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July 30, 2019

VIA ELECTRONIC FILING

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: **Electric Distribution Company Default Service Plans – Customer Assistance
Program Shopping**
Docket No. M-2018-3006578

Dear Secretary Chiavetta:

Enclosed for filing please find the Comments of WGL Energy Services, Inc. (“WGL Energy”) in response to the Order entered on February 28, 2019 in the above-captioned matter.

If you have any questions or need any additional information regarding this filing, please do not hesitate to contact me.

Best Regards,

STEVENS & LEE



Michael A. Gruin, Esq.

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Distribution Company Default : Docket No. M-2018-3006578
Service Plans – Customer Assistance Program :
Shopping :
:

COMMENTS OF WGL ENERGY SERVICES, INC.

WGL Energy Services, Inc. (“WGL Energy”) hereby files these Comments in response to the Proposed Policy Statement issued by the Pennsylvania Public Utility Commission (“Commission”) on February 28, 2019 regarding Customer Assistance Plan (“CAP”) Shopping provisions in Electric Distribution Company (“EDC”) Default Service Plans.

WGL Energy is a licensed Electric Generation Supplier (“EGS”) and a licensed Natural Gas Supplier in the Commonwealth of Pennsylvania with offices in Pittsburgh and Philadelphia, providing services to residential, commercial and industrial customers for over nine years. WGL Energy offers many tailored products to enable customers to freely choose and select products that best serve their energy needs. With these Comments, WGL Energy urges the Commission to modify its Proposed Policy Statement to allow suppliers to offer additional value-added products to CAP customers, in addition to the narrow product offering that would be required by the Proposed Policy Statement.

Under the Policy Statement as currently drafted, CAP customers would only have two choices for their electricity supply: (1) utility default service; or (2) an EGS product offering that has a per kilowatt-hour rate that is at or below the Electric Distribution Company’s (“EDC”)

Price to Compare for the entire duration of the contract. There are several problems with the proposed Policy Statement. First, it must be recognized that limiting the options available to CAP customers is administratively burdensome for both EDCs and EGSs. CAP customers are not static, and the universe of CAP customers changes on a daily basis as new customers enter CAP, and existing CAP customers exit the program. A customer's CAP status is not one of the fixed identifiers that is typically conveyed in the EDI information passed between EDCs and EGSs. This makes it administratively challenging for EGSs to know which of their customers enter CAP, and which products can be marketed to which customers. As a result, a CAP customer could inadvertently be enrolled in a product that is not available to CAP customers under the Policy Statement, thereby jeopardizing that customer's CAP benefits. Secondly, the Policy Statement focuses solely on the per kWh costs of a product, without taking into consideration other factors that could effectively lower a customer's bill. If this Proposed Policy Statement is adopted, CAP customers would be foreclosed from choosing other potential value-added products that are available to their friends and neighbors that do not happen to be on CAP. For instance, CAP customers would be forbidden from enrolling in the following types of products that offer significant value and benefits:

- 100% renewable energy generated from wind or solar, which may include a kilowatt-hour rate equal to higher than the PTC, but which provides longer term environmental benefits.

- A Time-of-use offer including free nights, free weekends, or on peak/off peak pricing, although the supplier kWh pricing could exceed the PTC during the periods when power is not discounted.
- A product offer that includes free energy efficiency products, such as thermostats or light bulbs, under which the supplier pricing could exceed the PTC, but which would result in lower customer usage and total electricity bill.
- A longer term fixed price offer providing cost certainty, price stability and guaranteed price protection against uncertain future PTCs.
- A Value-added retail offer including cash back, rebates, reward points, grocery discounts, shopping coupons, and/or other non-energy benefits above and beyond simple kWh pricing.
- Fixed monthly price offers, including weather hedges, that provide absolute price certainty without true ups over time regardless if weather is hotter or colder than normal.
- Charitable donations made by suppliers to children's hospitals or other organizations from the proceeds of their supplier contracts.

The list above is by no means meant to be exhaustive. One of the benefits of retail electricity competition is the opportunity for new product innovations that retail suppliers can bring to the marketplace. The list above includes just a few examples of the types of value-added products that could benefit CAP customers enabling them the freedom to select the energy product that best suits their energy needs. With dozens of retail suppliers competing to

demonstrate their value to customers, it can be expected that many more innovative products could be made available that benefit CAP and non-CAP customers alike. The point is that CAP customers should not be universally prohibited from choosing such products just because they have a lower income than other customers and receive universal service benefits.

It is especially concerning that the Policy Statement would severely limit the ability of CAP customers to choose renewable energy products, which typically have per kWh rates that exceed the utility's price to compare. The prevailing public policy throughout the country is to encourage the growth of renewable energy products and alternatives, but the Policy Statement as drafted would have the opposite effect, and make it difficult, if not impossible, for CAP customers to choose a renewable product offering without jeopardizing their CAP benefits. WGL Energy respectfully submits that it is punitive to universally prohibit CAP customers from choosing renewable energy products, or to force CAP customers to choose between receiving CAP benefits or supporting renewable energy offerings for their households.

While WGL Energy certainly understands the Commission's concerns regarding the impacts of high electricity supplier rates on CAP Customers, WGL Energy respectfully submits that CAP customers, which total over 250,000 electric customers receiving energy assistance, should not be discriminated against and prohibited from choosing value-added products that are available to non-CAP customers.¹ To that end, WGL Energy urges the Commission to modify its Proposed Policy Statement to clarify the ability for EGSs to offer products that do meet strict limits of proposed Section 69.275, if an EGS can demonstrate that its service offering provides

¹ See page 51 of the Report on 2017 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies, Pennsylvania Public Utility Commission Bureau of Consumer Services. Electric CAP participants enrolled as of 12/31/17 totaled to 271,796.

value to CAP customers and includes adequate safeguards to protect against excessive electricity supply costs to CAP customers.

In the Commission's Order, at p. 6, the Commission stated that parties would have the opportunity in EDC default service proceedings to propose reasonable alternative models to the CAP shopping guidelines. However, the language of the Proposed Policy Statement does not include any such authorization to propose alternatives to the narrow guidelines for permissible CAP shopping programs. Therefore, to codify the ability for the Commission to approve additional permissible CAP shopping programs, WGL Energy respectfully suggests that the following language should be included in Proposed Section 69.275:

(c) An EGS may propose reasonable alternative product offerings that would be available to CAP customers, even if such product offerings do not meet the strict limitations of subsection (b), above. Such alternative product offerings shall be submitted to the Commission's Office of Competitive Market Oversight for review, and be approved if the party proposing the alternative product offering can demonstrate that the alternative product offering can reasonably be expected to offer value to CAP customers and includes adequate safeguards to protect against excessive electricity supply costs to CAP customers.

Conclusion

WGL Energy believes that the modifications suggested herein are crucial to ensure that CAP customers are not discriminated against and have reasonable access to the benefits of retail competition, while still ensuring that CAP customers do not incur excessive electricity supply costs. WGL Energy looks forward to continued engagement with the Commission and other stakeholders on this matter.

Respectfully submitted,

July 30, 2019

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