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August 14, 2019

VIA ELECTRONIC FILING

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

**Re: Electric Distribution Company Default Service Plans – Customer Assistance
Program Shopping
Docket No. M-2018-3006578**

Dear Secretary Chiavetta:

Enclosed for filing please find the Reply Comments of WGL Energy Services, Inc. (“WGL Energy”) in the above-captioned matter.

If you have any questions or need any additional information regarding this filing, please do not hesitate to contact me.

Best Regards,

STEVENS & LEE



Michael A. Gruin, Esq.

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Distribution Company Default : Docket No. M-2018-3006578
Service Plans – Customer Assistance :
Program Shopping :
:

REPLY COMMENTS OF WGL ENERGY SERVICES, INC.

WGL Energy Services, Inc. (“WGL Energy”) hereby files these Reply Comments in response to certain initial Comments filed in response to the Proposed Policy Statement issued by the Pennsylvania Public Utility Commission (“Commission”) on February 28, 2019 regarding Customer Assistance Plan (“CAP”) Shopping provisions in Electric Distribution Company (“EDC”) Default Service Plans. WGL Energy filed initial Comments as did numerous other parties.¹

With these Reply Comments, WGL Energy will address the Comments of PPL, which reinforce WGL Energy’s points regarding overly restrictive CAP shopping rules, and the Comments of the OCA and CAUSE-PA, which express concern over potential loss of CAP benefits due to shopping activity, a concern which WGL Energy shares.

¹ The following parties submitted initial comments on July 30, 2019: the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN et al.), the Office of Consumer Advocate, the Consumer Advisory Council, Duquesne Light Company, the Energy Association of Pennsylvania, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company, PECO Energy Company, PPL Electric Utilities Corporation (“PPL”), the Retail Energy Supply Association, and the UGI Utilities.

WGL Energy's Reply Comments

(1) If adopted, the Proposed Policy Statement Will Effectively Deny Retail Electric Choice for CAP Customers

WGL Energy's initial Comments explained why CAP customers should not be discriminated against and foreclosed from choosing a retail supply product beyond: (1) utility default service or (2) an EGS product with a per kilowatt-hour rate at or below the EDC Price to Compare ("PTC"), solely because they have a lower income than other customers. WGL Energy supports all customers having the freedom to choose and access the benefits of retail competition, while still ensuring that CAP customers do not incur excessive electricity supply costs.

The Comments of PPL demonstrate the likelihood that the Policy Statement, if adopted, would effectively end retail choice for CAP customers in Pennsylvania due to supplier non-participation. PPL's Comments discussed the impacts of the new CAP Shopping restrictions in its current default service plan. With new rule restrictions approved on October 10, 2017² and after a few years of the program in operation, PPL Electric notes that since June 1, 2018 there has been zero supplier EGS participation in PPL Electric's CAP Standard Offer Program. As a result, PPL Electric recommends the Commission consider requiring that CAP customers only receive default service, as seen below in detail.

² In the CAP-SOP restrictions to the program were approved, including the requirement that CAP SOP customers be returned to the CAP SOP pool and re-enrolled in a new CAP SOP contract at the conclusion of the 12-month contract period unless the customer request to be returned to default service or is no longer a CAP Customer. Additionally, the EGSs must separately enroll into the PPL Electric standard SOP and CAP SOP. PPL Electric comments. 7/30/2019. Pages 3-4.

“CAP SOP was implemented on June 1, 2017, and remains in effect through May 31, 2021. At the commencement of the program in June 2017, through November 2017, there were two EGSs participating in the program; from December 2017 through May 2018 a single EGS participated in the program. However, from June 1, 2018 through the present, there are no EGS’s participating in PPL Electric’s CAP SOP. Based upon the CAP SOP requirements, CAP customers only have two options – shop through CAP SOP or receive PPL Electric default service at the PTC. Since no EGSs are participating in the CAP program, and have not participated for over a year, nearly all CAP customers are currently on PPL Electric default service.”³

“As such, since there appears to be no EGS support for CAP SOP, PPL Electric recommends the Commission consider simply requiring that CAP customers receive default service.”⁴

The experience in PPL territory proves that if CAP Shopping is restricted to a single product that considers only the utility PTC without taking other value-added elements into account, EGSs will not be willing or able to serve CAP customers. Placing severe restrictions on both CAP customers’ ability to shop and for EGS’ ability to serve them, will only lead to the complete erosion of EGS participation in serving CAP customers and the foreclosure of CAP customers’ shopping choices. CAP customers will be left only with the plain vanilla offering from default service, returning them to the previous era of a non-choice monopoly electricity provider system. WGL Energy’s proposal from its initial Comments provides a better solution. Under that proposal, EGSs would be able to offer a variety of products to CAP customers, as long as they are able to demonstrate that the products would provide value to the customers and protect against uncertain future energy costs and electricity price spikes. This would preserve choice for CAP customers while fostering the policies that the CAP Shopping Policy Statement is intended to promote.

³ PPL Electric comments. 7/30/2019. Page 4.

⁴ PPL Electric comments. 7/30/2019. Page 11.

(2) CAP customers should not lose CAP benefits when signing up for “non-compliant” EGS CAP products.

The Office of Consumer Advocate (“OCA”) recommends that CAP participants not be automatically disqualified from a participation in CAP, unless the CAP participant has affirmatively chosen to enter into or remain in a contract that is not non-CAP compliant with the CAP shopping rules.

