

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Investigation of Pennsylvania's
Retail Electricity Market**

**Public Meeting September 27, 2012
2237952-DIR
Docket No. I-2011-2237952**

**STATEMENT OF
CHAIRMAN ROBERT F. POWELSON**

Today the Commission is releasing a Secretarial Letter setting forth our views on what the end-state of the Retail Markets Investigation should look like. The main theme of these proposed changes is to remove barriers to competition so that default service prices more closely mirror actual market prices instead of being distorted by long-term contracts and our electric distribution companies' inability to accurately project default service costs, which leads to large under and over-collections.

Commissioner Cawley takes issue with these actions, or in his view, lack of actions, to enable the electric generation suppliers (EGSs) in Pennsylvania's marketplace. Rather, his preference would be to push customers to choose an EGS, and if they failed to make such a choice, to have government make the choice for them by auctioning them off to an EGS. I am far from convinced that this would yield positive results without causing confusion to customers.

For the record, I *personally* agree with many of Commissioner Cawley's opinions on these issues as set forth in his dissenting statement, and if I had been given the choice to design a retail electricity market from scratch back in 1996, I would have followed the actions of the Texas Legislature and fully divested our utilities from the role of providing default service. (As I like to tell people—it is like extracting an impacted wisdom tooth without Novocain.)

However, as a Public Utility Commissioner charged with protecting the public interest 15 years after passage of the Competition Act and three years after retail electricity competition was jump-started following the expiration of the rate caps for our largest electric distribution companies, I disagree that it is the government's role to act as a surrogate for customers.

That is, to the extent customers do not make an affirmative choice for themselves, the government should not make that choice for them. Rather, I think that government's function should be limited to making sure that default service, and the competitive market as a whole, is not structured in such a way that EGSs cannot compete in a long-term manner. In other words, I believe our role is to level the playing field as much as possible so that customers can make informed decisions for themselves. I strongly believe that the work product put forth today, which is the result of many hours of deliberation by all members of this Commission, accomplishes that goal.

I am very proud of what we have accomplished to-date, but it is not acceptable that we allow regulated utilities here in the Commonwealth to provide a false sense of security that they are the provider of “first-choice” when it comes to retail competition. In my view, that is what has failed us as we seek to provide customers with the best products and services on the market. My hope is that the market changes proposed today will alter that perception among utilities and customers alike.

The product put forth today is likewise the product of innumerable hours of hard work by the incomparable members of our Office of Competitive Market Oversight, led by our Director of Regulatory Operations Karen Moury. Karen and her team have put all of their talents into making the Retail Markets Investigation a success and I truly appreciate all of their efforts.



ROBERT F. POWELSON
CHAIRMAN

DATE: September 27, 2012