

May 6, 2022

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

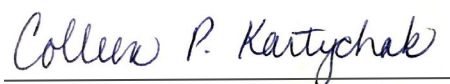
Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Default Service Programs; Docket Nos. P-2021-3030012, P-2021-3030013, P-2021-3030014 & P-2021-3030021; ***Constellation Statement in Support of Joint Petition for Partial Settlement***

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Statement in Support of the Joint Petition for Partial Settlement of Constellation Energy Generation, LLC and Constellation NewEnergy, Inc. (together, "Constellation").

Copies are being served on parties of record per the attached Certificate of Service. Please contact the undersigned with any questions.

Sincerely yours,



Colleen P. Kartychak
John M. White
Counsel for Constellation

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54.

Dated this 6th day of May 2022.

VIA ELECTRONIC MAIL

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

JOINT PETITION OF METROPOLITAN	:	
EDISON COMPANY, PENNSYLVANIA	:	Docket Nos. P-2021-3030012
ELECTRIC COMPANY, PENNSYLVANIA	:	P-2021-3030013
POWER COMPANY AND WEST PENN	:	P-2021-3030014
POWER COMPANY FOR APPROVAL OF	:	P-2021-3030021
THEIR DEFAULT SERVICE PROGRAMS	:	

**STATEMENT IN SUPPORT OF THE JOINT PETITION
FOR PARTIAL SETTLEMENT OF CONSTELLATION**

DATED: May 6, 2022

I. INTRODUCTION

Constellation Energy Generation, LLC (“CEG”) and Constellation NewEnergy, Inc. (“CNE,” and together with CEG, “Constellation”)¹ offer this Statement in Support of the Joint Petition for Partial Settlement (“Settlement”) submitted by the Joint Petitioners² in the above-captioned dockets on April 20, 2022. The terms and conditions of the Settlement are in the public interest for the reasons set forth herein.

As a wholesale supplier, Constellation’s primary focus in this proceeding has been the Master Supply Agreement and the associated terms and conditions that apply to wholesale suppliers serving default service load for the Companies. While Constellation supports the broader Settlement, this Statement in Support provides specific comments on those issues of particular interest to Constellation.

II. SUMMARY OF SETTLEMENT

The Settlement is the product of weeks of discovery and negotiations among a diverse group of stakeholders, and it resolves a number of issues that would otherwise require substantial resources to litigate. Constellation highlights herein four provisions of the Settlement: (1) a requirement for West Penn to publicly post Network Integration Transmission Service (“NITS”) rates prior to each fall auction; (2) the inclusion of an independent credit threshold (i.e., unsecured credit) applicable to the independent credit requirement per tranche (“ICRT”); (3) a commitment

¹ CEG and CNE are both wholly-owned subsidiaries of Constellation Energy Corp.

² The Joint Petitioners include Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (individually, a “Company,” and collectively, the “Companies”); the Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement (“I&E”); the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”); the Met-Ed Industrial Users Group (“MEIUG”), the Penelec Industrial Customer Alliance (“PICA”), and West Penn Power Industrial Intervenors (“WPPII”) (collectively, the “Industrials”); Enerwise Global Technologies, d/b/a CPower Energy Management (“Enerwise”); Constellation; Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE PA”); and The Pennsylvania State University (“PSU”).

from the Companies to indicate in transaction confirmations the quantity of solar photovoltaic alternative energy credits (“SPAECs”) that will be allocated to each supplier; and (4) a clarification to the method by which the Companies will calculate true-ups triggered by the capacity proxy price (“CPP”) mechanism. These provisions are discussed in more detail below.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND FULLY SATISFIES THE REQUIREMENTS OF THE COMPETITION ACT AND THE COMMISSION’S DEFAULT SERVICE REGULATIONS

A. Procurement and Implementation Plans (Joint Petition, Paragraphs 15-42)

The Settlement is in the public interest because, as discussed below, it improves price transparency and the allocation of risk in ways that will ultimately benefit consumers. First, the Settlement obligates West Penn to publish its NITS rates on or before October 31 of each calendar year. Settlement ¶ 26. As explained in the direct testimony of Constellation’s expert witness, Lael Campbell, NITS charges, like other non-market based charges, are not “hedgeable” costs for suppliers. Campbell Testimony at 17. Thus, to the extent such charges will be borne by suppliers (and not the Companies), improved transparency is critical to allow suppliers to accurately reflect the expected NITS charges in their bids. The Settlement achieves this objective by requiring a public posting of NITS charges for West Penn prior to the fall auction.³

Second, the Settlement incorporates an independent credit threshold for suppliers based on the supplier’s credit rating. Settlement ¶ 32; *see also* Settlement, Exhibit C, section 6.4 (Supplier Master Agreement). In other words, suppliers with good credit will receive unsecured credit to satisfy the new ICRT. As the Companies noted in rebuttal testimony, the independent credit threshold for the ICRT was “inadvertently excluded from the proposed Default Service Plan VI.” Rebuttal Testimony of James H. Catanach at 3. The Settlement corrects this error. The

³ The Companies’ transmission-owning affiliate, MAIT, makes a similar public posting each year.

introduction of the independent credit threshold appropriately balances collateral costs—which are ultimately borne by customers—with actual credit risk.

Third, the Settlement provides that, in connection with the proposed solar procurement, the Companies will include in each transaction confirmation the quantity of SPAECs that will be allocated to the supplier, either as a percentage of the supplier’s obligation or as a fixed quantity. Settlement ¶ 35. This provision recognizes that suppliers cannot accurately forecast the quantity of SPAECs that will be produced by a solar facility that the supplier neither owns nor controls. By defining a specific quantity of SPAECs to be allocated to the supplier, the Settlement obviates the need for supplier bid premiums to mitigate that quantity risk.

Finally, in connection with the CPP mechanism, the Settlement provides a clarification with respect to how any applicable true-up will be calculated. Settlement ¶ 39. The Settlement provides that the average capacity price used to calculate the true-up will reflect final unforced capacity quantity weighting. This clarification ensures that the true-up will accurately reflect the actual quantity of capacity procured at each PJM capacity price.

- B. Rate Design and Cost Recovery (Joint Petition, Paragraphs 43-68)**
- C. Customer Referral Program (Joint Petition, Paragraphs 69-79)**
- D. POR Clawback Charge (Joint Petition, Paragraphs 80-81)**
- E. CAP Customer Shopping (Joint Petition, Paragraphs 82-88)**
- F. Third-Party Data Access Tariff (Joint Petition, Paragraphs 89-93)**
- G. Additional Settlement Terms (Joint Petition, Paragraphs 94-95)**

IV. CONCLUSION

WHEREFORE, for the reasons stated above, the Settlement is in the public interest. Constellation respectfully requests that the Administrative Law Judge approve the Settlement without modification.

Respectfully submitted,

Colleen P. Kartychak

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John M. White

Counsel for Constellation