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January 17, 2017

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 Reply 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 Reply Comments 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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Dated: January 17, 2017



Karen O. Moury, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PECO Energy Company's Petition for	:	
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 that Plan	:	

REPLY COMMENTS OF NRG ENERGY, INC.

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 Reply Comments responding to Comments filed on December 15, 2016 in connection with the proposal of PECO Energy Company (“PECO”) to implement a Pilot Plan for Advance Payments Program (“Prepay Proposal”). By these Reply Comments, NRG submits that: (1) approval of the Prepay Proposal would lay the ground work for electric distribution companies (“EDCs”) throughout Pennsylvania to develop innovative product offerings that should only be available from electric generation suppliers (“EGSs”) participating in the competitive market; (2) it is imperative to preclude EDCs from using their monopoly status as the only consolidated billing entities to offer value-added products and services to consumers; and (3) it would be a waste of ratepayer funds and other stakeholder resources to use PECO’s Prepay Proposal as a means of educating EDCs in Pennsylvania about how these billing options work when NRG and other EGSs are already successfully offering these competitive services in Texas.

I. INTRODUCTION

A review of the Comments filed by PPL Electric Utilities Corporation (“PPL”) and Duquesne Light Company (“Duquesne Light”) illustrates the importance of the Commission rejecting PECO’s Prepay Proposal so that this proceeding does not pave the way for the expansion of this competitive billing option by EDCs in Pennsylvania. Through their Comments, both PPL and Duquesne Light make it clear that they intend to file their own plans to offer a prepaid billing option, using lessons learned from PECO’s Prepay Proposal.

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 using their monopoly status as the only consolidated billing entities to offer value-added products and services, including prepaid billing options, to customers. Programs that allow consumers to obtain value-added services from their EDCs 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. To permit EDCs to furnish these competitive products to consumers would represent a retreat from the goals of the Electricity Generation Customer Choice and Competition Act¹ (“Competition Act”) and would be wholly contrary to the Commission’s expressly-stated objectives of creating a structure where competition thrives and consumers enjoy a wide variety of innovative product offerings from the market.²

Notably, NRG and other EGSs are already successfully offering prepaid billing options in Texas, where a mature market exists for this competitive service. As a result of this extensive experience, it would be a waste of time and resources to engage in any efforts to allow EDCs to

¹ 66 Pa. C.S. Ch. 28.

² *Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered April 29, 2011).

furnish consumers with a competitive billing option that should be available only from EGSs. Since 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, and other EDCs can derive information needed for designing their own “innovative” products.³

As NRG urged in its Comments filed on December 15, 2016, and for the additional reasons expressed in these Reply Comments, the Commission should reject PECO’s Prepay Proposal. Rather than allowing EDCs to venture into the competitive billing arena over twenty years after enactment of the Competition Act, the Commission should implement Supplier Consolidated Billing (“SCB”) so that competitive billing services including prepaid plans may be offered by EGSs in 2018.⁴

II. REPLY COMMENTS

By these Reply Comments, NRG submits that: (1) approving the Prepay Proposal would provide a catalyst for EDCs throughout Pennsylvania to develop innovative product offerings that should only be available in the competitive market; (2) allowing EDCs to use their monopoly status as the only consolidated billing entities to offer value-added products and services to consumers would be counter-productive to the development of a healthy retail market; and (3) using PECO’s Prepay Proposal as a means of educating EDCs about how these billing options work when NRG and other EGSs are already successfully offering these competitive services in Texas would be a waste of ratepayer funds and other stakeholder resources.

³ Prepay Proposal ¶ 5; PPL Comments at 2; Duquesne Comments at 3.

⁴ See *Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing*, Docket No. P-2016-2579249 filed on December 8, 2016 (SCB implementation is proposed for the second quarter of 2018).

A. Approval of the Prepay Proposal Would Lay the Groundwork for EDCs to Venture into the Competitive Billing Services Arena.

The Comments filed by PPL and Duquesne Light illustrate the importance of the Commission rejecting PECO's Prepay Proposal so that this proceeding does not pave the way for the expansion of this competitive billing option among EDCs in Pennsylvania. Through their Comments, both PPL and Duquesne Light make it clear that they intend to file their own plans to offer a prepaid billing option, using lessons learned from PECO's Prepay Proposal.

To that end, Duquesne Light urges the Commission to "thoughtfully consider the possible numerous benefits to consumers and other EDCs planning to implement this type of innovative option if a limited Pilot Plan with appropriate specificity and consumer protections were allowed to go forward."⁵ Duquesne Light adds that "these results can then be used...by other EDCs when moving forward and designing similar programs for each respective territory."⁶ Similarly, PPL advocates for flexibility in the design of PECO's Prepay Proposal so as "to accommodate each EDC's individual circumstances, to test customers' reactions and to allow parties to learn best practices."⁷ Duquesne Light further suggests that the value of pilot programs, "and the learning experiences they provide to other major utilities with similar plans, including potential identification of best practices, should not be understated."⁸

Clearly, these Comments establish that approval of the Prepay Proposal would lay the groundwork for EDCs to design and deploy their own competitive billing services. Rather than encouraging EDCs to be exploring opportunities to offer value-added services to consumers, the

⁵ Duquesne Light Comments at 3.

⁶ Duquesne Light Comments at 3.

⁷ PPL Comments at 1-2.

