

Morgan Lewis

Kenneth M. Kulak

Partner
+1.215.963.5384
ken.kulak@morganlewis.com

September 16, 2024

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: Petition of PECO Energy Company for Approval of Its Default Service Program for the Period from June 1, 2025 through May 31, 2029
Docket No. P-2024-3046008**

Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceeding please find **PECO Energy Company's Reply to Exceptions to the Recommended Decision of Administrative Law Judge Eranda Vero and Arlene Ashton ("Reply Exceptions")**.

As evidenced by the enclosed Certificate of Service, copies of the Reply Exceptions are being served on Administrative Law Judges Eranda Vero and Arlene Ashton, all parties of record and the Commission's Office of Special Assistants as requested in the September 3, 2024 Secretarial Letter.

Sincerely,



Kenneth M. Kulak

KMK/ap

Enclosures

c: Per Certificate of Service (w/encls.)
Office of Special Assistants – ra-OSA@pa.gov

Morgan, Lewis & Bockius LLP

2222 Market Street
Philadelphia, PA 19103-2921
United States

T +1.215.963.5000
F +1.215.963.5001

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR APPROVAL OF ITS :
DEFAULT SERVICE PROGRAM FOR : **Docket No. P-2024-3046008**
THE PERIOD FROM JUNE 1, 2025 :
THROUGH MAY 31, 2029 :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of **Reply of PECO Energy Company to Exceptions** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL

The Honorable Arlene Ashton
Philadelphia Administrative Law Judge
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107
aashton@pa.gov

The Honorable Eranda Vero
Philadelphia Administrative Law Judge
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107
evero@pa.gov

Barrett C. Sheridan
Office of Consumer Advocate
Forum Place, 5th Floor
555 Walnut Street
Philadelphia, PA 17101-1923
OCA2024PECODSP@paoca.org
*Counsel for Office of Consumer
Advocate (OCA)*

Steven C. Gray
Rebecca Lyttle
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
sgray@pa.gov
relyttle@pa.gov
*Counsel for Office of Small
Business Advocate (OSBA)*

Charis Mincavage
Adeolu A. Bakare
McNees, Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com
lcharleton@mcneeslaw.com
*Counsel for Philadelphia Area
Industrial Energy Users Group*

Lauren M. Burge
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com
*Counsel for Retail Energy Supply
Association and NRG Energy, Inc.*

Daniela Rakhlina-Powsner
Robert W. Ballenger
Joline R. Price
Vikram A. Patel
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
drakhlinapowsner@clsphila.org
rballenger@clsphila.org
jprice@clsphila.org
vpatel@clsphila.org
*Counsel for Tenant Union Representative
Network (TURN) and Coalition for
Affordable Utility Services and Energy
Efficiency in Pennsylvania (CAUSE-PA)*

Logan Welde
Senior Staff Attorney
Clean Air Council
1617 John F. Kennedy Boulevard, Suite 1130
Philadelphia, PA 19103
lwelde@cleanair.org
Counsel for Energy Justice Advocates

John F. Lushis, Jr.
Norris McLaughlin, P.A.
515 W. Hamilton Street, Suite 502
Allentown, PA 18101
jlushis@norris-law.com
*Counsel for Calpine Retail Holdings, LLC
(Calpine)*

Deanne M. O'Dell
Karen O. Moury
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com
kmoury@eckertseamans.com
*Counsel for Retail Energy Supply
Association and NRG Energy, Inc.*

Zachary M. Fabish
Senior Attorney
Sierra Club
50 F Street, NW, 8th Floor
Washington, D.C. 20001
zachary.fabish@sierraclub.org
Counsel for Energy Justice Advocates

Devin McDougall
Clean Energy Program
Earthjustice
1617 John F. Kennedy Boulevard, Suite 2020
Philadelphia, PA 19103
dmcdougall@earthjustice.org
cweinberg@earthjustice.org
mdegasperi@earthjustice.org
Counsel for Earth Justice Advocates

Yenna Lee
Assistant General Counsel
1310 Point Street
Baltimore, MD 21231
yenna.lee@constellation.com
*Counsel for Constellation NewEnergy, Inc.
and Constellation Energy Generation, LLC*

