LEGISLATIVE BUDGET AND FINANCE COMMITTEE

A JOINT COMMITTEE OF THE PENNSYLVANIA GENERAL ASSEMBLY

A Study Pursuant to Senate Resolution 2023 - 116: Supplier Consolidated Billing

March 2024

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Phone: 717.783.1600 Email: lbfcinfo@palbfc.us Or find us here:

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For the eighth straight year, the National Legislative Performance Evaluation Society (NLPES) awarded the Legislative Budget and Finance Committee with a Certificate of Impact. NLPES presents the Certificate of Impact to legislative offices that produce evaluations or audit reports that result in documented public policy changes, program improvements, dollar savings, or other public impacts.

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TABLE OF CONTENTS

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REPORT SUMMARY

Study Objectives

Our objectives for the study were the following:

1. *Review the Public Utility Commission's 2018 administrative proceedings on supplier consolidated billing (SCB).*
2. *Examine the consolidated billing law and practices in Georgia, Maryland, and Texas.*
3. *Review Pennsylvania statutory and regulatory language to determine whether consolidated billing is currently allowable.*
4. *Examine the benefits and limitations of consolidated billing for consumers in Pennsylvania.*
5. *Analyze the accessibility and availability of public information for consumers.*
6. *Analyze the effects on retail customers receiving consolidated billing from the regulated utility distributor versus the consumer energy supplier.*

Overview

Senate Resolution (SR) 116 directs the Legislative Budget and Finance Committee (LBFC) to complete a study on "supplier" issued consolidated billing within "retail energy" markets. We have narrowed the focus of this report to consolidated billing within Pennsylvania's electricity market.

In Pennsylvania, monthly electric bills are composed of two parts – the "supply" charges incurred for generating electricity and the "delivery" charges for transporting electricity to homes and businesses via power lines. Both components are essential to ensure electricity is available to the consumer. At the heart of SR 116 is a review of which entity should be responsible for sending the monthly bill to the customer: the utility (as is the current practice), the supplier, or both.

The objectives for this study were derived from the resolution (and are listed in the left-facing text box). The officers of the LBFC adopted SR 116 as a staff project on October 18, 2023.

Our report is organized as follows:

- **Section I – Objectives, Scope, and Methodology**
- **Section II – Background Information**
- **Section III – Issue Area Discussions**

Section II
Background Information

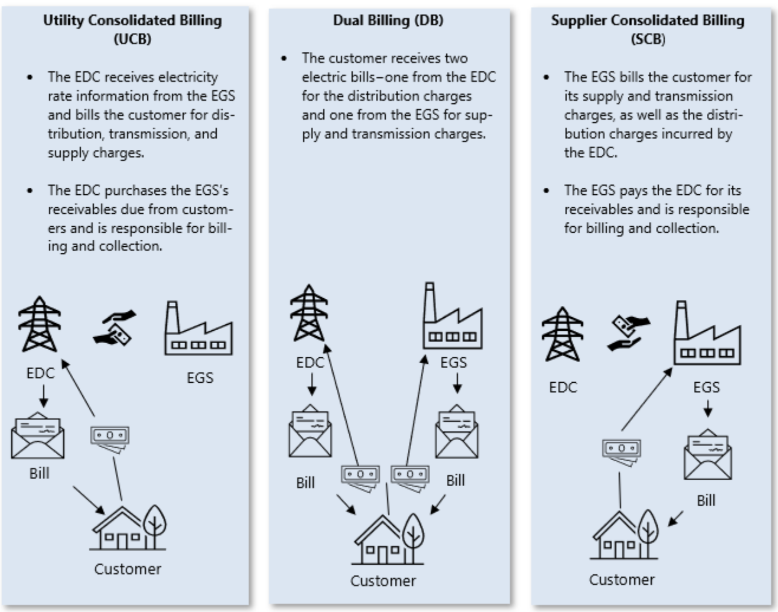
In 1996, Act 138, also known as the Electricity Generation Customer Choice and Competition Act (Competition Act), was enacted. This law amended the Pennsylvania Public Utility Code to allow a customer to receive their electricity from an "electric generation supplier" (EGS) instead of from their traditional utility company – also known as an "electric distribution company" (EDC).

Under the parameters of the Competition Act, utility companies continued as default service providers in their respective service areas despite transitioning to a competitive market structure with EGSs. "Default service" means that customers who do not elect to receive electricity from an EGS will receive service from the EDC that serves their area by default.

Two billing methods currently exist for electric customers in Pennsylvania: utility consolidated billing (UCB) and dual billing (see Figure 1).

Under UCB, a customer receives one consolidated bill from the EDC, which covers the EDC's distribution charges (i.e., the charges for getting electricity to the customer's home through power lines, etc.) and the EGS's generation charges (i.e., charges for supplying or generating electricity). The EDC is responsible for collecting the total amount due from the customer and reimbursing the EGS through a purchase of receivables (POR) arrangement.

Figure 1



Customers may also elect dual billing (DB) if offered by the EGS, where they receive two bills for electric services – one from the EDC for its distribution charges and a separate bill from the EGS for its generation and transmission charges. Each company is then responsible for collecting its accounts receivable. This method is uncommon in Pennsylvania.

Supplier consolidated billing (SCB), currently unavailable in Pennsylvania, represents a third billing method. Under SCB, instead of the utility handling the billing responsibilities, the EGS bills the customer for the supply and distribution charges incurred by the EDC.

Under SR 116, we were tasked with reviewing the consolidated billing methods and practices in the state's natural gas market. In 1999, Pennsylvania enacted the Natural Gas Choice and Competition Act (Gas Choice Act), allowing residential customers to select their "natural gas supplier" (NGS) instead of receiving supply service from their natural gas distribution company (NGDC). However, that law is worded differently, such that NGDCs send consolidated bills for the total amount due from customers (although dual billing may also exist). Because of this difference in the law, the remainder of our discussion is centered on SCB in the electricity marketplace.

Section III
Issue Area Discussions Pursuant to SR 116

Section III provides detailed discussions of our research and is organized by Issue Areas (A -G). These areas correspond to the study's objectives. Overall, the highlights of these issue areas include the following:

Perspectives and Context

- The PUC has considered SCB since at least 1998, and opinions have varied as to its feasibility. Since 1998, the PUC has convened working groups to discuss technical issues and considered the topic in several regulatory proceedings. After comprehensively evaluating the state's electricity industry, the PUC ordered changes to utility-issued electricity bills in 2014. These changes required EDCs to increase the shopping information on a utility consolidated bill and dedicate a specific section of the bill for EGSs to message their customers.

- In 2018, after a petition filed by an EGS to implement SCB in Pennsylvania, the PUC held two "en banc" hearings "regarding the legality and appropriateness of implementing electric supplier consolidated billing (SCB) in Pennsylvania." Both hearings elicited testimonies and written comments from stakeholders supporting – and opposing – SCB.

  - Advocates of SCB stated that the existing authority granted to the PUC could allow SCB. EGSs argued that SCB would enable them to market new products and additional services such as time of use (TOU) plans, fixed pricing, and electric vehicle (EV) charging plans. SCB proponents said they would be able to strengthen their relationship with their customers, something which is lacking under current billing practices. EGSs would also like to sell other products and services besides electricity, which they believe would enhance Pennsylvania's electric marketplace.

  - Opponents of SCB argued that the Public Utility Code does not explicitly mention SCB; therefore, it is not permitted. Their arguments also included objections to the transition costs that EDCs would incur to modify their billing and data exchange systems. Opponents were also concerned about consumer protections and complaint investigations under SCB, as well as the PUC's authority over EGSs, which are licensed in Pennsylvania but not price-regulated.

- As the matter stands today, despite varying legal opinions and debates on the legality of SCB, the PUC concluded that there is neither clear authority for, nor consensus on, how to implement SCB. To move forward with SCB, the PUC believes a specific section of the Public Utility Code (§2807(c)) needs to be amended.

Benefits and Limitations

Our review identified the following benefits and limitations associated with implementing SCB in Pennsylvania:

- ↑ EGSs will have the opportunity to increase their engagement with customers. These companies say that ensuring their brand is recognizable to the consumer is critical for the success of their business. Suppliers are currently limited to placing their logo on a section of the utility's bill and providing a limited amount of detail about their supply charges and contact information.

