

Testimony of Gene Alessandrini  
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Pennsylvania PUC En Banc Hearing  
June 8, 2011

- Good afternoon Chairman Powelson and members of the Commission, my name is Gene Alessandrini. I am Senior Vice President of Marketing for PPL EnergyPlus, an Electric Generation Supplier since 1998 and an active participant in the competitive retail electricity market in Pennsylvania.
- PPL EnergyPlus is a strong proponent of retail electric competition. We have a great interest in its continued growth.

- According to the Commission's powerswitch website, 1.1 million Pennsylvania residents and businesses have chosen competitive electricity suppliers.
- This is positive for Pennsylvania, but it is just a start.
- We must not use the number of shopping customers as the sole measure of the market's success.
- More needs to be done to advance the competitive market, and we appreciate the Commission's interest in taking the next steps.

- A truly successful competitive retail market has few barriers to entry; uniform standards that all EDCs and market participants understand and follow; a wide range of product and service offerings; and innovative uses of technology.
- This infrastructure may be developed through investment by EDCs, but its power will be unleashed and enabled by the creativity and innovation of the competitive market.
- We must be willing to look into the future, freely grasp the innovations that have occurred in other industries and allow them to grow and prosper in retail electricity markets.

- What factors have contributed to the promising start for electric choice?
- First is price. EDC default rates since 2010 have been higher than market prices, allowing suppliers to make attractive offers at prices lower than the default rate.
- Second is the Commission's Retail Market Order of August 11, 2009, which directed PPL Electric to take wide-ranging actions to remove potential barriers to market entry for suppliers.

- The actions included, but were not limited to, consumer education, access to customer information, electronic data interchange, billing issues and purchase of receivables.
- All of these factors are essential for creating the conditions in which retail competition can gain a foothold and grow.
- PPL EnergyPlus believes the Retail Markets Order was as important as price in creating a vibrant market in the PPL Electric service territory.

- PPL EnergyPlus believes such orders should be implemented and improved upon for other EDCs statewide.
- The Commission's goal should be to create a competitive retail electricity market that has consistent rules applied consistently to all EDCs and EGSs, and educated consumers who have incentives to select the products and services they desire from the market.
- A subject of this investigation is default service. The Commission has asked whether EDCs should continue to be default service providers.

- Default service was never intended as a competitive option. It is rather a “last resort” for customers who cannot or do not choose competitive supply in the market.
- A few changes to default service requirements would immediately improve retail market competition in Pennsylvania.
- First, modify the procurement process so that default service rates more closely track changes in market prices.

- Default supply should be obtained through shorter term purchases so the default service rate better reflects current market prices and gives customers an economic incentive to purchase products and services from EGSs, who will develop products and services in response to the demands of their customers.
- Second, ensure that the cost of default service is more closely aligned with the costs of competitive supply.
- Because competitive suppliers incur costs that default service providers do not face, there is a mismatch between EGS offers and default rates.

- The additional revenue produced by creating a comparable default price may be used for consumer education or other Commission-identified programs that benefit customers and improve the competitive retail market.
- Finally, require that default service be “plain vanilla” by prohibiting special rates and options, such as time of use rates, which incent customers to stay with default service. These options are more appropriately offered by competitive suppliers.

- A default rate more aligned with market prices and market costs provides greater price incentive for customers to choose alternative suppliers who design innovative products and services that meet their needs.
- These measures would remove barriers to competition, give customers greater incentives to shop, allow markets to grow, open opportunities for customer-driven solutions and focus on a future vision of competitive retail markets, which is an important next step for market development.

- PPL EnergyPlus applauds the Commission for its interest in improving the competitive retail electricity market.
- We welcome the opportunity to work with the Commission, EDCs and retail market participants to develop a retail market with clear, consistent and uniform rules; with few barriers for customers to understand and choose; and with a large selection of competitive options, product offerings and innovative services.