Alexander Judd
Day Pitney LLP
225 Asylum Street
Hartford, CT 06103
ajudd@daypitney.com
*Counsel for Constellation NewEnergy, Inc.
and Constellation Energy Generation, LLC*

Elizabeth J. Sher
Day Pitney LLP
One Jefferson Road
Parsippany, NJ 07054-2891
esher@daypitney.com
*Counsel for Constellation NewEnergy, Inc. and
Constellation Energy Generation, LLC*

Sophia Browning
Day Pitney LLP
555 11th Street NW
Washington, DC 20004
sbrowning@daypitney.com
*Counsel for Constellation NewEnergy, Inc.
and Constellation Energy
Generation, LLC*

CONSULTANTS

Serhan Ogur
Exeter Associates, Inc.
10480 Little Patuxent Parkway, Suite 300
Columbia, MD 21044
OCA2024PECODSP@paoca.org
Consultant for OCA

Barbara R. Alexander
Barbara Alexander Consulting, LLC
44 Beech Street
Hallowell, ME 04347
OCA2024PECODSP@paoca.org
Consultant for OCA

Mr. Mark D. Ewen
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
mewen@indecon.com
Consultant for OSBA

Elizabeth Marx
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
emarx@pautilitylawproject.org
Consultant for TURN and CAUSE-PA

Karl R. Rábago
Rábago Energy
1350 Gaylord Street
Denver, CO 80206
karl@rabagoenergy.com
Consultant for Energy Justice Advocates

Becky Merola
Director of Government & Regulatory Affairs
Calpine Retail Holdings, LLC
becky.merola@calpinesolutions.com
Consultant for Calpine



Kenneth M. Kulak (Pa. No. 75509)
Brooke E. McGlinn (Pa. No. 204918)
Maggie E. Curran (Pa. No. 330545)
Morgan, Lewis & Bockius LLP
2222 Market Street
Philadelphia, PA 19103-3007
215.963.5384 (bus)
215.963.5001 (fax)
ken.kulak@morganlewis.com
brooke.mcglinn@morganlewis.com
maggie.curran@morganlewis.com

Dated: September 16, 2024

Counsel for PECO Energy Company

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I. INTRODUCTION

PECO Energy Company (“PECO” or “the Company”), pursuant to 52 Pa. Code § 5.535, hereby respectfully submits these Replies to the Exceptions filed by the Retail Energy Supply Association (“RESA”) and NRG Energy, Inc. (“NRG”) in the above-captioned proceeding concerning PECO’s sixth Default Service Program (“DSP VI”) covering the period June 1, 2025 through May 31, 2029.

On September 3, 2024, Administrative Law Judges Eranda Vero and Arlene Ashton (collectively, the “ALJs”) issued their Recommended Decision (“R.D.”) in this proceeding in which they recommended that the Pennsylvania Public Utility Commission (the “Commission”) approve the Joint Petition for Non-Unanimous Settlement (the “Settlement”) filed on July 10, 2024. In their well-reasoned R.D. (pp. 29-53), the ALJs found and determined that PECO’s DSP VI, as modified by the Settlement, satisfies all the requirements of a default service program imposed by the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2815 (“Competition Act”) and the Commission’s default service regulations. The ALJs further concluded that the Settlement, including the compromises on procurement and implementation plans, adjustments of default service rates, and modifications to PECO’s “Standard Offer” retail market program, is supported by record evidence in this case and in the public interest. *See* R.D., pp. 53, 110-113.

All but two parties – RESA and NRG – either joined or did not oppose the Settlement that adopts DSP VI as proposed by PECO, with certain modifications to the Generation Supply Adjustment (“GSA”) projection periods and PECO’s Standard Offer Program (“SOP”), the addition of a new long-term solar energy procurement, and commitments related to the Company’s time-of-use (“TOU”) rate options and the enrollment process for its Customer

Assistance Program. In this case, RESA challenged the long-standing default service framework in Pennsylvania and proposed a statewide investigation to revisit decades-long messaging of the default service rate as the Price-to-Compare (“PTC”) as an initial “structural reform” to address the purported “stagnant” state of the retail market due to the presence of an electric distribution company (“EDC”) default service provider. In their briefs, both RESA and NRG claimed that the Settlement is not in the public interest because it does not include RESA’s recommended statewide investigation or requirements for extensive updates and supplier support processes proposed by RESA witness Frank Caliva III for PECO’s new customer information system (“CIS”) deployed in February 2024. RESA further opposed the Settlement’s provisions relating to the use of a Capacity Proxy Price (“CPP”) and true-up mechanism in PECO’s default service solicitations, the GSA, the SOP, residential bill format changes and PECO’s TOU rates, as well as PECO’s proposal to continue its long-standing allocation of alternative energy credits (“AECs”) from its separate AEC procurements to wholesale default service suppliers. NRG also opposed the SOP modifications and new bill disclosure set forth in the Settlement.