- ↑ With SCB, EGSs will be better able to offer new products/services to customers, which may include items such as unique billing options (offering credits for customers who have rooftop solar capacity or free days/weekends/nights), specialty usage plans (time of use plans with on- and off-peak periods and plans that include carbon offset credits) and value-added plans (plans that allow customers to purchase home warranties and backup generators).

- ↓ SCB could overwhelm consumers with unnecessary billing options or other value-added services that can lead to unintended outcomes. This confusion could lead to consumers paying more for their electricity generation than if they stayed with the utility's default service.

- ↓ Pennsylvania law currently assigns the EDC the responsibility for customer service functions, such as service termination and restoration, payment arrangements, addressing customer complaints, and implementing customer assistance programs. SCB opponents note that these safeguards will be non-existent or nonfunctional without significant statutory changes.

- ← Implementing SCB may result in customer confusion over service delivery issues, at least in the short run. Currently, customers are accustomed to calling their utility company when the "lights go out," and many customers are accustomed to receiving phone calls and text messages alerting them to service interruptions and expected restoration times. Arguably, these services would continue under SCB, as the EDC is still responsible for electricity distribution. However, unpacking this association will be complex after decades of being accustomed to the EDC being at the forefront of the customer connection.

Cost Considerations

Adopting SCB will result in implementation and administrative-related cost considerations. For example,

- Utilities will incur costs to modify their billing and data management processes to implement SCB. EGSs and EDCs would also need to determine how the parties will exchange data, which may result in additional costs. EDCs have also invested substantially in billing and customer service capabilities that may become under-utilized depending on how many customers elect SCB. These EDC investments begin to take on more significance because these costs may eventually become stranded or transition costs. As such, we believe that if SCB is to be implemented in Pennsylvania, further (and more precise) discussions will need to occur regarding what specific costs and reimbursements ratepayers will incur.

- In addition to implementation costs, administrative costs need to be considered. Within this context, we refer to the expenses the PUC would incur to make the necessary administrative changes to oversee SCB properly. We asked the PUC for its best estimate of the costs it would incur and the expected timeline for implementation. The PUC stated that such costs were incalculable and would rely on the number and type of proceedings needed to implement SCB - with ongoing oversight costs dependent upon the volume of SCB usage by suppliers and consumers.

- Because SCB remains a hypothetical discussion and there remains a variety of unresolved issues that will impact its viability and sustainability in Pennsylvania, we cannot assess its cost effects beyond these preliminary discussions. Ultimately, ratepayers will incur some of these costs.

Other Matters

SR 116 required us to review other matters related to SCB, including its use in specific states like Texas, Georgia, and Maryland. We also reviewed the "shopping experience" for electricity in other states. Finally, we offer recommendations for future consideration.

- Comparing Pennsylvania to Texas and Georgia, where SCB is prevalent, is complex. In Texas, SCB exists successfully, but unlike Pennsylvania, there is no default service; consequently, customers must choose an EGS. A similar situation exists in Georgia for natural gas. Maryland will institute SCB by December 31, 2024, which may provide a best practices model if SCB is implemented in Pennsylvania.

- Similarly, the accessibility of public information available to consumers can be difficult. We highlight some challenges in Pennsylvania, including potential customer confusion due to the existence of many electricity shopping websites. Further, some states have successfully integrated consumer complaint information into their website.

- We recommend the following:

    1) Pennsylvania policymakers should monitor SCB implementation in Maryland. We recommend the General Assembly require the LBFC to conduct a follow-up report evaluating SCB implementation in Maryland and its applicability to Pennsylvania.

    2) If policymakers determine that SCB is a viable and needed outcome in Pennsylvania, the Public Utility Code should be amended to permit SCB to be an allowable billing method for electric service. Additional sections that conflict with EDC/EGS responsibilities should be amended.

    3) During the next refresh of the PUC's retail energy shopping websites, it should include updates that would allow users to:

        a. Choose different languages (other than English/Spanish);
        b. Add additional sorting and search capability;
        c. Include complaint information.

SECTION I
OBJECTIVES, SCOPE, AND METHODOLOGY

Why we conducted this study…

The Pennsylvania Senate adopted Senate Resolution (SR) 116 on June 30, 2023.

The Legislative Budget and Finance Committee officers adopted the resolution as a staff project on October 18, 2023.

SR 116 focus on “supplier” consolidated billing within retail “energy” markets. We have limited the focus of this term to retail electricity markets.

Objectives

Senate Resolution (SR) 116 directs the Legislative Budget and Finance Committee (LBFC) to complete a study on "supplier" issued consolidated billing within "retail energy" markets. As a matter of practice, when the House or Senate adopts a resolution directing the LBFC to conduct a study, the officers will meet to discuss the resolution and vote to adopt the resolution as a staff project. On October 18, 2023, the officers adopted SR 116 as a staff project.

Following the adoption of the resolution as a staff project, the LBFC project team develops objectives to answer the resolution's intent and guide future planning efforts. For this study, SR 116 enumerated specific objectives as follows:

1. A review of the 2018 administrative proceedings of the Pennsylvania Public Utility Commission (PUC) pertaining to consolidated billing.

2. An examination of the consolidated billing law and practices in Georgia, Maryland, and Texas, including the statutory or regulatory authority, consumer protections, and efficacy of each state's billing law and practices.

3. A review of Pennsylvania's statutory and regulatory language to determine whether consolidated billing is currently allowable in Pennsylvania.

4. An examination of the benefits and limitations of consolidated billing for retail electricity and other energy consumers in Pennsylvania.

5. Analysis of the accessibility and availability of public information for consumers online and through direct solicitation from retail electricity and other energy markets.

6. Analysis of the effects on retail customers receiving consolidated billing from the regulated utility distributor versus the consumer energy supplier.

The nature of which energy markets (e.g., electricity, natural gas, etc.) is unspecified; however, from supporting documentation surrounding SR 116, including the co-sponsorship memorandum, as well as from remarks made on the Senate floor the day the resolution was adopted, we have narrowed the focus of the objectives to apply to the retail electricity market.

Scope

Our audit primarily covered the period from 1996 through June 30, 2023. In some areas, our scope may have preceded or extended beyond this timeframe because it was necessary to provide a historical context of relevant issues confronting the retail electricity market in Pennsylvania or designated peer states.

Methodology

Our information and data collection efforts focused on supplier-consolidated billing. To that end, we interviewed and received comments from various stakeholder groups and consultants, including, but not limited to, the following:

- Energy Association of Pennsylvania
- James Cawley, Attorney and Consultant
- Maryland People's Counsel
- NRG Energy, Inc.
- Pennsylvania Office of Consumer Advocate
- One+ Strategies
- Pennsylvania Utility Law Project
- Pennsylvania Public Utility Commission
- Retail Energy Advancement League
- Retail Energy Supply Association
- Hawke, McKeon, Sniscak, LLP

We extensively reviewed the PUC's en banc hearings held in 2018. In addition, we examined various comments and information submitted under the PUC's review of supplier consolidated billing. We also reviewed the Public Utility Code (Title 66) and the PUC's regulations related to billing.

Additionally, we reviewed supplier consolidated billing options, proceedings, and configurations in selected states, including Texas, Georgia, Maryland, Connecticut, and Illinois. Where possible, we reviewed sample consolidated bills and applicable "energy choice" websites from those states (where applicable).

Frequently Used Abbreviations and Definitions

This report uses several abbreviations for government-related agencies, terms, and functions. These abbreviations are defined as follows:

Abbreviation	Name	Definition
DB	Dual Billing	The retail electricity billing format in which the EDC and the EGS send separate bills exclusively for their respective charges.
DSP	Default Service Provider	The utility that provides generation services to those who do not choose another supplier, cannot find a supplier willing to serve them, or no longer receive generation services from another supplier.
EDC	Electric Distribution Company	A public utility that provides and maintains facilities for transmitting and distributing electricity to all customers, retail or otherwise.
EDEWG	Electronic Data Exchange Working Group	A working group formed by the PUC to develop data exchange protocols between EDCs and EGSs to facilitate SCB implementation.
EGS	Electric Generation Supplier	A private entity licensed by the PUC to supply electricity to Pennsylvania ratepayers.
NGDC	Natural Gas Distribution Company	A public utility that provides and maintains facilities for distributing natural gas to all customers, retail or otherwise.
NGS	Natural Gas Supplier	A private entity licensed by the PUC to supply natural gas to Pennsylvania ratepayers.
OCMO	Office of Competitive Market Oversight	An office within the PUC that oversees the development and functioning of the competitive electric supply and natural gas markets.
POR	Purchase of Receivables	The purchase, funding, management, and collection of short-, medium-, or long-term accounts receivable arising from deliveries of goods or services.
RESA	Retail Energy Supply Association	A national trade organization for competitive retail energy suppliers.
RMI	Retail Market Investigation	A formal investigation of the retail electricity market in Pennsylvania launched by the PUC.
SCB	Supplier Consolidated Billing	The billing of retail customers by an electricity supplier for all electric services, including the transmission and distribution charges of the electric distribution company.

