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December 10, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Attention: Docket ID No. I-2011-2237952

Dear Secretary Chiavetta:

On behalf of its membership comprising thousands of businesses of all sizes and across all industry sectors, the Pennsylvania Chamber of Business and Industry respectfully submits the attached comments regarding the above-referenced docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Denisco". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sam Denisco
Vice President, Government Affairs

Cc: Robert Powelson, Chairman
John F. Coleman, Jr., Vice Chairman
Wayne E. Gardner, Commissioner
James H. Cawley, Commissioner
Pamela A. Witmer, Commissioner

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Investigation of Pennsylvania's Retail Electricity :
Market: End State of Default Service :

Docket No. I-2011-2237952

**COMMENTS OF
THE PENNSYLVANIA CHAMBER OF BUSINESS AND INDUSTRY**

I. Introduction

On behalf of its membership comprising thousands of businesses of all sizes and across all industry sectors, the Pennsylvania Chamber of Business and Industry (PA Chamber) wishes to offer its comments in the above captioned docket.

II. Comments

The PA Chamber and its members have been interested in the Commission's efforts to improve Pennsylvania's retail electricity market. We believe that fully functional, competitive retail and wholesale electric markets are critical in the development of the most economic electric generation sources, which redound to the benefit of commercial and industrial customers, many of whom cite energy costs as one of the most significant expenses in their operations.

While the Commission has taken many positive steps to improve the opportunity for competitive retail and wholesale electric markets, the PA Chamber must oppose those provisions in the Commission's recently published Tentative Order that apply to electric distribution companies (EDCs) entering into long-term contracts for the procurement of alternative energy credits (AECs) for customers being served by electric generation suppliers (EGS).

As you may know, the PA Chamber has consistently opposed anti-competitive policies that force certain energy sources into the marketplace--without respect to need or cost-- and increase costs for electricity consumers, including our members.

As noted by the Commission in the Tentative Order, allowing EDCs to procure AECs on behalf of shopping and non-shopping customers may "help facilitate a successful capacity build-out of AEPS-qualified generation facilities by mitigating long-term cash flow risks for relevant generation owners or financiers." Respectfully, this type of policy that so clearly picks winners and losers is anti-competitive on its face and is the type of policy that the PA Chamber has consistently opposed.

More specifically, the Commission's interest in "...mitigating long-term cash flow risks for relevant generation owners or financiers" through the advocacy or requirement of such contracts undermines the competitiveness of the electricity marketplace in Pennsylvania by shifting the financial risks for AEPS-qualified generation facilities from developers to consumers, who will be forced to pay more for their electricity as a result. This is completely antithetical to the Electricity Generation Customer Choice and Competition Act which specifically sought to remove these risks from consumers and shift them to private developers where they belong. Also, requiring EDCs to execute long-term contracts for AECs, which potentially could then be assigned to the competitive suppliers or placed in a non-bypassable charge, interferes with the arrangements that customers negotiate with their retail suppliers.

In addition, according to available data, there are more than sufficient alternative energy resources in PJM to meet Pennsylvania's AEPS goals.¹ Therefore, EDCs procuring AECs through a PUC process designed to mitigate financial risk for these types of generation sources is unnecessary besides being counter to the goal of a competitive energy marketplace, which is critical for businesses to keep their energy costs as economical as possible.

III. Conclusion

The PA Chamber believes that the business community can benefit from all sources of energy, including alternative and renewable sources. However, each resource should be able to compete in a fair market on the basis of cost, without increased government subsidies and energy mandates that distort and inevitably increase the price of electricity for consumers in Pennsylvania.

Sincerely,



Sam Denisco
Vice President, Government Affairs

Dated: December 10, 2012

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¹ See 2011 Annual Report, Alternative Energy Portfolio Standards Act of 2004, Pennsylvania Public Utility Commission,
http://www.puc.state.pa.us/electric/pdf/AEPS/AEPS_Ann_Rpt_2011.pdf