In the R.D. (pp. 54-109), the ALJs rejected all of RESA’s and NRG’s objections to the Settlement and found that RESA had not established a valid basis for the Commission to initiate a statewide investigation of default service messaging, require PECO to allocate solar AECs delivered under long-term contracts to electric generation suppliers (“EGSs”) or implement RESA witness Caliva’s CIS-related proposals. On September 10, 2024, RESA and NRG filed Exceptions contending that the ALJs improperly rejected their objections to the Settlement and RESA’s recommendations designed to address the purported advantages of EDC-provided default service.

For the most part, RESA’s and NRG’s Exceptions revisit arguments that were considered

by the ALJs in their R.D. They were also addressed in PECO's Initial and Reply Briefs, which the Commission is urged to review. Accordingly, the Exceptions filed by RESA and NRG should be rejected for the reasons set forth below, and the R.D. should be approved without modification.

II. REPLY TO EXCEPTIONS

A. Exceptions to the ALJs' Approval of the Joint Petition for Non-Unanimous Settlement (RESA Exc. 3-8; NRG Exc. 1-2)

1. The ALJs Correctly Found that the Inclusion of a Capacity Proxy Price Mechanism in PECO's Default Service Solicitations Under the Settlement Is Reasonable and in the Public Interest (RESA Exc. 5)

PJM Interconnection, L.L.C. ("PJM") generally conducts a Base Residual Auction ("BRA") three years in advance of a delivery year to procure resource commitments sufficient to meet reliability requirements in the PJM region under the Reliability Pricing Model ("RPM"). However, on June 9, 2023, the Federal Energy Regulatory Commission approved PJM's request to delay the upcoming BRA schedule for the 2025/2026 through 2028/2029 delivery years.¹ The Settlement adopts PECO's originally proposed modifications to its current Supplier Master Agreement ("SMA") that would allow a CPP and true-up mechanism to address potential delays in capacity auctions held under PJM's RPM during the DSP VI term. *See* Joint Petition, ¶¶ 30-32; PECO St. 1, pp. 19-20; PECO Exh. SD-2.

The ALJs recommended approval of the SMA with the CPP and found that such mechanism eliminates the need for bidders to add risk premiums if a portion of a fixed-price full requirements ("FPFR") product would extend into an unpriced capacity period. The ALJs also disagreed with RESA's view that the CPP and true-up mechanism would be anticompetitive

¹ *PJM Interconnection, L.L.C.*, 183 FERC ¶ 61,172, Docket No. ER21-1609 (June 9, 2023).

because of the differences between the business models and contractual obligations of wholesale default service suppliers and EGSs. *See* R.D., pp. 54-59.

RESA is the only party that excepted to the ALJs' approval of the CPP mechanism adopted in the Settlement, and its Exception No. 5 should be rejected for two reasons. First, RESA merely repackages the same arguments advanced in its Main and Reply Briefs and in Mr. Caliva's testimony that the ALJs found unconvincing. According to RESA, the Commission should reject the CPP simply because it will be available to wholesale suppliers but not EGSs. *See* RESA Exc., pp. 21-23. However, as the ALJs found, EGSs can manage risk associated with unknown PJM capacity prices in the products they choose to offer in the competitive market, including contracts with any term length. R.D., p. 59. In contrast, as PECO's witnesses explained, wholesale suppliers can only bid on 12-month and 24-month contracts in PECO's default service solicitations held in March and September each year. PECO St. 1-R, p. 20; PECO St. 4-R, pp. 20-21. Moreover, any suggestion by RESA that the use of a CPP in default service solicitations would lead to a distortion in generation prices for all customers is wrong. As discussed in PECO's Initial Brief (pp. 12-13), all load serving entities, including default service suppliers, must pay the price established in PJM's auctions for their capacity obligation, regardless of capacity products available to default service suppliers in a secondary market. Thus, wholesale suppliers cannot simply incorporate into their bids the price from an agreement entered in a secondary market to buy capacity as RESA contends in its Exceptions (p. 23).