Acknowledgments

We acknowledge and thank the excellent cooperation we received from the Pennsylvania Public Utility Commission staff. In particular, we thank Ms. Jennifer Berrier, Esq., Executive Director, and Mr. Daniel Mumford, Director, Office of Competitive Market Oversight, for their timely responses to our numerous inquiries. We also thank the aforementioned stakeholders, who relayed their perspectives and provided supporting documentation. We also acknowledge former LBFC staff member and counsel Jason Brehouse, Esq., who participated in the initial study planning.

Important Note

This report was developed by the Legislative Budget and Finance Committee staff, including Deputy Executive Director Stephen Fickes, who served as project manager, and David Beaudoin and James Wynne, who were analysts assigned to the project. The release of this report should not be construed as an indication that the LBFC as a whole, or its individual members, necessarily concur with the report's findings, conclusions, or recommendations.

Any questions or comments regarding the contents of this report should be directed to the following:

Christopher R. Latta, Executive Director
Legislative Budget and Finance Committee
PO Box 8737
Harrisburg, Pennsylvania 17105-8737
717-783-1600
email: lbfcinfo@palbfc.us

SECTION II
BACKGROUND INFORMATION

Fast Facts…

- *Pennsylvania restructured its electric and natural gas retail markets – which allows consumers to "choose" their electricity or natural gas suppliers -- often receiving more competitive rates, saving consumers money.*
- *Although consumers can choose different suppliers for natural gas or electricity – billing for each is typically done on one "consolidated" bill, which is administered by the applicable utility.*
- *In the electric market space, consumers can also choose "dual billing" (if offered by the EGS)– in which they receive a bill from their electric generation supplier (EGS) and the electric distribution company (EDC). This method is very uncommon.*

Introduction

Senate Resolution (SR) 116 examines an important yet complex topic: how "power," whether electricity or other forms such as natural gas, is generated, distributed, and billed to consumers. For example, almost everyone is familiar with a monthly electric bill. Although the bill is for one amount – it is composed of two parts: (1) "supply" charges for generating electricity, and (2) "delivery" charges for distributing the electricity to the retail customer via power lines. Both components are integral to ensuring electricity is available for the consumer, whether to heat a home or recharge a flashlight. Still, for residential users, the cost of the service is almost always combined into one "consolidated" bill sent by a regulated utility.

As directed by SR 116 and further addressed in the subsequent sections of this report, we were asked to review aspects of the energy billing process. However, before we can address the specifics of SR 116, additional background information is necessary regarding how Pennsylvania restructured its electricity and natural gas energy markets. This information will supplement and provide further context to Section III's discussions surrounding "supplier consolidated billing" (SCB).

Pennsylvania's Electric Market Restructuring

Within the last 25 years, Pennsylvania's energy markets have significantly changed – a key benefit is that consumers (i.e., ratepayers) can now "shop" and potentially lower their energy bills. Described below is a high-level overview of how Pennsylvania entered this era.

Electricity Generation Customer Choice and Competition Act

In 1996, the General Assembly passed, and the Governor signed into law Act 138, also known as the Electricity Generation Customer Choice and Competition Act (Competition Act). The Competition Act took effect on January 1, 1997, and it amended the Pennsylvania Public Utility Code to allow ratepayers to receive their electricity from private "electric generation suppliers" (EGS) instead of from their traditional utility company – also known as an electric distribution company (EDC) or simply "utility company."

The Competition Act offered a radical departure in how citizens interacted with electric utilities. It created a competitive market for electricity services in Pennsylvania, allowing customers to shop for their electricity supplier based on personal preferences or cost. However, as might be expected, the change to a competitive market was not instantaneous.

Transition to a Competitive Market and Default Service. As part of the transition to "electric choice," the General Assembly charged the Pennsylvania Public Utility Commission (PUC) with overseeing a transition to a fully competitive market over 10-15 years. The PUC placed a cap on the cost of electricity generation for ratepayers during the transition period, all of which have expired as of January 1, 2011.[1]

The utility companies remained default service providers (DSP) in their respective service areas despite transitioning to a competitive market structure with retail suppliers. Notably, "default service" stipulates that any customer who has not elected to receive electricity from an EGS will receive service from the utility that serves their area by default. Stated differently, unless a customer actively "shops" for an EGS, the default service provider (i.e., electric utility company) will also be the electric supplier. The distinction between an EGS and an EDC is highlighted in Exhibit 1 below.

[1] *See* https://www.puc.pa.gov/general/consumer_ed/pdf/Rate_Caps.pdf

Exhibit 1

What is an EGS, and what is an EDC?

An Electric Distribution Company (EDC)...

- Is a public utility that provides facilities (local wires, transformers, substations, etc.) to transmit and distribute electricity to all its customers, retail or otherwise.
- Is regulated by the PA PUC.
- Provides default service for electricity customers that reside in their service territory whom an EGS does not service.
- Charges customers a rate reviewed by the PUC (Price-to-Compare).

versus

An Electric Generation Supplier (EGS)...

- Is a private entity that provides electricity generation services to retail customers who sign up for their service.
- Is licensed by the PA PUC to supply electricity.
- Relies on the EDC-owned facilities for the transmission and distribution of electricity to their customers.
- Charges customers a discretionary rate within a contract between the two parties.

Source: Developed by LBFC staff from information obtained from the Pennsylvania Public Utility Commission.

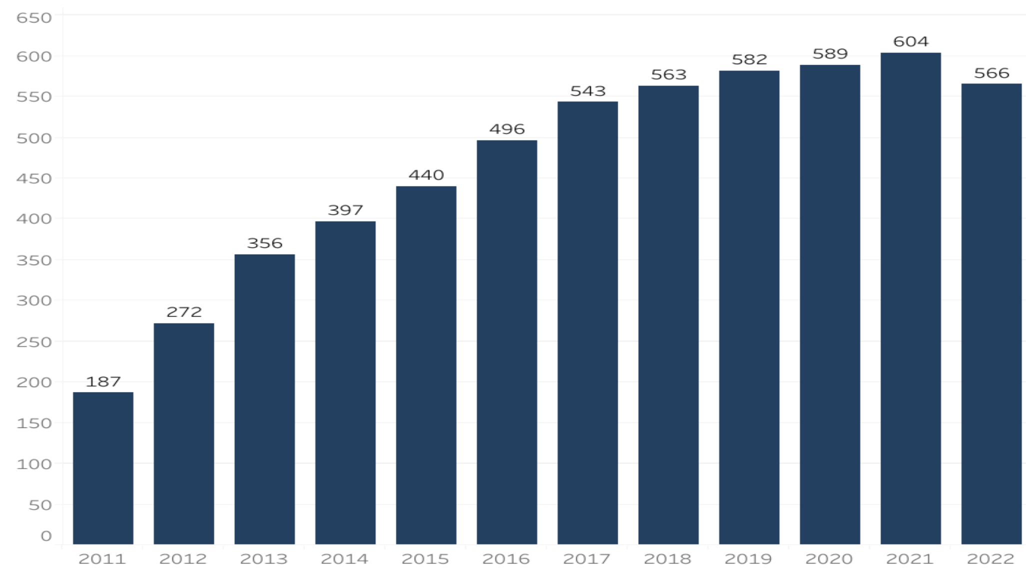
Distinction Between Electric Generation Supplier (EGS) and Electric Distribution Company (EDC)

As shown above, the Competition Act created new opportunities in Pennsylvania's electricity market. Significantly, the Competition Act distinguished "Electric Generation Suppliers" (EGS) from "Electric Distribution Companies" (EDC). More importantly, understanding these two entities' differences is significant to the issues within SR 116 and this report.

Electric Generation Supplier (EGS). EGSs are companies that the PUC licenses to sell electricity directly to customers. As shown in Exhibit 2, as of December 2022, the PUC licensed 566 active EGSs. Apart from 2022, this number has been steadily increasing since 2011. Conversely, as shown in Exhibit 3, the number of customers served by EGSs has been decreasing since 2016, although the PUC noted that preliminary data for 2023 shows an increase in electricity and natural gas "shopping."