⁸ Duquesne Light Comments at 4.

Commission should reject the Prepay Proposal on the basis that these products are appropriately offered by EGSs participating in the market.

B. Innovative Product Offerings are Properly Left to the Market.

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. Duquesne states that it is exploring different ways to leverage its Advanced Metering Infrastructure and “provide more innovative offerings to its customers.”⁹ However, this notion is wholly at odds with the Commission’s expressly stated objectives of creating a robust competitive market where EGSs expand their investment due to certainty and a more level playing field and consumers enjoy access to a wide array of product offerings from **EGSs**.¹⁰

The widespread deployment of prepaid billing options by EDCs would interfere with the healthy functioning of the competitive market and deprive consumers of access to a broad variety of EGS products that are tailored to meet their individual needs. In a robust competitive market, EGSs are competing against each other – not against the EDCs in their default service roles. As the Commission has recognized, merely having the EDC in the default service role “presents structural barriers to a robust retail market place and that EDCs should focus on their core competencies.”¹¹ Allowing EDCs to go beyond the provision of basic default service and use their monopoly status to offer competitive billing services to consumers would further entrench their role as the default service provider and strengthen those existing structural barriers to the development of a vibrant market. Such measures would also inappropriately pit EDCs against EGSs, which are already at a disadvantage due to not having a billing relationship with the

⁹ Duquesne Light Comments at 2.

¹⁰ *Investigation of Pennsylvania’s Retail Electricity Market*, Docket No. I-2011-2237952 (Order entered February 15, 2013) (“*RMI End State Order*”) at 15.

¹¹ *RMI End State Order* at 20.

customer. Rather than enabling EDCs to explore different ways of providing innovative offerings to consumers, the Commission should be creating a framework that allows EGSs to offer such products.

C. PPL and Duquesne Light Fail to Recognize the Experience that EGSs have with Prepaid Billing Plans in Texas.

In their Comments, PPL and Duquesne refer to the learning opportunities that the Prepay Proposal would provide without acknowledging that EGSs already successfully offer prepaid billing options in Texas. For instance, PPL refers to advance payment programs that have been adopted by utilities in other states and suggests that the results from those programs have been promising.¹² Similarly, Duquesne Light opines that while a prepaid plan may provide a better customer experience and other benefits, that possibility can only be investigated if a plan is implemented.¹³ Yet, the study referenced by PECO in its Prepay Proposal¹⁴ characterizes the prepaid programs offered by retail electric providers in Texas as being mature and describes high customer satisfaction with such programs. Indeed, NRG has firsthand experience with the benefits and high satisfaction levels of consumers who have opted for prepaid billing options, which are growing in popularity among consumers and are very similar to the structure of many mobile phone plans available in the competitive market.

Specifically, in Texas, an NRG subsidiary offers a “pay-as-you-go electricity plan,” which allows the customer to decide how much electricity to purchase. It is easy for the customer to add money to his or her balance, and the EGS notifies the customer if the balance is running low. For

¹² PPL Comments at 2.

¹³ Duquesne Comments at 3.

¹⁴ 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.

that particular plan, the EGS will match a customer's initial payment with a credit of up to \$150, if it is made on the same day as enrollment. To ensure that a sufficient account balance is always available, the plan allows customers to sign up for the auto-reload payment option. In addition, customers receive usage and low balance alerts via text or email.¹⁵

Further, a review of the Power to Choose website of the Public Utility Commission of Texas ("PUCT") shows that using one zip code (77003) in Houston, a customer will see 24 different prepaid plan offers.¹⁶ That list of offers does not even include the pay-as-you go plan offered by NRG's subsidiary or a similar offering of another EGS,¹⁷ which are marketed through other means. Clearly, this wide array of competitive billing options – that includes only prepaid plans using one zip code in Houston – shows that EGSs in Texas have embraced the opportunity to successfully develop and deploy innovative product offerings that are demanded by consumers. To appreciate the full scope of the prepaid options available in the competitive retail market in Texas, NRG encourages the Commission to further explore the various links that are available on PUCT's Power to Choose website.

Despite this widespread deployment of prepaid billing options by EGSs and the maturity of these competitive market offerings in Texas, PPL and Duquesne support the use of PECO's ratepayer-funded "test and learn" approach. However, given the experience that EGSs already have in developing this product for another retail market, it makes no sense to spend time and ratepayer funds enabling EDCs to furnish a product in Pennsylvania that should only be available to consumers from EGSs. It would be far superior to devote the necessary resources to the

¹⁵ www.reliant.com/smartstartplan.

¹⁶ <http://www.powertochoose.com/en-us>. In order to search for prepaid plans by zip code, a customer must select "Show All Plans" under Pricing and Billing; uncheck all plans under Plan Type; "Show Only Prepaid Plans" under Prepaid Plans; and "Do Not Show Time of Use Plans" under Time of Use Plans.

¹⁷ <https://www.firstchoicepower.com/power-to-go>.

implementation of a framework that allows EGSs participating in Pennsylvania's retail market to develop a wide array of product offerings, enabling customers to choose billing plans that best fulfill their own individual needs.

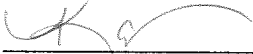
III. CONCLUSION

For the reasons set forth in its Comments and as further elaborated on in these Reply Comments, NRG opposes PECO's Prepay Proposal and respectfully requests that the Commission reject the Prepay 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,

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