Second, as the ALJs observed in the R.D. (p. 59), the Commission has approved the use of a CPP in Pennsylvania default service procurements on several prior occasions. In those decisions, the Commission determined that a CPP and true-up mechanism would maintain diversity of supply products while also mitigating risk premiums arising from uncertainty about

future PJM capacity prices during the delivery period.² RESA entirely ignores the Commission’s prior approval of CPP mechanisms for other EDCs, which undercuts its position. The ALJs understandably rejected RESA’s unsupported objections to the CPP mechanism adopted in the Settlement, and the Commission should as well.

2. The ALJs Properly Approved Continuation of PECO’s Long-Standing Practice of Allocating Solar AECs Delivered Under the Company’s Separate Procurements to Default Service Suppliers (RESA Exc. 6)

In the R.D. (pp. 59-64), the ALJs considered RESA’s proposal to require PECO to allocate solar AECs procured through PECO’s new 25 MW solar procurement in a “competitively neutral” manner, i.e., to both EGSs and wholesale default service suppliers. PECO has a long-standing practice of allocating solar AECs obtained through separate Commission-approved AEC procurements to default service suppliers. PECO Reply Br., p. 4 (explaining that PECO has performed such allocations since its first solar AEC procurement approved by the Commission in 2012). PECO also demonstrated that solar AECs that meet Pennsylvania Alternative Energy Portfolio Standards Act requirements are readily available to EGSs in the marketplace. PECO St. 1-R, p. 18. Other parties argued against RESA’s proposal, with the Office of Consumer Advocate (“OCA”) and the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) noting that customers could end up paying twice for solar AECs under RESA’s proposal and Calpine explaining that RESA’s proposal was actually anti-competitive.

² See *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. for Approval to Modify their Supplier Master Agreement*, Docket Nos. P-2020-3021424, P-2020-3021425, P-2020-3021426, and P-2020-3021427 (Order entered Oct. 13, 2020), p. 9; *Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. for Approval of their Default Serv. Plan for the Period from June 1, 2023 through May 31, 2027*, Docket Nos. P-2021-3030012 et al. (Recommended Decision issued June 29, 2022) (“FE-PA DSP VI Recommended Decision”), pp. 59-60; *Petition of Duquesne Light Co. for Approval to Modify its Supplier Master Agreement*, Docket No. P-2020-3023149 (Order entered Jan. 14, 2021), p. 4. The FE-PA DSP VI Recommended Decision was adopted without modification by the Commission in its Order entered August 4, 2022 at Docket Nos. P-2021-3030012 et al.

R.D., pp. 63-64. PAIEUG also noted that the Commission recently approved proposals by the FirstEnergy Pennsylvania Electric Company (“FE-PA”) to procure solar AECs for default service customers instead of charging all customers for AECs through a non-bypassable surcharge. PAIEUG Main Br., pp. 3-4. The ALJs concluded that RESA failed to provide any basis for a change to PECO’s allocation methodology and had not demonstrated any adverse impact to the retail marketplace. R.D., p. 64.

In its Exceptions (pp. 24-25), RESA simply repeats the same arguments against PECO’s AEC allocation that the ALJs already considered and rejected. RESA again only hypothesizes that a 10-year price for some AECs in PECO’s default service supply “may or may not accurately reflect the actual market price,” and the ALJs properly concluded that RESA had failed to show that PECO’s continued long-standing practice of allocating solar AECs to wholesale suppliers would adversely impact the competitive market. Moreover, as the ALJs found, Calpine persuasively demonstrated that removing the obligation of EGSs to procure their own AECs would disincentivize EGSs from creating innovative products. R.D., p. 63. RESA’s assertion that the Settlement is flawed because it does not incorporate an “alternative approach proposed by OCA Witness Ogur” was refuted by the OCA, which explained that RESA’s support for an “alternative proposal” was not consistent with Mr. Ogur’s testimony. See R.D., p. 61; OCA Initial Br., pp. 10-11; OCA Reply Br., p. 11. The Commission should therefore deny RESA’s Exception No. 6.