Exhibit 2

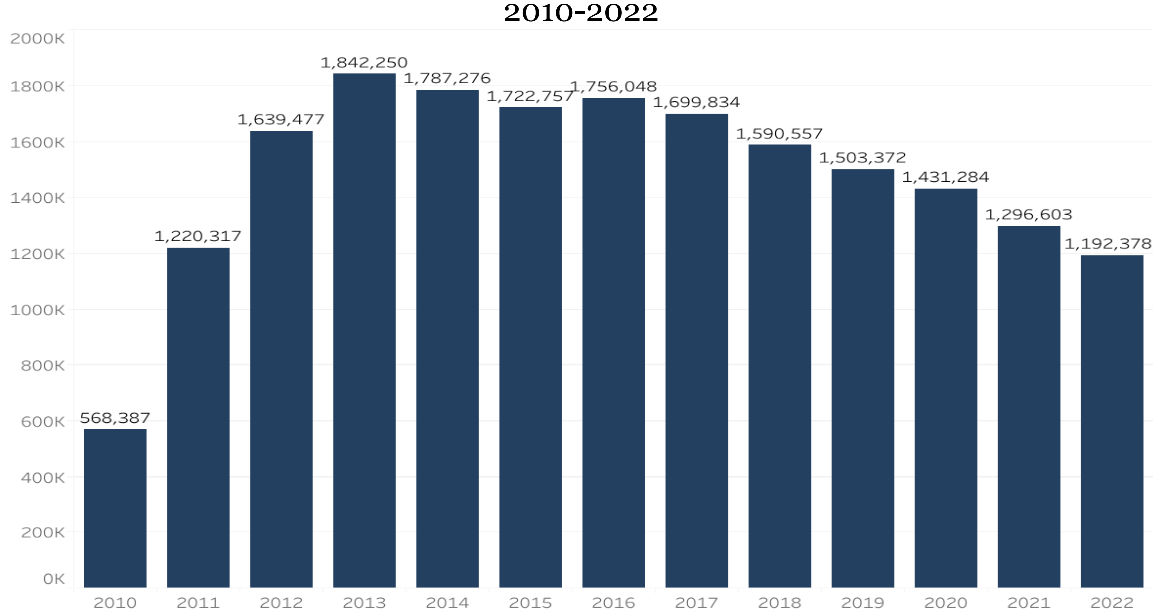
Active Electric Generation Suppliers in Pennsylvania
2011-2022



Source: Developed by LBFC staff from information obtained from the Pennsylvania Public Utility Commission's annual Retail Electricity Choice Activity Reports (2011-2022).

Exhibit 3

Pennsylvania Electric Generation Supplier Customers
2010-2022

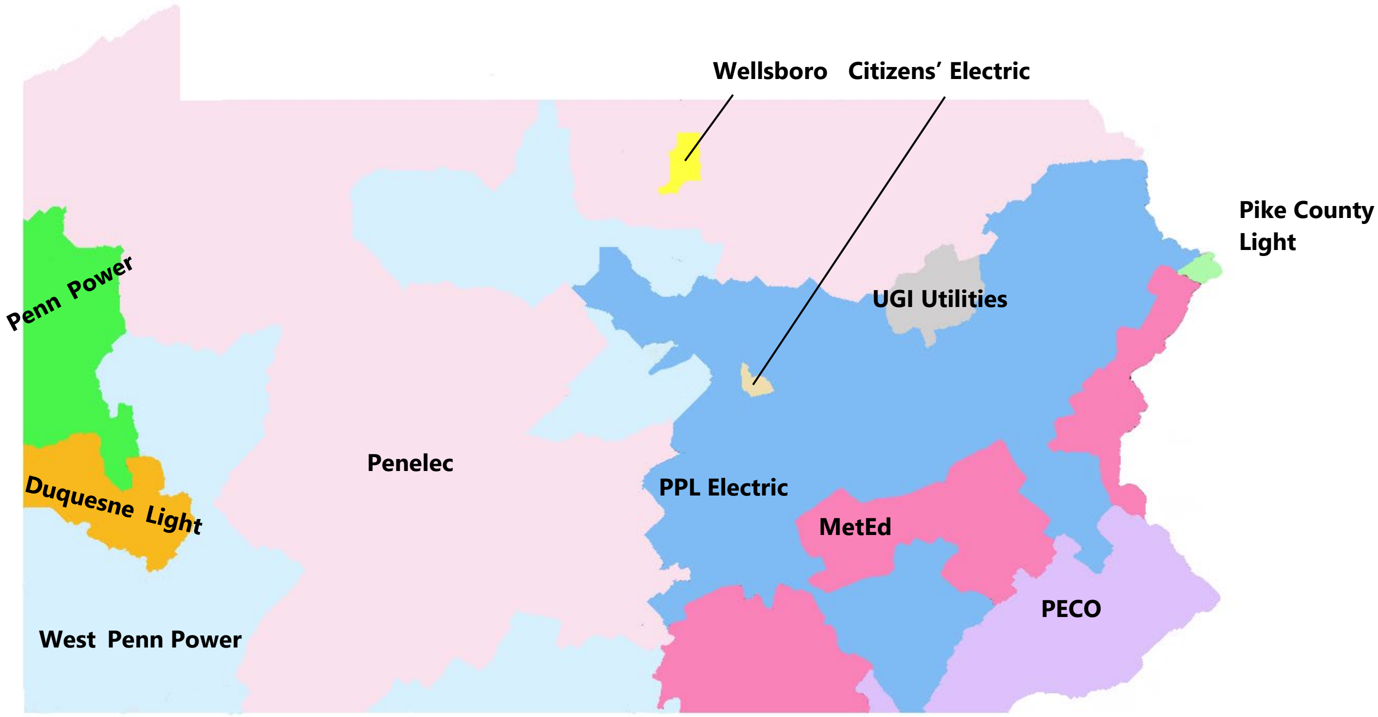


Source: Developed by LBFC staff from information obtained from the Pennsylvania Public Utility Commission's annual Retail Electricity Choice Activity Reports (2010-2022).

Electric Distribution Company (EDC). EDCs are public utilities that provide and maintain facilities for both the transmission and distribution of electricity to retail customers. EDCs are fully regulated by the PUC. As shown in Exhibit 4, 11 electric distribution companies cover differing areas of the state.

Exhibit 4

Pennsylvania EDC Service Territories



Source: Adapted by LBFC staff from information obtained from the PUC.

How customers are billed for electricity. Two billing methods exist for electric customers: (1) dual billing and (2) utility consolidated billing (UCB). These two variants, and specifically the utility consolidated bill, are the cornerstone of the issues outlined in Section III.

Under UCB, a customer receives one consolidated bill from the EDC, which covers the EDC's distribution charges (i.e., the charges for getting electricity to the customer's home through power lines, etc.) and the EGS's generation and transmission charges (i.e., charges for supplying or generating electricity).

Regarding the mechanics of this billing relationship, the EDC and EGS exchange data regarding each customer's electricity usage as necessary. The EGS calculates the customer's charges and transmits that information to the EDC, which sends a bill to the customer, physically or electronically. The EDC can also purchase the accounts receivable of the EGS by paying the EGS for the supply charges regardless of whether the customer has paid the EDC, which is known as a purchase of receivables (POR) program. The EDC is then responsible for collecting the total amount due from the customer, including transmission, generation, supply charges, and all taxes and fees.

As described later in Section III - Issue Area A, in 2014, the PUC ordered modifications to utility consolidated bills to include additional information about prevailing rates for electricity and to make supplier information more prominent. If the customer obtains electricity from an EGS, the redesigned bill includes the EGS logo and expanded space for suppliers to message customers.

If customers elect <u>dual billing</u>, they receive two bills for electric service—one from the EDC for its distribution charges and a separate bill from the EGS for its generation and transmission charges. This consideration is only an option if the supplier offers it. Each company is then responsible for collecting its accounts receivable. This configuration is not widely used in Pennsylvania.

