

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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SECRETARY'S BUREAU

In the Matter of the Pennsylvania :
Public Utility Commission : Docket No. M-00061957
Investigation into Policies to Mitigate :
Potential Electricity Price Increases :

REPLY COMMENTS OF
NRG ENERGY CENTER PITTSBURGH AND
CONSTELLATION NEWENERGY, INC.

On June 15, 2006, a large number of parties submitted Initial Comments pursuant to the schedule adopted by the Pennsylvania Public Utilities Commission (the Commission).¹ Constellation NewEnergy, Inc.² ("CNE") and NRG Energy Center Pittsburgh ("NRG Energy Center") jointly filed Initial Comments. In addition, on June 22, 2006, the Commission held an en banc session to further address the Initial Comments and engage in a question and answer session ("Q&A session") with a large number of the parties that submitted Initial Comments.

CNE and NRG Energy Center are filing these limited Reply Comments in order to respond to those parties that are advocating that the electric distribution companies be allowed to provide competitive services or that the Commission should alter its course away from the promotion of competitive retail electric markets. Further, this joint effort between a customer (NRG Energy Center) and its electric generation supplier (CNE) demonstrates united support for the continued development of competitive retail markets as a means to explore ways to mitigate potential electricity price increases.

¹ *Investigative Order on Policies to Mitigate Potential Electricity Price Increases*, Commission Docket No. M-00061957 (Enter Into Order, May 24, 2006).

² Constellation NewEnergy, Inc., Constellation Energy Commodities Group, Inc., and Constellation Generation Group, LLC are also jointly submitting Reply Comments in this matter.

This alliance between a consumer and its supplier is very significant. It demonstrates that, contrary to the claims of some consumers,³ there are customers who share the belief that Pennsylvania must develop competitive generation markets to better serve ratepayers. Significantly, in this case NRG Energy Center (and Mr. Timothy Merrill in particular) has a long history in the energy industry, and an excellent comprehension regarding the development of competitive markets.

At the en banc hearing, CNE's presenter Martha Duggan yielded her time to NRG Energy Center's presenter Mr. Merrill, who spoke in favor of developing competitive electric generation service in Duquesne Light's service territory. During the Q&A session, a number of parties provided the Commission with different views on the proper structure of the retail electric market. CNE and NRG Energy Center both provided their different viewpoints on best to achieve robust competitive electric generation service in the Commonwealth. As most stakeholders will agree, moving towards the development of a competitive retail electric market involves very important policy issues. Thus, certain parties may differ on the exact details of how to best accomplish such a task. Thus, any difference in the preferred approaches to achieving competitive markets must not distract from the fact that some customers agree with suppliers that retail competition is not only what Pennsylvania law requires, but is also a worthwhile goal that is in the best interests of Pennsylvania consumers. These same market structure and policy issues have been successfully addressed and resolved in many other States and we are confident that the Commission will have the same success here in Pennsylvania in establishing a competitive electric market.

³ See e.g. Comments of U.S. Steel at 3-4.

NRG Energy Center and CNE once again applaud the Commission for initiating this investigation and addressing these very important issues that affect all consumers as well as the continued development of the competitive energy markets in Pennsylvania. We look forward to working with the Commission in order to devise ways in which to help control or mitigate the impact of increasing costs and changing prices.

Respectfully submitted,

**CONSTELLATION NEWENERGY, INC.
NRG ENERGY CENTER PITTSBURGH**



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