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June 20, 2016

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

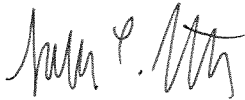
Re: Petition of PECO Energy Company for: (1) Approval of its Microgrid Integrated Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs; Docket No. P-2016-2546452; and

Application for Construction of Microgrid Distributed Energy Resources Fueled by Natural Gas; Docket No. A-2016-2546450

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Petition to Intervene of Direct Energy Services, LLC and Direct Energy Business, LLC (collectively, Direct Energy) with regard to the above-referenced matters. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Sarah C. Stoner

SCS/lww

cc: Hon. Eranda Vero w/enc.
Hon. Cynthia W. Fordham w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Petition to Intervene upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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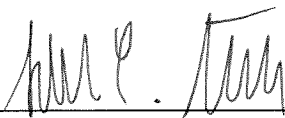
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Sarah C. Stoner, Esq.

Dated: June 20, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---------------------------|
| Petition of PECO Energy Company for: | : | |
| (1) Approval of Its Microgrid Integrated | : | |
| Technology Pilot Plan and (2) Issuance of a | : | Docket No. P-2016-2546452 |
| Declaratory Order Regarding the Recovery | : | |
| of Microgrid Costs | : | |
| | : | |
| Application for Construction of Microgrid | : | Docket No. A-2016-2546450 |
| Distributed Energy Resources Fueled by | : | |
| Natural Gas | : | |

**PETITION TO INTERVENE OF DIRECT ENERGY SERVICES, LLC
AND DIRECT ENERGY BUSINESS, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, the public notice published in the Pennsylvania Bulletin on June 4, 2016 and the Prehearing Conference Order issued June 10, 2016, Direct Energy Services, LLC and Direct Energy Business, LLC (“Direct Energy”) petitions to intervene in the Petition of PECO Energy Company (“PECO”) for Approval of its Microgrid Integrated Technology Pilot Plan (“Microgrid Pilot”) and Issuance of a Declaratory Order Regarding the Recovery of Microgrid Costs and Application of PECO for Construction of Microgrid Distributed Energy Resources Fueled By Natural Gas (“Petition and Application”). In support of its intervention, Direct Energy states as follows:

1. On May 18, 2016, PECO filed a petition proposing a Microgrid Pilot in Concord Township, Pennsylvania. In its Petition and Application, PECO proposes to construct, own, and operate several distributed energy resource (“DER”) technologies to power a proposed microgrid which will support a footprint of approximately 388 acres in a high density area of Concord Township, PA (the “Microgrid Pilot”).¹ The Microgrid Pilot will be powered by a variety of

¹ Petition of PECO Energy Company For: (1) Approval Of Its Microgrid Integrated Technology Pilot Plan and (2) Issuance of a Declaratory Order Regarding The Recovery of Microgrid Costs; Docket No. P-2016-2546452 at ¶ 17 (filed May 18, 2016).

DER technologies including natural gas reciprocating engines, ground mounted solar photovoltaic installations, batteries and electric vehicle charging stations.² PECO takes the position that it is not prohibited from owning generation under the Electricity Generation Customer Choice and Competition Act. 66 Pa.C.S. §§ 2801-2812. As such, PECO requests that the Commission: (1) approve the project pursuant to 66 Pa.C.S. § 519; and, (2) issue a declaratory order which declares that utility-owned DERs installed as part of a microgrid constitute distribution plant assets that may be lawfully included in a public utility's distribution rate base.³

2. By public notice published in the Pennsylvania Bulletin on June 4, 2016, the Commission established a deadline of June 20, 2016 for formal protests and petitions to intervene. Administrative Law Judges Cynthia W. Fordham and Eranda Vero scheduled an Initial Prehearing Conference for June 22, 2016 by Prehearing Conference Notice and a Prehearing Order dated June 10, 2016. Direct Energy is simultaneously filing its Prehearing Conference Memorandum.