3. The ALJs Appropriately Concluded that Semi-Annual GSA Rate Changes for the Residential and Small Commercial Classes Under the Settlement Aligns with PECO’s Procurement Schedule and Is Consistent with Other EDCs (RESA Exc. 7)

As the ALJs pointed out in the R.D. (p. 67), the Commission has approved semi-annual PTC rate changes for Duquesne Light Company, FE-PA, and PPL Electric Utilities Corp.

(“PPL”).³ Under the Settlement, PECO agreed to move from quarterly to semi-annual GSA rate changes for the Residential and Small Commercial Classes, which is consistent with the frequency of default service rate adjustments for all other major EDCs in Pennsylvania. *See* Joint Petition, ¶ 40; OCA St. 1, pp. 28-29; OCA St. 1-SR, pp. 2-4.

In its Exceptions (pp. 25-26), RESA continues to argue that less frequent adjustments of the PTC will make default service rates less market reflective and may discourage some EGSs from entering the market. The ALJs properly rejected RESA’s arguments because changing default service rates for the Residential and Small Commercial Classes every six months aligns with PECO’s procurement schedule for those customers and balances responsiveness of the PTC to current market conditions and price stability benefits to customers. *See* R.D., p. 67.

Accordingly, the Commission should adopt their recommendation to approve semi-annual GSA rate changes on June 1 and December 1 of each year as provided in the Settlement.

4. The ALJs Properly Determined that the One-Time Evaluation of PECO’s TOU Rates Outlined in the Settlement Is Appropriate (RESA Exc. 8)

As provided in the Settlement, PECO will continue for DSP VI its current TOU rate options for the Residential and Small Commercial procurement classes that differentiate pricing across three usage periods (peak, off-peak and super off-peak) throughout the year and are designed to motivate customers to adjust the time of day they use electricity. As shown by the undisputed testimony discussed in the R.D. (pp. 41-45, 69), the TOU rates agreed to by all parties (except RESA and NRG) under the Settlement satisfy PECO’s unconditional statutory

³ *See* FE-PA DSP VI Recommended Decision, pp. 68-69, 104; *Petition of Duquesne Light Co. for Approval of its Default Serv. Plan for the Period from June 1, 2021 through May 31, 2025*, Docket No. P-2020-3019522 (Opinion and Order entered Jan. 14, 2021), pp. 15-16; *Petition of PPL Elec Utils. Corp. for Approval of a Default Serv. Program for the Period June 1, 2015 through May 31, 2017*, Docket No. P-2014-2417907 (Opinion and Order entered Jan 15, 2015), pp. 7-8, 28-29.

obligation under Section 2807(f)(5) of the Public Utility Code to offer an optional TOU rate to all default service customers with smart meters. *See* PECO Initial Br., pp. 16-17; PECO Reply Br., pp. 5-6.

In addition, PECO has agreed pursuant to the Settlement to perform additional analyses and report its findings in its next default service case regarding alternative price multipliers that allocate all capacity costs to the summer peak period and TOU pricing periods that incorporate seasonal variation. PECO also agreed to consider incentive-based time-varying rate structures in future proceedings as recommended by the OCA. *See* Joint Petition, ¶ 47; OCA St. 1, pp. 34-36; OCA St. 2, pp. 16-20. RESA opposed those TOU rate analyses incorporated into the Settlement, asserting that the Commission should instead rely on the competitive market to develop innovative TOU products. RESA St. 1-R, p. 14. The ALJs rejected RESA's contention (R.D., pp. 69-70) because it did not present any evidence that the additional evaluation of PECO's TOU rates under the Settlement will impact TOU rate products available in the competitive market or preclude EGSs from offering alternative time-varying products that may be more closely tailored to individual customer needs.

RESA has taken Exception to the ALJs' recommendation. However, its Exception No. 8 merely repeats Mr. Caliva's arguments, which the ALJs found were not supported by the record evidence. RESA also contends that PECO should not use additional ratepayer funds to fulfill its statutory obligation to offer TOU rates. RESA Exc., pp. 27-28. However, as the ALJs found, the one-time evaluation described in Paragraph 47 of the Settlement is a reasonable first step to leverage the \$5 million spent to implement PECO's existing TOU rate options previously recovered through default service rates. R.D., p. 70. The Commission should therefore dismiss RESA's Exception relating to the Company's TOU rates outlined in the Settlement.

