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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE**  |

September 27, 2012

To: Interested Parties

Re: Investigation of Pennsylvania’s Retail Electricity Market

Docket No: Docket No. I-2011-2237952

 By this Secretarial Letter, as part of the Retail Markets Investigation (RMI), the Pennsylvania Public Utility Commission (PUC) releases the attached discussion document designated as “RMI End State Proposal” and announces a conference call on October 17, 2012 at 1:30 p.m. PUC staff from the Office of Competitive Market Oversight (OCMO) will host this conference call, which will afford interested parties the opportunity to ask questions and provide feedback about the attached discussion document.

 Following the conference call and taking the feedback into consideration, OCMO plans to submit a Tentative Order for the November 8, 2012 Public Meeting, setting forth a proposal for the end state of default service and addressing various related issues such as those identified in the attachment to this Secretarial Letter. Regardless of the date on which a Tentative Order is ultimately adopted in this proceeding, Comments will be due within 30 days following entry of the Tentative Order.

 To participate in this call, interested parties should dial 800-486-2460 and use the access code: 798755. If you have any questions, please contact PUC staff at ra-rmi@pa.gov.

Very truly yours,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

Bohdan R. Pankiw, Chief Counsel

Office of Consumer Advocate

Office of Small Business Advocate

Statement of Chairman Robert F. Powelson

Concurring and Dissenting Statement of Commissioner Cawley**RMI End State Proposal**

1. *Default Service Provider*. Electric distribution company (EDC) remains in default service role unless PUC approves an alternative Default Service Provider consistent with Section 2807(e)(3.1) and regulations.
2. *Default Service Product*.
	1. Default Service product acquired by EDCs for medium and large commercial and industrial customers (such as above 100 kW of demand) will reflect hourly Locational Marginal Pricing (LMP) prices where metering capabilities or load profiling permit such pricing.
	2. Default Service product acquired by EDCs for medium and large commercial and industrial customers will reflect 90-day full requirements load following price resulting from quarterly auctions where metering capabilities or load profiling do not support hourly pricing.
	3. Default Service product acquired by EDCs for residential and small commercial and industrial customers (such as below 100 kW of demand) will reflect 90-day full requirements load following price resulting from quarterly auction.
3. *Timing of Transition*. Transition is planned to occur on June 1, 2015, following the expiration of the Default Service Plans that are currently pending review/approval by the Commission.
4. *Consumer Protections*. All consumer protections will be maintained.
5. *Low Income Customers*. The Office of Competitive Market Oversight (OCMO) will develop a plan, to go into effect no later than January 1, 2015, which will allow customers on customer assistance programs (i.e. via portable benefits) to purchase supply from an electric generation supplier (EGS).
6. *Consolidated Billing*. By July 1, 2013, OCMO will provide the Commission with a recommendation to move forward with a plan that permits the implementation of consolidated billing, which allows EGSs and third parties to offer consolidated billing for supply and distribution services.
7. *Accelerated Switching*. By October 1, 2013, OCMO will provide the Commission with a recommendation to move forward with a plan that permits customers to switch to EGSs between meter reads.
8. *Metering Services*. EDC will continue to provide metering services and perform PJM settlement functions, regardless of who supplies electricity to the customer.
9. *Energy and Efficiency Conservation Plans*. EDCs will continue to fulfill statutory obligations to reduce consumption and demand, as per Act 129.
10. *Long-Term Contracts.*
	1. *Alternative Energy Portfolio Standards (AEPS) Contracts*. EDCs will be permitted to allocate AEPS credits to EGSs and establish AEPS riders (non-bypassable surcharges) to recover costs associated with long-term AEPS contracts.
	2. *Other Long-Term Contracts*. Other long-term contracts entered into by EDCs, including default service and PURPA contracts, which extend beyond June 1, 2015, will be held harmless through a means determined on a case-by-case basis.
11. *Consumer Education*.
	1. A statewide campaign will be launched to increase shopping awareness, drive consumers to PAPowerSwitch.com and apprise customers of changes arising from the Retail Markets Investigation.
	2. EGSs will pay fair share of the consumer education costs relating to choice.
12. *Regulatory Costs*/*Assessments*.
	1. EGSs will pay an annual licensing fee to cover PUC costs associated with the review of reports filed by EGSs, regulatory compliance issues and bonding requirements.

* 1. EDCs will recover electric industry assessments from consumers through an automatic adjustment clause.