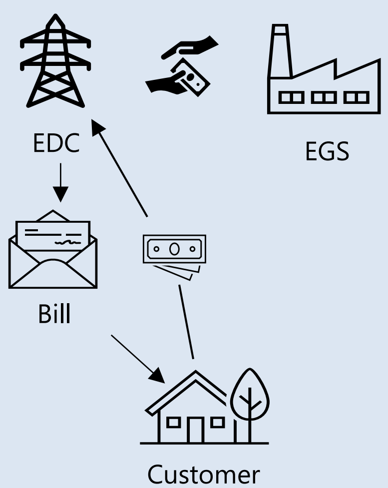
<u>Supplier consolidated billing</u> (SCB) represents a third billing method, which is the inverse of UCB. Under SCB, instead of the utility handling the billing responsibilities, the EGS bills the customer for its supply and distribution charges incurred by the EDC. SCB is unavailable in Pennsylvania, but some states use it exclusively, as discussed in Section III – Issue Area B. A comparison of the three billing methods is shown in Exhibit 5.

Exhibit 5

Comparing three methods for billing customers for electricity charges

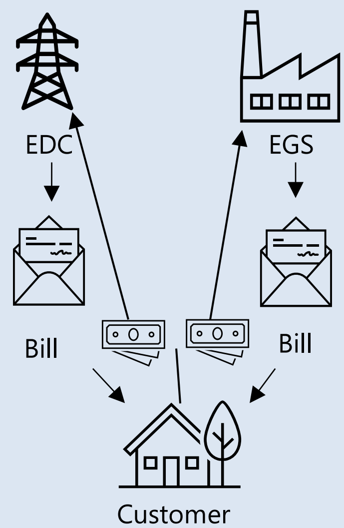
Utility Consolidated Billing (UCB)

- The EDC receives electricity rate information from the EGS and bills the customer for distribution, transmission, and supply charges.
- The EDC purchases the EGS's receivables due from customers and is responsible for billing and collection.



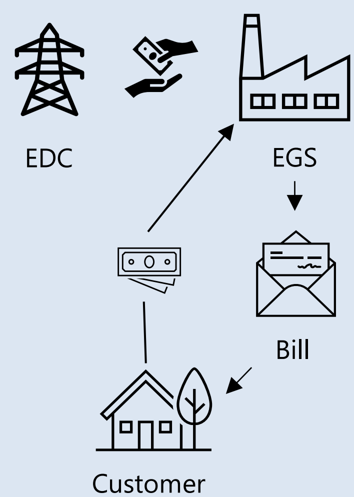
Dual Billing (DB)

- The customer receives two electric bills–one from the EDC for the distribution charges and one from the EGS for supply and transmission charges.



Supplier Consolidated Billing (SCB)

- The EGS bills the customer for its supply and transmission charges, as well as the distribution charges incurred by the EDC.
- The EGS pays the EDC for its receivables and is responsible for billing and collection.



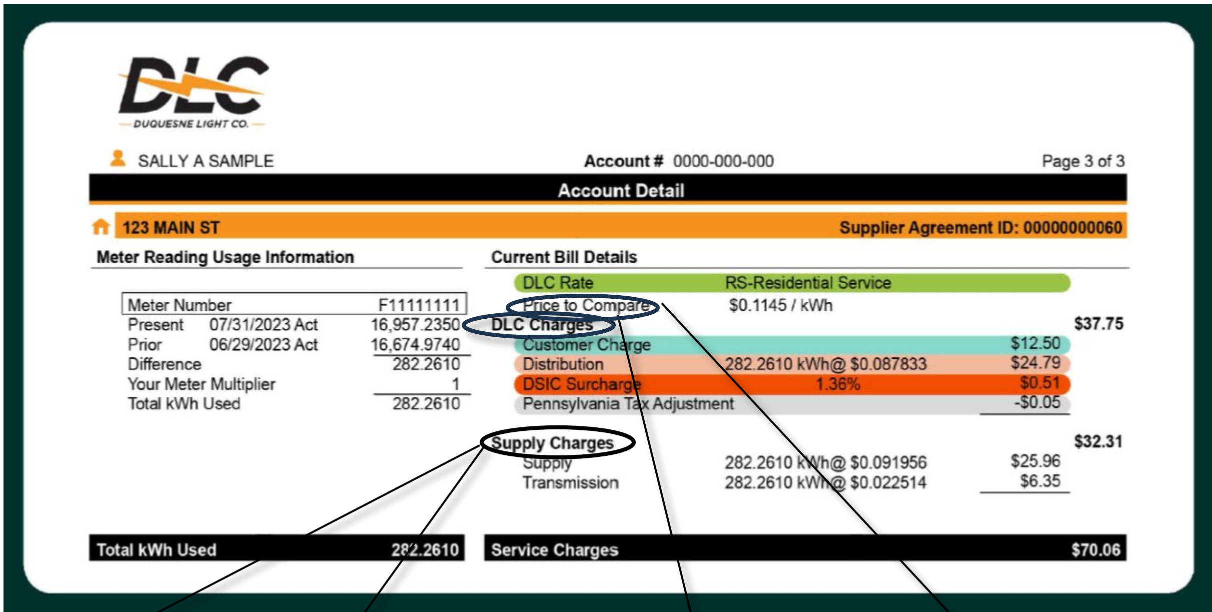
Source: Developed by LBFC staff from information obtained from the PUC.

Regarding the actual EDC bill format, each utility has slightly different variations it uses. However, the bill generally distinguishes between the supply and utility charges. All bills will highlight a "price to compare" figure, which is the amount the utility charges for its default service. Customers can use this amount to "shop" supplier rates from the PUC's electric choice website.[2] Exhibit 6 highlights these various items from a sample electric bill.

[2] *See* https://www.papowerswitch.com/

Exhibit 6

Sample Electric Bill Showing the Breakdown of Distribution and Supply Charges


DUQUESNE LIGHT CO.

SALLY A SAMPLE | Account # 0000-000-000 | Page 3 of 3

Account Detail

123 MAIN ST | Supplier Agreement ID: 0000000060

Meter Reading Usage Information

Meter Number		F11111111
Present	07/31/2023 Act	16,957.2350
Prior	06/29/2023 Act	16,674.9740
Difference		282.2610
Your Meter Multiplier		1
Total kWh Used		282.2610

Current Bill Details

DLC Rate	RS-Residential Service		
Price to Compare	$0.1145 / kWh		
DLC Charges			$37.75
Customer Charge		$12.50	
Distribution	282.2610 kWh@ $0.087833	$24.79	
DSIC Surcharge	1.36%	$0.51	
Pennsylvania Tax Adjustment		-$0.05	
Supply Charges			$32.31
Supply	282.2610 kWh@ $0.091956	$25.96	
Transmission	282.2610 kWh@ $0.022514	$6.35	

Total kWh Used 282.2610 | Service Charges $70.06

Supply – the cost of generating electricity and is billed by EGSs to EDCs.

Transmission - the cost of moving electricity from a generation facility to the EDC's distribution lines, based on federally regulated rates.

DLC Charges - this section identifies the cost to distribute electricity to the customer, including regulatory charges. These items are set by the PUC during the EDC's rate-setting process. In this example, DLC refers to the specific EDC – Duquesne Light Co.

Price to Compare – the price per kilowatt-hour a consumer uses to compare prices and potential savings among generation suppliers. This is the price the EDC will charge for "default service" – if no EGS is selected.

Source: Developed by LBFC staff from information obtained from the PUC's website.

Pennsylvania's Natural Gas Restructuring

In 1999, Pennsylvania enacted the Natural Gas Choice and Competition Act (Gas Choice Act), which allowed residential customers to select their "natural gas supplier" (NGS) instead of receiving supply service from their natural gas distribution company (NGDC). The NGDC is a regulated utility transporting gas to the customer's home. It owns and operates the gas lines that connect to houses and businesses, and the PUC regulates the rates for that distribution service.

Under the Gas Choice Act, customers can select an NGS based on price, the availability of other services, and incentives. However, competitive offers from natural gas suppliers do not exist in all areas of the state. Billing is handled as it is under "electric choice" – the NGDC sends a consolidated bill for its charges and the NGS' supplier charges.

Five years after the effective date of the 1999 law, the PUC evaluated the state's retail natural gas supply market to assess the resulting level of competition. In 2005, the PUC determined there was ineffective competition in the retail natural gas supply market statewide and convened a stakeholder group of the industry to recommend changes to the natural gas market structure and operation.[3]

In 2008, the PUC ordered changes to the state's natural gas market regarding NGS licensing, NGDC cost recovery, and rates. In 2016, the PUC launched a new standalone website at www.PAGasSwitch.com to enhance the ability of online natural gas shopping customers to evaluate offers by NGSs, including direct links to those companies.