5. The ALJs Correctly Concluded that RESA and NRG Did Not Establish Any Reason for the Commission to Reject the SOP Modification Adopted in the Settlement (RESA Exc. 4; NRG Exc. 2)

As described in the R.D. (pp. 45-47), under the Settlement, PECO will extend the SOP during DSP VI in its current format with one change that requires affirmative consent of the SOP customers to remain with the SOP supplier after the initial 12-month term. In their Exceptions, RESA and NRG advance three reasons they believe the ALJs erred in recommending approval of the SOP modification outlined in the Settlement.⁴ None of these arguments have merit, and the corresponding RESA and NRG Exceptions should be dismissed.

First, RESA and NRG claim that unrefuted record evidence regarding aggregate EGS charges over the last six years exceeding PECO's applicable PTC by more than \$800 million does not support the change to PECO's current SOP agreed to as part of the Settlement. RESA Exc., pp. 15-17; NRG Exc., pp. 7-8. In its Exceptions (p. 17), RESA concedes, as it must, that the Commission has the power to change the SOP design at any time, including at the end of the 12-month SOP term. *See also* PECO Reply Br., p. 7. As the ALJs noted, "standard offer" customer referral programs are not mandated by the Competition Act, and the design of such programs recommended by the Commission over a decade ago in its Retail Markets Investigation is not prescribed by regulation. R.D., p. 88. Changing the current end-of-contract options under the Settlement preserves the original purpose of the SOP by introducing customers to the competitive market and, contrary to RESA's and NRG's opinion, is appropriate to address the concerns expressed by several parties about SOP customers unknowingly rolling over onto contracts with their SOP supplier at prices above the PTC given the prices EGSs charged to

⁴ In its Exceptions (p. 20), RESA argues, for the first time, that RESA would prefer for the Commission to discontinue the SOP rather than adopt the modification set forth in the Settlement. Notwithstanding the inappropriate manner in which RESA raised its preference, PECO notes that Paragraph No. 63 of the Settlement allows for termination of the SOP if the Commission were to adopt RESA's proposal.

PECO shopping customers in recent years. *See* PECO Reply Br., pp. 6-8; OCA Reply Br., pp. 20-23; Tenant Union Representative Network and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“TURN/CAUSE-PA”) Reply Br., pp. 10-14. For these reasons, the ALJs correctly concluded that it is reasonable and in the public interest for the Commission to modify its prior SOP guidelines to facilitate affirmative and informed shopping choices and address the OCA’s and TURN-CAUSE-PA’s concerns about passive conversion to a month-to-month product at high prices.⁵ *See* R.D., pp. 79-88.

Second, RESA and NRG continue to assert that returning SOP customers to default service at the end of the 12-month introductory period would be anticompetitive and defeats the core purpose of shopping where customers make their own decisions. RESA Exc., pp. 18-20; NRG Exc., pp. 5-6. However, revising the rules that apply at the end of the SOP contract term does not prevent a customer from making their own shopping decisions since they can switch to another EGS or return to default service at any time or affirmatively choose to remain with their SOP supplier in response to the notices required by the Commission’s regulations at 52 Pa. Code § 54.10. In fact, more than 50% of PECO SOP survey respondents selected a new EGS at the end of the SOP contract term. R.D., pp. 88-89; *see also* PECO Reply Br., pp. 8-9.

Finally, RESA’s argument (Exc., p. 18) that changing the end of SOP contract options as provided in the Settlement would effectively regulate EGS prices must be rejected. The SOP is

⁵ RESA’s and NRG’s related claims that general concerns about above-PTC EGS prices in PECO’s service territory is even less “evidence” of harm than the SOP roll over contracts at prices 10% above the PTC presented by PPL in its 2020 default service proceedings (RESA Exc., pp. 16-17; NRG Exc., pp. 5-6) are also without merit. While PECO recognizes that the Commission rejected the same SOP program change in that case, it is entirely reasonable for the Commission to change the rules that apply at the end of the SOP introductory period to address un rebutted evidence presented by witnesses for the OCA and TURN/CAUSE-PA that PECO residential shopping customers collectively paid \$800 million more than default service rates from 2018 to 2023. *See* OCA St. 2, pp. 9-16; OCA St. 2SR, pp. 4-8; TURN/CAUSE-PA St. 1, pp. 5-18; TURN/CAUSE-PA St. 1-SR, pp. 2-6.

