

PA POLR Roundtable

PECO Energy Company

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- I. Goal should be a Regulatory Framework for addressing POLR**
- II. Regulatory Filing/Review Process**
- III. EDC As The Ultimate POLR Provider**
- IV. Possible POLR Service Models**
- V. Terms and Conditions**

I. Need for Regulatory Framework

- 1. Primary goal should be to develop a workable regulatory filing and approval process to address POLR plans for each EDC prior to the rate cap expiration**
- 2. Process must recognize the different circumstances that EDCs will likely face due to staggered transition**
- 3. Workable POLR service model must include a timely approval process and a consistent time cycle**
- 4. A “one-size fits all” approach may not be viable over the long-term**

- **Workable POLR service model must include a timely approval process and a consistent time cycle**
 1. **Timing** –
 - Approximately 18 months prior to the expiration of the respective EDC's rate cap, the EDC would file a POLR plan
 - Contracts should be awarded on the basis of the PJM planning year (June thru May) for PJM members
 2. **Pricing**
 - Filing would not include final POLR pricing but would detail the methodology for setting POLR prices and the timetable
 - Pricing and pricing methodology should not be subject to regulatory adjustment because of subsequent changes in market conditions

1. Even if an alternative supplier is approved to act as a POLR provider the EDC remains the “ultimate POLR” provider
2. The EDC as the “ultimate POLR” is one of the lessons learned from PECO’s Commission-approved Competitive Default Service (“CDS”) and Market Share Threshold (“MST”) programs
3. PECO does not support the adoption of any model that would depend upon an EGS providing all of the “retail” POLR obligations
4. PECO supports a “wholesale” POLR model –
 - The EDC procures at least some of its wholesale energy supply resources from suppliers in the wholesale market

- **There are several procurement models that could be used to provide POLR service to customers:**
 1. **Competitive Request for Proposal (“RFP”) process**
 2. **Competitive Auction process**
 3. **Negotiation of Market-Rate Purchase Power Agreements**
 4. **A combination of the above**
- **The models must be able to operate effectively in periods of both increasing and decreasing market prices**

1. Each EDC should be able to propose terms & conditions for POLR, reflective of prevailing market conditions and relevant circumstances
2. Because EDCs will serve as the “ultimate backstop” there must be POLR offerings for all rate classes
3. To avoid gaming risk any option must properly protect against shifts in price and volumetric risk
4. For residential/small commercial POLR customers, PECO supports a long-term fixed price tariffed option
 - Any fixed-price offering would be market-based - it would reflect forward wholesale prices for a period of time corresponding to its term
5. For large C&I customers, PECO advocates a tariffed spot market hourly price POLR option
 - A fixed price POLR option would only be available by contract