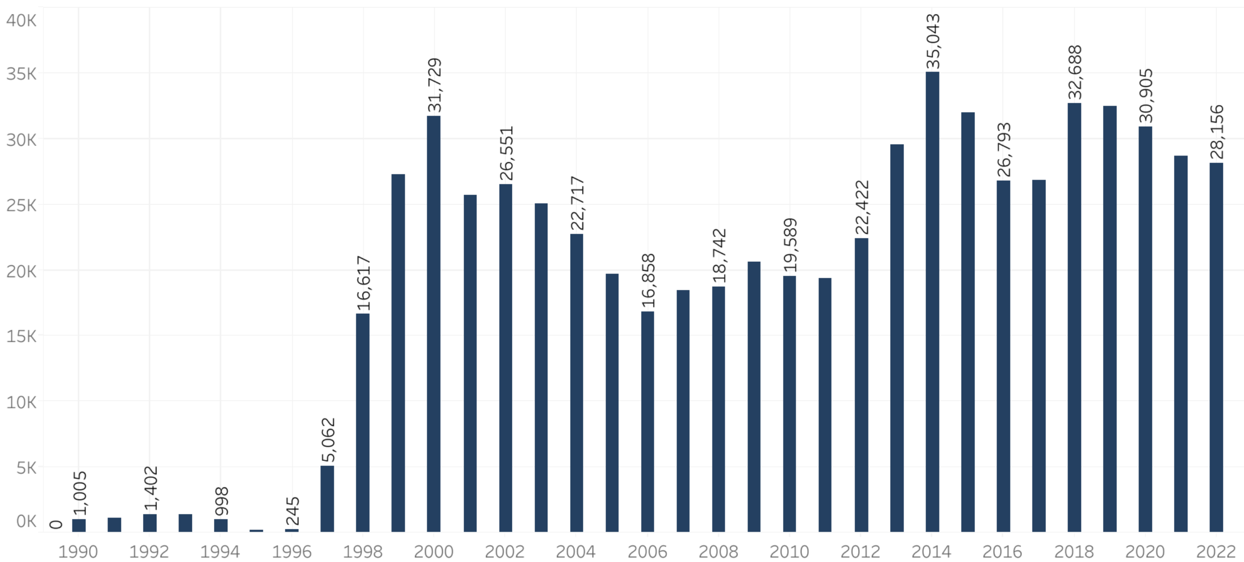
As of January 2024, there are 66 licensed natural gas suppliers in Pennsylvania. According to the PUC's "2022 Natural Gas Outlook Report," there are 27 regulated NGDCs, six of which are major distribution companies with more than $40 million in annual gross revenues. Exhibit 7 highlights natural gas sales by suppliers from 1990 through 2022.

As discussed later in Section III, Issue Area C, a critical distinction between the Gas Choice Act and the Electricity Choice Act is how these acts define and designate billing responsibilities. Under the Electricity Choice Act, consolidated billing falls to EDCs because of a requirement in the law that EDCs "may" bill for supplier services. Under the Gas Choice Act, a presumptively mandatory "shall" requires NGDCs to send a consolidated bill (although dual billing may be an option).

[3] *See* the PUC's Investigatory Order and Report to the General Assembly, *Investigation into the Natural Gas Supply Market: Report to the General Assembly on Competition in Pennsylvania's Retail Natural Gas Supply Market*, Docket No. I-00040103.

Exhibit 7

Annual residential natural gas sales by NGSs in Pennsylvania
(in Million cubic feet)



Source: Developed by LBFC staff from information obtained from the United States Energy Information Administration's (EIA) website.

Public Utility Commission (PUC)

The Pennsylvania Public Utility Commission (PUC) oversees over 9,000 entities furnishing various essential services, including electricity, natural gas, telephone, water, wastewater collection, steam heat, and transportation. Most of these entities are businesses that provide transportation of passengers and property by motor coach, truck, and taxicab.

Natural gas pipeline operators, including those transporting hazardous materials, also fall within the PUC's purview. The PUC is empowered to enforce federal pipeline safety laws related to non-public utility gas and hazardous liquids pipeline equipment and facilities within Pennsylvania.

The focus of the PUC has expanded from the traditional role of approving cost-based rates and regulating services of all public utilities to a broader mandate that ensures competitive markets for the electric, natural gas, and telecommunications industries. Concerning electric and gas-related entities, the number of businesses the PUC regulates or licenses since fiscal year (FY) 2020-21 is shown in Exhibit 8:

Exhibit 8

PUC Licensing or Other Regulatory Oversight of Natural Gas and Electric Entities*

Utility Group	2020-21	2021-22	2022-23*	2023-24*
Electric Distribution	15	15	15	19
Gas Distribution	22	22	22	21
Electric Suppliers	449	455	460	448
Gas Suppliers	336	343	350	333

Note: */Number estimated by PUC. EGS numbers differ from the earlier exhibit because of a timing difference when the reports are prepared.
Source: Developed by LBFC staff from information obtained from the PUC's website.

PUC Organizational Structure and Funding

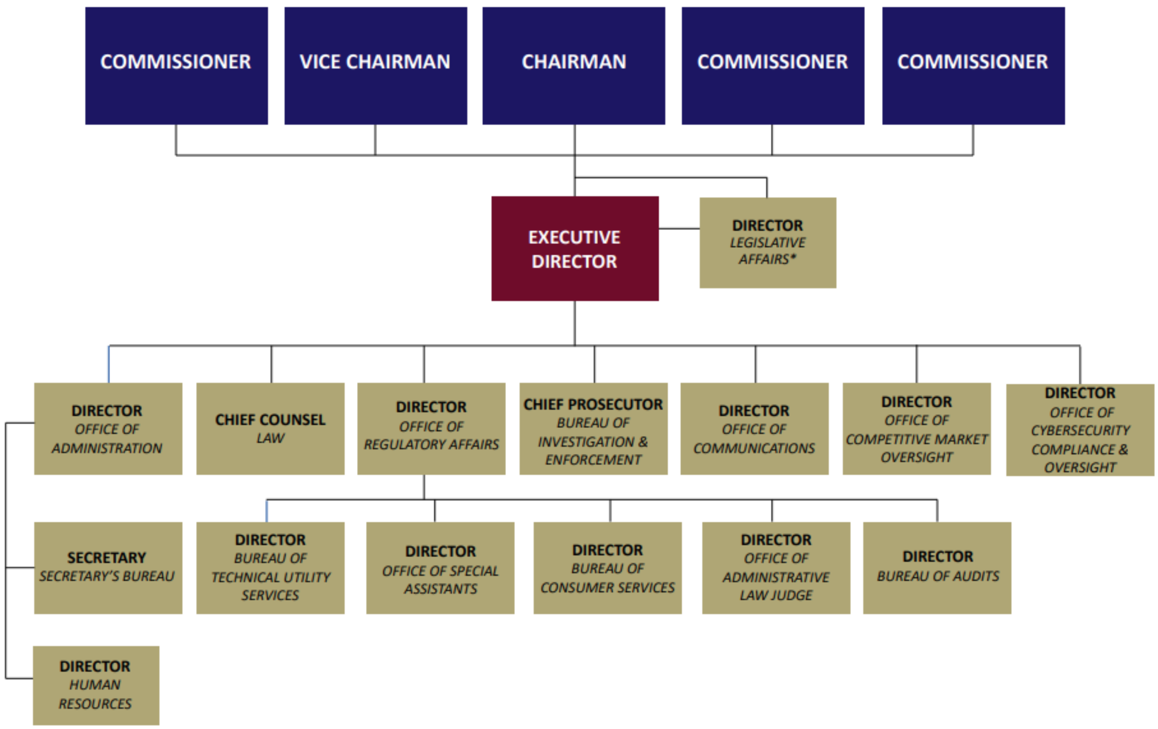
The commission was initially established by Act 286 of 1937, which was subsequently repealed and replaced by Title 66 (The Public Utility Code) of the Pennsylvania Consolidated Statutes. Five commissioners appointed by the Governor and confirmed by the Senate comprise the PUC. Commissioners serve a five-year term, and each term is staggered such that a vacancy occurs yearly. The authorizing statute requires no more than three commissioners to be members of one political party.

