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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION

Current and Future Wholesale : Docket No. M-2008-2066901
Electricity Markets :

REPLY COMMENTS OF THE
NATIONAL ENERGY MARKETERS ASSOCIATION

During the Commission's December 18th en banc hearing on wholesale competitive electricity markets a question arose as to how to revive retail competition in Pennsylvania after the retail rate caps expire. A similar question arose in the Commission's November 19, 2008, hearing on Act 129 Energy Efficiency and Conservation Programs. The National Energy Marketers Association (NEM),¹ submits these comments in response. Establishing transparent, non-discriminatory, and sustainable retail electric competition founded on market-based pricing is the key to bringing the marketers back to the Keystone State.

Retail energy marketers are closely watching the legislative and regulatory developments in Pennsylvania to gauge whether the components necessary to enable viable retail competition for both suppliers and electric consumers throughout the Commonwealth are in place. In fact, many in the industry believe that Pennsylvania will experience resurgence in competitive retail marketing once the over ten year rate caps expire. Pennsylvania is fortunate to be within Regional Transmission Organizations that administer robust competitive wholesale markets with transparent prices and predictable

¹ NEM is a non-profit trade association representing wholesale and retail marketers of natural gas, electricity, as well as energy and financial related products, services, information and advanced technologies throughout the United States, Canada and the European Union. NEM's membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, electronic trading exchanges and price reporting services, advanced metering, demand side management and load management firms, billing, back office, customer service and related information technology providers. NEM members are global leaders in the development of enterprise solution software for energy, advanced metering, telecom, information services, finance, risk management and the trading of commodities and financial instruments.

rules. These wholesale markets facilitate suppliers' participation in the retail markets. A resurgence in retail competition in Pennsylvania, however, may only be realized if there is a clear, long-term commitment to the competitive, retail electric market. With such a commitment, the Commission reasonably may be assured that marketers will return to offer electric consumers with innovative products and services as well as competitive pricing. The Commission can send this clear signal to the marketer community by continuing its implementation of Act 129 in a manner that reinforces the Commission's support of the two overarching fundamentals of well-functioning retail electric markets: (1) market-based retail electric pricing, and (2) facilitation of competitive entry for retail marketers.

The first, and perhaps most important fundamental component necessary for robust retail electric competition, is market-based retail electric pricing. It is unlikely that marketers will be able to successfully compete to serve consumer needs in an environment of below market utility rates. By implementing market-based default service rates, the Commission will create the foundational regulatory environment to best meet the needs of consumers through vigorous retail energy competition.

The second fundamental component necessary for robust retail electric competition is the facilitation of competitive entry and sustained opportunities for marketers to serve Pennsylvania customers. This is best achieved through uniform, reasonable business rules and tariffs and retail market best practices that will lower barriers to entry and allow retail marketers to compete in the market and provide downward pressure on prices. As this Commission is aware, the electric Retail Markets Working Group in Docket No. M-00072009 has recently begun its examination of

information and data access, rate and bill ready billing, purchase of receivables, referral programs, supplier tariffs, and retail choice ombudsmen as directed by the Commission in its Final Policy Statement on Default Service and Retail Electric Markets. NEM looks forward to actively participating in the Working Group. Without question, the combination of market-based pricing in concert with state policies that open the retail market to the broadest possible participation is the best method to ensure that marketers return to Pennsylvania in sufficient quantity to bring diverse and robust competition to its homes and businesses.

NEM thanks you for this opportunity to provide our unique perspective on how to revive retail competition in Pennsylvania after the retail rate caps expire. By facilitating competitive entry and sustained opportunities for marketers to serve Pennsylvania customers through uniform, reasonable business rules and tariffs, data access, POR, referral programs and choice ombudsmen, with the corresponding implementation of market-based rates, the Commission will have created the requisite environment to best meet the needs of consumers, through vigorous retail energy competition.

Sincerely,



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