The OCA recommends the following language be added that enables the customer to sign up with a non-compliant product provided the customer (a) has been informed by the EGS before signing the contract about the non-compliance product not meeting the CAP requirements; and (b) that the CAP customer will lose his/her CAP status as a result. OCA’s recommendation’s is seen below, in italics:

69.276(b). A CAP participant that enters into a contract with an EGS that does not fit the requirements set forth in this policy statement shall be disqualified from participation in CAP, *if:*

(i) *The CAP customer has been fully informed by the EGS before signing the contract that the CAP customer will no longer receive the benefits of CAP participation, including CAP credits or discounts or arrearage forgiveness and*

(ii) *The CAP customer returns and signs a confirmation that reads:*

*We have determined that the contract you recently signed with
XXX EGS will require your removal from CAP. The EGS contract*

does not meet the requirements that a CAP shopping contract must be at or below XXX Electric Distribution Company's price to compare. By your signature to this form, you have confirmed that you understand that you may receive higher bills as a result of the loss of the CAP benefits, will no longer receive CAP benefits including a CAP discount or forgiveness for past arrears. Do you wish to terminate your participation in CAP?

OCA's logic behind this recommendation is that above notice and confirmation procedures are necessary to ensure that the CAP participant has made a fully informed choice.

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") and the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al.") take a similar position, however, they recommend the utility reject the CAP customers' enrollment with an EGS' non-compliant product, of which, the customer would then have to contact the utility to learn why the enrollment was rejected and to then decide whether to shop for a non-compliant product knowing that he/she will lose CAP benefits or to stay on default service. Below is CAUSE-PA and TURN et al.'s recommendation:

"With regard to new enrollees in CAP, the EDC's CAP shopping provisions should provide for an orderly and immediate transition to compliant EGS service or default service. With regard to existing CAP customers, a non-compliant EGS contract should be rejected unless the CAP customer knowingly and voluntarily opts to withdraw from CAP. For this purpose, the EDC should be required to send a notice to the customer explaining that their request to enroll with the EGS was denied because it did not meet the parameters of the requirements for CAP shopping, and that the customer should contact the EDC if they would like additional information. If the customer contacts the EDC in

response to the letter, the EDC should explain that, in order to switch to the particular EGS-supplied product, they will have to leave CAP - which will result in the loss of CAP benefits. The EDC should be required to inform the customer of the amount of monthly CAP benefits that the customer will lose if they remove themselves from CAP, and provide education and information to the CAP customer about any CAP-compliant products that may be available. If the CAP customer still wishes to proceed with the switch, they should be required to formally acknowledge their desire to withdraw from CAP.”⁵

CAUSE-PA and TURN et al. argue that the Policy Statement does not contain appropriate requirements on EDCs to ensure that CAP customers are not being served at contracts in excess of the PTC. Therefore, they urge the Commission to incorporate requirements into the Policy Statement that require each EDC to develop appropriate mechanisms to ensure that low income customers can access CAP and exit EGS contracts that do not comply with proposed Section 69.275.

WGL Energy agrees with OCA and CAUSE that CAP customers should not lose CAP benefits due to their shopping decisions or choices. Rather, to the extent the Commission wishes to restrict CAP Shopping participation, the Commission should require CAP customer enrollments to be restricted by the EDCs up front, so that CAP customers could only be enrolled in authorized CAP products. WGL Energy reasserts support for its proposal from its Initial Comments that CAP offers be vetted and approved at the Commission level (i.e., Commission’s Office of Competitive Market Oversight (“OCMO”)) prior to being made available to customers. Suppliers would be required to demonstrate to OCMO that the alternative product offering can be expected to offer value to CAP customers and includes adequate safeguards to

⁵ CAUSE-PA and TURN et al. comments. 7/30/2019. Pages 9-10.

protect against excessive electricity supply costs to CAP customers.⁶ After receiving OCMO approval, and ensuring there are adequate safeguards in place, enrollment procedures could be established to ensure that any attempted CAP enrollment in a non-approved product would be rejected. In addition, disclosures could be developed to indicate whether a product is “CAP Approved” or not, perhaps by adding a new block to the EGS Contract Summary. Under no circumstances should a CAP customer lose their CAP benefits due to a shopping decision. Rather, the proper way to enforce CAP shopping restrictions is to prevent CAP customer enrollment in a non-compliant product in the first place. This should be achievable through the enrollment/EDI process.

Conclusion

WGL Energy has great concerns with the Commission’s proposed severe restrictions to CAP shopping. As demonstrated by the experience in PPL territory, adoption of such severe restrictions will almost certainly result in the end of retail choice for CAP customers in Pennsylvania. If the proposed Policy Statement is adopted, hundreds of thousands of CAP customers will be effectively prohibited from choosing value-added service offerings such as time of use products, 100% renewable products, and fixed cost products that provide real savings and value. WGL Energy appreciates the opportunity to provide reply comments and looks forward to continued engagement with the Commission and other stakeholders on this matter.

⁶ WGL Energy comments. 7/30/2019/. Page 5.

August 14, 2019

Respectfully submitted,

A handwritten signature in cursive script that reads "Antonio Soruco". The signature is written in black ink and is positioned above a horizontal line.

Antonio Soruco,
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