market. Importantly, however, competitive billing options and value-added services should be provided by the retail market – by the entities that are furnishing the electricity supply to consumers. A prepaid plan is a competitive billing option that offers value to consumers, such as the ability to receive daily updates with balance and usage information via electronic communication methods.

PECO notes that at least 55 prepaid programs are underway at the national level through mid-2015.²¹ Ironically, as indicated in the study referenced by PECO, these programs are heavily concentrated among electric co-operatives, municipal utilities, public utility districts – which are not open to retail competition – and retail electric providers in the most competitive retail market in the country.²² Indeed, the study characterizes the prepaid programs offered by retail electric providers in Texas as being mature and indicates high customer satisfaction with such programs. By contrast, PECO observes that EDCs and the Commission in Pennsylvania have no experience

²¹ Prepay Proposal ¶ 4. *See* Prepaid Electric Utility Service: The Need for Essential Consumer Protections, National Consumer Law Center, June 24, 2015, which is available at the following link: https://www.nclc.org/images/pdf/energy_utility_telecom/electric_and_gas/prepaid-electricity-service-ppt.pdf (last accessed on December 14, 2016).

²² In Texas, EGSs are referred to as retail electric providers. *See Annual Baseline Assessment of Choice in Canada and the United States*, prepared by the Distributed Energy Financial Group LLC, July 2015 (ranking Texas as the competitive electricity market leader).

with prepaid plans. Notably, despite the success and maturity of the prepaid billing plans offered by the market in Texas, PECO seeks to employ a ratepayer-funded “test and learn” approach and take the lessons learned from the proposed pilot to “allow it to design a more successful program for broad-scale deployment throughout the Company’s service territory.”²³ Again, ignoring the mature prepaid programs already in place elsewhere, PECO further suggests that the lessons from its proposed pilot may also be useful to other jurisdictional utilities.

While the Commission’s regulations have allowed advance payments programs since 1978, the landscape has significantly changed since that time, particularly with the passage of the Competition Act. Due to the introduction and growth of retail competition and the entry of numerous licensed EGSs into Pennsylvania’s retail market, the Commission should be creating a framework for EGSs to offer such products rather than expending resources to have PECO develop and implement a pilot that is expressly intended to pave the way for broad-scale deployment in its service territory and possibly throughout Pennsylvania. The notions underlying the Prepay Proposal are wholly contrary to the Commission’s expressly stated objectives of creating a robust competitive market where consumers have access to a wide array of product offerings.

Despite the fundamental importance of having competitive billing options and value-added services furnished by EGSs that are participating in the competitive retail market, EGSs are currently unable to offer customers the option of a prepaid plan in Pennsylvania. This inability is due to the current scheme in which only the EDCs can offer consolidated billing, known as utility consolidated billing (“UCB”). Under UCB, EDCs bill customers for their own tariffed delivery charges and the EGS’s competitive supply charges. Because SCB has not yet been implemented in Pennsylvania, only EDCs can offer consumers the prepaid plan billing option.²⁴ A scenario that

²³ Prepay Proposal ¶¶ 5 and 9.

²⁴ Due to the way these plans work, it would not be feasible to offer a prepay option for only supply charges. It is noteworthy that Chapter 56 poses no constraints to EGSs offering prepaid plans since the Commission has made it

allows EDCs to offer a competitive billing service is wholly at odds with the Commission's goal of developing a workable and fully-functioning retail market.

Even permitting PECO to implement its Prepay Proposal on a pilot basis with limitations on its scope and duration is not appropriate since prepay plans are not properly offered in the competitive market. It makes no sense to spend time and ratepayer funds enabling PECO to furnish a product that should only be available to consumers from EGSs and which may only be available from PECO for a short period of time as a stop gap measure. It would be far superior to devote the necessary resources to the implementation of SCB so that EGSs participating the retail market can develop a wide array of product offerings, enabling customers to choose billing plans that best fulfill their own individual needs.

IV. CONCLUSION

Based upon the foregoing, NRG opposes PECO's Prepay Proposal and respectfully requests that the Commission reject the proposal and not permit PECO to use its monopoly status as the only consolidated billing entity to venture into the competitive arena and offer consumers a value-added billing option that is properly available only from EGSs through the retail market.

Respectfully submitted,



Leah Gibbons
Director, Regulatory Affairs
NRG Energy, Inc.
3711 Market Street, Suite 1000
Philadelphia, PA 19104
301.509.1508
libbons@nrg.com

Karen O. Moury
Attorney I.D. No. 36879
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, Eighth Floor
Harrisburg, PA 17101
717.237.6036
kmoury@eckertseamans.com

December 15, 2016

Counsel for NRG Energy, Inc.

clear that EGSs are required to comply with the applicable requirements of Chapter 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).