voluntary and EGSs may offer any contract price they desire to shopping customers at the end of a fixed-price SOP contract term. Returning SOP customers that take no action at the end of the SOP term does not dictate or otherwise impact what price EGSs may offer to customers outside of the SOP or after the initial 12-month term. EGSs can continue to offer any price relative to the PTC to SOP customers reaching the end of their contract, but the customer must make an affirmative choice to remain with the supplier in response to the required regulatory notices. R.D., pp. 87-88; *see also* PECO Reply Br., pp. 7-8. For all of the foregoing reasons, the Commission should adopt the ALJs' recommendation to approve continuation of the SOP during DSP VI with the modification set forth in the Settlement.

6. The ALJs Properly Rejected RESA's and NRG's Objections to the Residential Bill Format Changes Reflected in the Settlement (RESA Exc. 3; NRG Exc. 1)

As described in the R.D. (pp. 102-106), under the Settlement, PECO will add a graphic to the first page of the residential customer bill that compares the customer's total supplier charges for the billing period with what the dollar amount of the charges would be under PECO's applicable PTC based on the customer's usage during the billing period. In their Exceptions, RESA and NRG continue to argue that the bill format change should be rejected as it is anti-competitive and misleading to customers. RESA Exc., pp 11-14; NRG Exc., pp. 2-5. These arguments are without merit.

As discussed in the R.D. (p. 106), PECO's proposed change to the bill format does not inhibit or prohibit customers from shopping with their chosen EGS in any way, nor does it preclude an EGS from conveying the value of its product through on-bill messaging or any other communications the EGS wants to make with its customers. RESA and NRG's contention that the bill format change will place inherent judgment on EGS pricing is simply illusory. There is no judgment in showing the EGS price a customer is paying for generation service and the

additional benefits an EGS provides and default service charges for the equivalent amount of generation. And finally, the statutory language of Section 2807(c) of the Public Utility Code does not, in any way, preclude the change to the bill format as proposed in the Settlement. For these reasons, the Commission should adopt the ALJs' recommendation to approve the residential bill format change as provided in the Settlement and reject RESA's suggestion in its Exceptions (p. 14) that the Commission should address RESA's concerns before the new bill disclosure is implemented within the first two years of DSP VI.

B. Exceptions to the ALJs' Rejection of RESA's Proposals Regarding Retail Competition Issues (RESA Exc. 1-2; NRG Exc. 3-4)

1. The ALJs Correctly Concluded that RESA's Request that the Commission Initiate a Statewide Investigation of Default Service Messaging Is Unnecessary and Unsupported (RESA Exc. 1; NRG Exc. 3)

In the R.D. (pp. 89-94), the ALJs rejected RESA's proposal for a statewide investigation of the "messaging surrounding EDC provided default service" and, in particular, the continued use of the term PTC. After summarizing RESA's arguments and the opposition of PECO, the OCA, and TURN/CAUSE-PA, the ALJs concluded that RESA had failed to sustain its burden of proving that "changing the messaging of the default service product" would lead to more innovative and competitive products, and agreed with PAIEUG that any such statewide investigation should be initiated "through a separate petition to permit all stakeholders to comment and not initiated through a single EDC's default service proceeding." R.D., p. 94.

In its Exceptions (pp. 4-8), RESA largely restates the testimony that the ALJs found unpersuasive, including Mr. Caliva's contentions that default service rates are calculated differently than the way EGSs calculate and develop competitive prices, and the use of the PTC label for default service rates purportedly "hampers the ability" of EGSs to offer innovative and competitive products to the detriment of consumers. RESA further contends that the R.D.

“blows past” the “fundamental issues” raised by RESA regarding “structural barriers” that continue the “dominance” of default service, and both RESA and NRG assert that the ALJs further erred in concluding that a single EDC default service proceeding could not be the basis for the Commission to launch a statewide investigation into default service messaging. RESA Exc. pp. 6-8; NRG Exc., pp. 9-10.