3. Direct Energy Services, LLC is an electric generation supplier ("EGS") licensed by the Commission at A-110164 to provide electricity and related services to retail customers throughout Pennsylvania. Direct Energy Business, LLC is an EGS licensed by the Commission at A-110025 and serves business and commercial customers. Direct Energy is a North American affiliate of Centrica plc, a leading international provider of energy and other energy-related services, with over 30 million customer relationships worldwide. Direct Energy provides electricity, natural gas and other energy services to more than 5 million residential homes and businesses across North America. Direct Energy has a unique business model, and extensive

² *Id.* at ¶ 19.

³ *Id.* at ¶¶ 39, 44.

experience in providing innovative gas and electricity products and services to residential, small and large commercial and industrial customers, utilities and government entities.

4. Direct Energy's attorneys in this matter are:

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5. The Commission's regulations allow intervention where a person has an interest in the proceeding which may be directly affected and which is not adequately represented by existing parties, and as to which the person may be bound by the action of the Commission in the proceeding. 52 Pa. Code § 5.72(a)(2). Intervention is also permitted where participation of the person may be in the public interest. 52 Pa. Code § 5.72(a)(3). A "person" includes a corporation and an association. 52 Pa. Code § 1.8.

6. Direct Energy meets the standards for intervention set forth in 52 Pa. Code § 5.72(a). PECO's proposal to construct, own and operate several DERs which will power a proposed microgrid presents many legal, technical and economic challenges that could directly impact Direct Energy's interests as an EGS in PECO's service territory. The proposal to permit an electric distribution company to own and operate electric generation facilities – the first since the restructuring of the electric industry in Pennsylvania – could affect the long term viability of the retail electricity market in the Commonwealth. Accordingly, Direct Energy believes that it needs to fully investigate PECO's proposal in order to assure that its interests are not adversely affected.

7. Direct Energy's interests in this proceeding are unique from and not adequately represented by other parties that may seek to intervene, including individual EGSs or other organizations interested in electric competition in Pennsylvania in general and in PECO's service territory in particular. Direct Energy has its own unique business model regarding electric generation service Direct Energy provides free-of-charge "value added" products and services with its electric generation service. It also has subsidiaries that market and sell distributed energy, including rooftop solar (although, not currently in Pennsylvania). Accordingly, the outcome of this proceeding will likely have a unique effect and could directly impact the ability of Direct Energy to provide competitive electric generation and competitive distributed generation systems in Pennsylvania.

8. In view of Direct Energy's unique business model, Direct Energy's interests in this proceeding cannot be adequately represented by other EGS parties with different business models and different customer target markets.

9. Direct Energy will be bound by the action of the Commission in this proceeding, which will adjudicate PECO's proposal to utilize ratepayer dollars to construct, own and operate several distributed energy resource technologies to provide power to a proposed microgrid. Thus, the Commission's actions regarding PECO's proposal will have a substantial impact on Direct Energy's future involvement in the market.

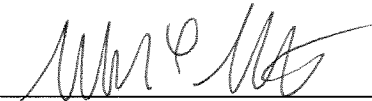
10. Direct Energy's intervention is in the public interest. As a member of the Centrica group of companies providing energy and energy related services through over 30 million customer relationships worldwide, Direct Energy has the experience and resources to aid the Commission in carrying out its duties and responsibilities under the Electricity Generation Customer Choice and Competition Act to ensure that the goals of the Act are met. Accordingly,

Direct Energy's participation in this proceeding is clearly in the public interest. See 52 Pa. Code § 5.72(a)(3).

11. Direct Energy's list of presently identified issues is set forth in its Prehearing Conference Memorandum, which is incorporated herein by reference. Due to the early stage of this proceeding, Direct Energy reserves the right to raise and address issues identified through its continued review and analysis of PECO's filing (and related information), or other issues raised by other parties.

WHEREFORE, Direct Energy respectfully requests that the Commission grant its Petition to Intervene.

Respectfully submitted,



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Date: June 20, 2016

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