

Power for change.

North American
Power®



January 10, 2014

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Public Utility Commission Bonding Requirements for Electric Generation Suppliers;
Acceptable Security Instruments – Docket No. M-2013-2393141

Dear Secretary Chiavetta:

Please accept these comments on behalf of North American Power and Gas, LLC (“NAPG”) regarding the Commission’s Tentative Order entered December 5, 2013. NAPG is a licensed electric generation supplier (“EGS”) in Pennsylvania as well as in Connecticut, New York, New Jersey, Rhode Island, Maryland, Illinois, Ohio, Maine, New Hampshire and Georgia.

NAPG supports the efforts of the Commission to reduce the on-going financial security requirements for EGSs and to add additional security instruments to satisfy these requirements. The Commission’s current financial security requirements impose a significant cost on NAPG that materially affects its ability to offer products and services in Pennsylvania. Because the cost has to be considered as NAPG develops products and identifies markets where it wishes to provide offers, greater financial burdens imposed by security requirements diminish the ability of NAPG to offer its competitive alternative to consumers in the Commonwealth.

While NAPG recognizes and supports the Commission’s desire to ensure that licensed EGSs are financially capable of providing service to consumers, NAPG notes that the current security requirements in Pennsylvania are significantly more onerous than those of other states. Moreover, concerns about any specific EGS can and should be addressed as needed rather than broadly applying onerous financial burdens on all EGS. The only guaranteed result of these costly requirements is that all EGSs are likely hampered in their ability to bring innovative products to the Pennsylvania market because of the significant costs related to security requirements.

For these reasons, NAPG supports a lowering of the on-going financial security requirements. NAPG recommends, however, that the Commission consider establishing a set amount rather than continuing to rely on a percentage of an EGS’s gross receipts. Unrestrained reliance on a

20 Glover Avenue
Norwalk, CT 06850
p: 203.939.1155
f: 203.286.2064

napower.com

percentage of gross receipts guarantees that as an EGS grows in Pennsylvania, it will have a corresponding increased cost burden associated with serving customers. This will be factored into on-going business decisions about which markets are viable candidates for new and innovative competitive products. On the other hand, a reasonable set amount that presents a less onerous cost burden for the EGS means that the Pennsylvania market would become more attractive for all EGSs.

Beyond establishing a reasonable and set level for the amount of the financial security obligation, NAPG supports enabling EGSs to rely on an expanded list of security instruments. To that end, NAPG recommends that the Commission allow EGSs to rely on corporate guarantees rather than limiting the guarantee to just "parents." While NAPG does not have a "parent," it has significant other corporate relationships that would more than satisfy the credit criteria established by the Commission.

NAPG again thanks the Commission for its efforts regarding this very significant issue and wholeheartedly supports the direction of the Tentative Order. Establishing reasonable security requirements that encourage EGSs to offer competitive offers will have a positive impact for all consumers.

Please do not hesitate to contact me if you have any questions or need further information.

Sincerely,



Seth M. Hopson, Esq.
Assistant General Counsel
North American Power & Gas