In fact, the R.D. makes clear that the ALJs properly determined that RESA had not met its burden. As PECO explained, RESA’s fundamental premise that the market was “stagnant” did not properly consider the extent of load actually served by EGSs (more than 52% of PECO’s total electric load), the extent of past customer switching, or the reasons why customers may have returned to default service, including the fact that some EGSs have been charging significantly more than PECO’s default service rates. PECO Main Br., pp. 19-20. For their part, both the OCA and TURN/CAUSE-PA emphasized that RESA had failed to show why the Commission should initiate a proceeding to eliminate the PTC in light of the years of consumer education and associated costs, as well as provisions of the Public Utility Code that require the procurement of default supply through competitive processes to lower costs consistent with the intent of the Competition Act. R.D., pp. 92-97.

And while the Commission is certainly able to initiate an investigation based upon a single default service proceeding, RESA and NRG’s Exceptions make clear that they are seeking to initiate a fundamental re-examination of default service issues throughout the Commonwealth without the initial input of other parties regarding the merits of such an investigation.⁶ The ALJs therefore correctly concluded that any such investigation should not be undertaken without a full opportunity to permit all stakeholders to comment, and there is no harm to RESA or NRG by

⁶ See, e.g., NRG Exc. p. 10 (“Such an investigation would provide interested parties that are not involved in this proceeding with an opportunity to respond.”)

requiring them to file an appropriate petition with the Commission if RESA and NRG wish to pursue their proposal. The Commission should therefore adopt the ALJs' recommendation rejecting RESA and NRG's proposal for a statewide investigation based on the record in this proceeding.

2. The ALJs Properly Determined that RESA's CIS-Related Recommendations Should Not Be Adopted as Part of this Proceeding (RESA Exc. 2; NRG Exc. 4)

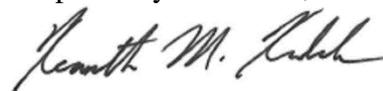
In the R.D. (p. 109), the ALJs recommend rejection of RESA's CIS-related recommendations for two reasons: (1) the technical issues RESA identified with PECO's CIS upgrade have been resolved, and (2) the ALJs did not believe speculation as to possible future problems warranted the cost that PECO would incur in order to implement RESA's recommendations.

In their Exceptions, RESA and NRG continue to argue that processes between PECO and EGSs are still necessary to avoid future operational issues. RESA Exc., pp 9-10; NRG Exc., p. 11. As fully addressed in PECO's testimony and briefs, prior to the CIS upgrade, PECO initiated a collaboration with suppliers that included webinars and bulletins providing detailed information regarding the CIS upgrade and the transition to new Choice IDs. PECO Main Br., p. 22; PECO Reply Br., p. 12. Further, PECO actively worked to, and did, fully resolve all technical issues discussed by RESA witness Caliva in March 2024. PECO Reply Br., p. 12; *see also* RESA St. 1-SR, p. 11. Implementation of a new regime of daily and weekly updates for 98 EGSs and new staff assignments to individual EGSs is not warranted or necessary. RESA's recommendations would be overly burdensome, as PECO's staff responsible for addressing EGS inquiries consists of only four people. PECO St. 1-R, p. 29. The Commission should therefore dismiss RESA's and NRG's Exceptions relating to the Company's CIS upgrade.

III. CONCLUSION

For the reasons set forth above, the Commission should deny the Exceptions of RESA and NRG and adopt the Recommended Decision issued by Administrative Law Judges Vero and Ashton on September 3, 2024 without modification.

Respectfully submitted,



Anthony E. Gay (Pa. No. 74624)
Jack R. Garfinkle (Pa. No. 81892)
Adesola K. Adegbesan (Pa. No. 326242)
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103
Phone: 267.533.2126
anthony.gay@exeloncorp.com
jack.garfinkle@exeloncorp.com
adesola.adegbesan@exeloncorp.com

Kenneth M. Kulak (Pa. No. 75509)
Brooke E. McGlinn (Pa. No. 204918)
Maggie E. Curran (Pa. No. 330545)
Morgan, Lewis & Bockius LLP
2222 Market Street
Philadelphia, PA 19103-3007
Phone: 215.963.5384
ken.kulak@morganlewis.com
brooke.mcglinn@morganlewis.com
maggie.curran@morganlewis.com

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Counsel for PECO Energy Company