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November 30, 2020

E-FILE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: Petition of Duquesne Light Company for Approval of a Default
Service Plan for the Period June 1, 2021 through May 31, 2025
Docket No. P-2020-3019522**

Dear Secretary Chiavetta:

Enclosed please find Reply Exceptions on behalf of Calpine Retail Holdings, LLC in support of the Recommended Decision issued on November 12, 2020, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document.

Thank you.

Sincerely,

NORRIS McLAUGHLIN, P.A.

/s/ John F. Lushis, Jr.

John F. Lushis, Jr.

c: Hon. Mark A. Hoyer
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company for :
Approval of Default Service Plan for :
the Period of June 1, 2021 through : Docket No. P-2020-3019522
May 31, 2025 :**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Reply Exceptions on behalf of Calpine Retail Holdings, LLC upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by electronic mail as follows:

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Dated: November 30, 2020

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company for :
Approval of Default Service Plan for :
the Period of June 1, 2021 through : Docket No. P-2020-3019522
May 31, 2025 :**

REPLY EXCEPTIONS ON BEHALF OF CALPINE RETAIL HOLDINGS, LLC

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November 30, 2020

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I. INTRODUCTION

These Reply Exceptions are filed on behalf of Calpine Retail Holdings, LLC (“Calpine Retail”) to address the Exceptions of the so-called EGS Parties (which, despite their name, represent only a select few EGS companies and certainly do not represent Calpine Retail) to Administrative Law Judge Hoyer’s Recommended Decision regarding the recovery of certain costs, known as Network Integration Transmission Services, or “NITS,” that are incurred by competitive Electric Generation Suppliers, or EGS’s. Calpine Retail supports the Recommended Decision on this issue, which is consistent with the prior DSP proceedings in which this issue has been addressed. In filing Exceptions to the Recommended Decision, the EGS Parties seek to overturn this well-established precedent. The EGS Parties’ position rests on a false apples-to-oranges comparison between Duquesne Light’s Default Service offering on the one hand, and products and services offered by EGS’s in an open retail market on the other hand. By definition and design, Default Service is fundamentally a one-size-fits-all service incurred with respect to all customers not taking competitive offers from the marketplace. Services offered by EGS’s are competitive services, in which a supplier’s ability to manage its customers’ loads can give the supplier a competitive advantage. The EGS Parties’ proposal to replace reliance on competition as the way for EGS’s to handle their own individual NITS costs with a shifting of EGS’s NITS costs to all customers would remove competitive discipline and reward the underperformers in the marketplace, while simultaneously punishing those who hold themselves accountable for their own business decisions, and who create innovative products and solutions to manage their load and associated risks.

The EGS Parties’ invitation to remove this source of competition would reward poor performance and create a bailout for those who are unable to compete effectively. It would pick winners and losers, discourage innovative products and services, and remove competitive

discipline. Therefore, the recovery of NITS costs from Pennsylvania Electric Generation Suppliers as Load Serving Entities should continue as it has been implemented for the last ten years.

II. REPLY TO EXCEPTIONS

A. The EGS Parties' Second Exception Would Eliminate an Important Element of Competition Among Electric Generation Suppliers as Load Serving Entities

The EGS Parties' Exception No. 2 argues that the status quo treats Default Service customers and those who use an EGS differently, and that somehow this is "unfair." In reality, however, this is the very essence of the distinction between Default Service and service from third party EGS's. Default Service is intended to be a one-size-fits-all program. Default Service is implemented through a very prescriptive standardized master service agreement. All terms and conditions, including timing, amount of load, and risk of load migration, are based on these predetermined terms. In contrast, Pennsylvania has afforded the competitive retail market great flexibility and freedom as market participants relative to timing, products, services, terms and conditions and the ability to innovate to meet customers individual needs without shifting the risk to all customers through a one size fits all approach.

EGS suppliers are not under any default service set of mandated requirements. They are, and should be, able to customize offerings based upon their own businesses, management decisions load and demands, and build their own efficiencies accordingly. They should be responsible and accountable for their own business decisions. They are not the default service provider. The EGS Parties' proposal is the antithesis of a competitive market and would remove an important element of how EGS's compete with each other. The fallacy underlying the EGS Parties' proposal is that all EGS's would be presumed to face the exact same load and demand,

even though that is not the case in reality. Simply put, all EGS's have not only their own load and demand, but they also do not have the same expertise, operational capability or same management or decision making.

The EGS Parties continues to complain about the variability of NITS costs. Rates for recovery of NITS costs are set by the Federal Energy Regulatory Commission ("FERC"). If the EGS Parties object to those rates, they have a forum to raise those objections at FERC. If those efforts are unsuccessful (and the record is silent as to whether the EGS Parties even tried to challenge these rates at FERC), it is still unjust and reasonable to ask this Commission for a bailout for a subset of EGS providers who find it too difficult to deal with these costs.

III. CONCLUSION

For the foregoing reasons, the Exception No. 2 of the EGS Parties to the Recommended Decision should be rejected. There should be no change to the way NITS costs are recovered by Duquesne Light from EGS Load Serving Entities.

Respectfully submitted,

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