As shown in Exhibit 9, PUC commissioners appoint an executive director who oversees more than a dozen offices and bureaus and manages the commission's day-to-day operations. The PUC employs over 520 professionals and is headquartered in Harrisburg, with regional offices throughout the state.

Assessments of regulated public utilities fund the PUC. Subject to budget approval, the PUC assesses utilities up to three-tenths of one percent of gross intrastate revenue to cover the cost of regulation. All assessments are paid into the General Fund of the State Treasury through the Department of Revenue for use solely by the commission. In FY 2023-24, the PUC's budget is $82,296,000 in state funds and $5,538,000 in federal funds, for a total of $88,434,000.

Exhibit 9

PUC Organizational Chart



Source: Developed by LBFC staff from information obtained from the PUC's website.

SECTION III
ISSUE AREAS PURSUANT TO SR 116

Fast Facts…

- *SCB is a complex topic that has been debated for decades. The PUC held en banc hearings in 2018 and could not chart a path forward. The PUC closed the matter in June 2021.*
- *A critical issue is the legality of SCB. The Public Utility Code seemingly bars SCB. However, SCB proponents argue otherwise and believe that billing should not be a utility-exclusive responsibility because it limits their ability to engage with customers.*
- *All parties agree that additional costs would be necessary to implement SCB, but who should pay and how much cannot be determined as SCB remains a hypothetical discussion.*

Overview

As listed in Appendix A, SR 116 asked us to research specific supplier consolidated billing (SCB) information. This research centered on six areas, described earlier in Section I, which served as our objectives in planning our work. Within this final section of the report, we present the results of our research and answer the specific questions posed to us. Information in this section is organized by Issue Area (A-G) and links to SR 116. We report the following:

- **Issue Area A** - We extensively reviewed the 2018 PUC "en banc" hearings. The PUC held these hearings to gather information on supplier consolidated billing, its legality, and other implementation matters. Stakeholders (supporting and opposing) presented materials in the record. We organized and summarized this information by topic areas. In the end, in 2021, the PUC issued a "secretarial letter" closing the matter until a "consensus and clear authority" to implement SCB was established.

- **Issue Area B** – We were directed to look at consolidated billing in three other states: Texas, Georgia, and Maryland. In Texas, SCB exists successfully in the retail electric market; however, the Texas market is unlike Pennsylvania's market because Texas lacks default service (utilities must offer a supplier rate). A similar situation also exists for natural gas in Georgia. Maryland will be instituting SCB as an option for residential customers in its retail electric market by December 31, 2024.

- **Issue Area C -** We looked at the statutory and regulatory language surrounding consolidated billing.[4] For example, proponents for SCB believe the law allows for SCB and suggest it is an implied necessary action to ensure that electric competition continues. Opponents of SCB highlight that the Electric Choice Act does not discuss SCB explicitly and that inferring otherwise would likely lead to litigation and higher consumer costs.

- **Issue Area D** - Presents the benefits and limitations of SCB based on our research and numerous discussions with industry

[4] This review should not be used as a definitive legal conclusion. Our review is a presentation of arguments that subject matter experts have presented to us and others.

experts and SCB proponents and opponents. The benefits cited are that EGSs will engage more with their customers, leading to a more robust and vibrant competitive choice marketplace. With this reinvigoration of the market, EGSs can bring consumers new billing options and value-added services. Beyond potential legal issues, other limitations include increased consumer confusion and loss of certain consumer protections.

- **Issue Area E** – We analyzed the accessibility of public information available to consumers by comparing Pennsylvania's "electric shopping" website to similar websites in selected states. We highlight some challenges, including potential customer confusion due to the existence of other electricity shopping websites. We also noted that Pennsylvania's shopping website has language and connectivity limitations and lacks information on consumer complaints.

- **Issue Area F** – We evaluated some of the "effects" of SCB on consumers and others. From this context, we looked at cost implications--and while these are incalculable because SCB remains a hypothetical possibility--undoubtedly, there will be implementation and administrative costs. While the potential also exists for savings, if Pennsylvania implements SCB, more precise discussions will need to occur about what specific costs and reimbursements ratepayers will incur.

- **Issue Area G** – We conclude that Pennsylvania should wait and evaluate Maryland's experience in implementing SCB. Alternatively, if SCB is to be used in Pennsylvania, applicable sections of the Public Utility Code should be amended. We offer recommendations for the expansion of Pennsylvania's retail electric choice websites.

Our recommendations:

1. Pennsylvania policymakers should monitor SCB implementation in Maryland. We recommend the General Assembly require the LBFC to conduct a follow-up report evaluating SCB implementation in Maryland and its applicability to Pennsylvania.

2. If policymakers determine that SCB is a viable and needed outcome in Pennsylvania, the Public Utility Code should be amended to permit SCB to be an allowable billing method for electric service. Additional sections that conflict with EDC/EGS responsibilities should be amended.

3. During the next refresh of the PUC's retail energy shopping websites, it should include updates that would allow users to:

    a. Choose different languages (other than English/Spanish);
    b. Add additional sorting and search capability;
    c. Include complaint information.

Issue Areas

A. PUC's 2018 Administrative Proceedings

In 2018, the PUC held two en banc hearings "to seek information from industry leaders and interested parties regarding the legality and appropriateness of implementing electric supplier consolidated billing (SCB) in Pennsylvania."[5] In lay terms, en banc is a French term typically used in appellate court jurisdictions when the court believes a particularly significant issue is at stake and all judges must sit and hear the issues.[6] Concerning the PUC, en banc hearings are used when the PUC wishes to obtain additional information on a significant matter impacting the PUC's regulatory responsibilities.

Both en banc hearings elicited testimony and written comments from stakeholders supporting and opposing supplier consolidated billing.[7] However, the dialogue between interested parties and the PUC regarding SCB began long before the en banc hearings. In this section, we discuss the events that preceded the en banc hearings as it provides an essential narrative of how this issue has progressed. We then thoroughly review the 2018 proceedings by giving a synopsis and summary of the information collected.

SCB in Electric Restructuring

Initial Restructuring. Since enacting the Electric Generation Choice and Competition Act in 1996, SCB has been debated. As "electric choice" was implemented, EDCs needed to restructure significantly. To that end, each EDC was required to file restructuring plans with the PUC, which were then reviewed and approved.

[5] *See* https://www.puc.pa.gov/filing-resources/issues-laws-regulations/en-banc-hearing-on-implementation-of-supplier-consolidated-billing.
[6] *See* https://dictionary.law.com/Default.aspx?selected=625.
[7] The en banc hearings were focused on supplier consolidated billing in the electric market exclusively.

According to the PUC[8], in 1997, through these restructuring proceedings, the PUC ultimately reviewed and approved each EDC's plan (modifying them as necessary). Notably, none of these PUC-approved restructuring plans included SCB. Every EDC, except for Duquesne Light, appealed the PUC's decisions regarding their plans to appellate courts, but according to the PUC, none of the objections involved SCB.

After this litigation, the involved parties - suppliers, EDCs, the PUC, and advocates- sought settlements, and the PUC reviewed and approved the new plans through 1998. Even though the PUC's earlier decisions did not involve SCB, the newly negotiated settlement plans included SCB at six EDCs (PECO, PPL, West Penn Power, Penelec, MetEd, and Penn Power).

To implement SCB at those EDCs, the PUC formed and directed an Electronic Data Exchange Working Group (EDEWG) to develop data exchange protocols to facilitate SCB. In April 2000, it issued an order titled *Standards of Electronic Data Transfer and Exchange Between Electric Distribution Companies and Electric Generation Suppliers.*[9] This order established approved transaction codes and further developed SCB protocols.

However, in 2000-2001, the residential competitive electricity market went largely dormant due to market conditions. This occurrence was likely due to suppliers' inability to compete against EDC rates the Electricity Generation Customer Choice and Competition Act capped. As a result, SCB functionality was not utilized, and EDC-based billing became normalized. According to the PUC, as EDCs did routine billing system changes and other replacements/enhancements over the subsequent years, SCB functionality was dropped by the EDCs.

Rate Cap Expiration Brings Renewed Interest in SCB. By 2009-2010, as rate caps expired, the residential competitive market was resurrected, with customers increasingly shopping for electricity. As a result, SCB again became an issue, with some suppliers expressing an interest in establishing the protocols the EDEWG developed. This interest was reportedly communicated to the PUC and the EDCs.

According to the PUC, in response to this renewed interest, EDEWG resumed its exploration of SCB in April 2010 by convening a subgroup to discuss SCB and related data exchange requirements. By August 2010, this subgroup reported they had reached a consensus on some issues but that many problems remained unresolved and would have to be referred to other entities for resolution, including the PUC's Office of Competitive Market Oversight (OCMO) and a separate committee, the Committee Handling Activities for Retail Growth in Electricity (CHARGE).

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[8] Information in the following paragraphs was obtained through email interrogatories with PUC staff.
[9] *See* PUC Docket M-00960890,F.0015. Further information is also available at https://www.puc.pa.gov/documents/edewg-files/1736/EGS_Cons_Final_Order_April_13_2000.pdf.

Retail Market Investigations. With the competitive market's resurrection, many other issues were perceived to be obstacles to the effective development of retail electric choice. The PUC sought to ensure the viability of electric choice, and on April 28, 2011, opened an *Investigation of Pennsylvania's Retail Electricity Market* (RMI). RMI was intended to gauge the retail market's status and explore what changes needed to be made to allow customers to realize the benefits of competition. It was a two-phased approach, with the first phase assessing and identifying the main issues in the retail market (including SCB) and the second determining how to resolve the problems identified. When the PUC issued its final order on RMI on February 14, 2013, it identified nine questions that needed to be resolved if SCB was going to be implemented. These questions are outlined in Exhibit 10.

Exhibit 10

Nine Questions Impacting SCB

1. Which entity addresses consumer billing disputes?
2. Which entity is obligated to negotiate and track payment agreements?
3. What are the eligibility standards for customers to participate in SCB?
4. What occurs if an SCB customer fails to pay in full?
5. What occurs if the EDC fails to submit billing information?
6. What is the obligation of the EGS to handle hardship fund donations?
7. What is the payment obligation of the EDC and EGS to each other?
8. Which entity is responsible for providing regulatory inserts and information?
9. Can utilities that provide and bill for both electric and gas segregate electric from gas charges if only the electric charges are SCB?

Source: Developed by LBFC staff from information obtained from PUC Final Order I-2022-237952.

Although these questions were raised, the PUC did not eliminate SCB as a future option in its final order. Specifically, the PUC noted the following:

> While the Commission is of the opinion that SCB might someday play a role as a billing option in the competitive market, upon review of the comments, we have to conclude that we are not prepared to move to an SCB environment at this time. We agree with many of the suppliers who point out that SCB will facilitate the offering of innovative new products and services and will also help the supplier in establishing a brand identity with the customer. However, all parties appear to be in agreement that SCB could only be implemented after extensive work and expense by many entities. We are concerned with the burden this would impose, especially given the multitude of other, more critical, changes we are mandating in the near term. We are also concerned that the extensive work and expense could result in a feature that will not be utilized sufficiently to justify the costs at this time…
>
> We reiterate that we are not dismissing SCB. We simply find that, at this time, there are other, more pressing priorities. We are still of the opinion that SCB can play a role in the competitive energy environment and the Commission will reconsider SCB at some point in the future. When and how we proceed with SCB will depend, in part, on the results of the changes we are proposing to the utility consolidated bill, as discussed previously. We look forward to exploring the possibilities of a more supplier-oriented utility consolidated bill and invite all interested stakeholders to participate in this effort.[10]

Although the PUC chose not to act on SCB then, it did recognize the significance of improving residential electricity billing. The PUC directed the OCMO to explore other ways of making the utility consolidated bill more supplier-orientated. Specifically, the PUC noted the following:

> The current utility consolidated bill looks like the utility's bill – with supplier information often relegated to a few lines, with the supplier's name, phone number, rate, and charges. This is an especially incongruent result for many customers whose supplier generation charges actually exceed the utility's distribution charges. We are interested in pursuing options to make the supplier's charges and information more prominent. This could include making the supplier information more visible, incorporating the supplier's logo, providing more space

[10] *See* PUC, RMI Final Order, pg. 65-66

> for suppliers to provide bill messages and even the opportunity to include EGS bill inserts. The expected end-result would look more like a joint EDC-EGS bill.[11]

Joint Electric Distribution Company-Electric Generation Supplier Bill. The PUC issued an order titled "Joint Electric Distribution Company-Electric Generation Supplier Bill" in May 2014, which stated the following:

> With this Final Order, the Commission adopts recommendations from OCMO for creating a more supplier-oriented utility-consolidated bill. Specifically, the Commission adopts the following changes: the inclusion of the EGS's logo on the EDC bill; the expansion of EGS bill messaging space from two (2) to four (4) lines with up to 80 characters each; and the inclusion of a Shopping Information Box. We believe these three mechanisms will aid customers in not only developing a stronger recognition of, and relationship with, their EGS, but also will increase customer awareness when participating in the competitive retail electric market."[12]

In this order, the PUC attempted to resolve issues that EGSs had with the previous billing format by implementing "joint billing." This format required EDCs to increase the shopping information on a utility consolidated bill and allowed EGSs to have a formal presence on such a bill that did not previously exist. This billing format remains largely in place today and resembles the example shown in Exhibit 11.

[11] Ibid.
[12] *See* PUC Docket M-2014-2401345, *Investigation of Pennsylvania's Retail Electricity Market: Joint Electric Distribution Company – Electric Generation Supplier Bill.*

Exhibit 11

Joint Billing Allows for More Supplier Information on the Utility Consolidated Bill

Source: Developed by LBFC staff from information obtained from the PUC.

NRG Energy Petition. In December 2016, NRG Energy, Inc. formally requested that the PUC issue an order to implement SCB within the next two years. After receiving stakeholder comments through early 2017, the PUC declined NRG's request. Its January 2018 order initiated that year's en banc hearings:

> Upon review, we find that the record in this proceeding lacks sufficient detail to substantiate a definitive determination on both the policy prudence and legality of numerous pivotal issues. While the Commission has a long history of deliberating SCB, the question of its legality under Chapters 14 and 28 of the Public Utility Code has never been directly addressed. Neither NRG's Petition nor the comments adequately address this fundamental issue regarding the legality of SCB under the Public Utility Code. Also, while issues such as termination procedures, purchase of receivables design, bill format, distinguishing between basic and non-basic charges, and customer assistance program design are contemplated in this Petition, the Petition is not fully developed to show compliance with the Code, our regulations, and Commission orders...
>
> Although we are denying the Petition, we continue to be of the opinion previously expressed by the Commission as part of our Retail Electric Market Investigation that "SCB will facilitate the offering of innovative new products and services and will also help the supplier in establishing a brand identity with the customer."

> In order to continue the consideration of SCB and other programs that can promote a competitive market and benefit customers, the Commission finds that it is necessary to seek further information, clarification, and comment regarding the implementation of SCB by conducting an *en banc* hearing before the Commission.[13]

To achieve this, the PUC (by a "Secretarial Letter" dated March 27, 2018) announced it would hold an en banc hearing on June 14, 2018, and solicited written comments and testimonies from involved parties.

2018 En Banc Hearings

First Hearing: June 14, 2018. The first en banc hearing occurred in Harrisburg, Pennsylvania, with all five PUC Commissioners in attendance. In the secretarial letter establishing the hearing, the PUC provided questions and concerns for commenting parties regarding three critical subject areas surrounding SCB. These areas included the following:

1. Whether SCB is legal under the Public Utility Code and Commission regulations;

2. Whether SCB is appropriate and in the public interest as a matter of policy; and

3. Whether the benefits of implementing SCB outweigh any costs associated with implementation.

The PUC also identified 29 specific questions addressing legalities, market impacts, mechanics of how SCB would work, collections/terminations, low-income customers/assistance programs, and possible alternatives to guide the hearing's discussions. Interested parties were permitted to submit written comments, and approved parties were allowed to appear before the PUC.

The testimonies were categorized by entity type. The hearing began with testimonies from EGSs and those who were in support of implementing SCB. These parties included suppliers, trade organizations, and retail energy industry groups. Subsequently, the PUC allotted the latter half of the hearing for "Consumer Advocates" to testify against SCB implementation. These parties included the Office of Consumer Advocate and a legal collective representing low-income consumers. (See Exhibit 12)

[13] See PUC Docket P-2016-2579249, Petition of NRG Energy, Inc. for Implementation of Electric Generation Supplier Consolidated Billing.

Exhibit 12

First Hearing
June 14, 2018

EGS
- EGS Coalition for SCB
- Retail Energy Supply Association (RESA)
- Shipley Energy
- WGL Energy
- Drift Marketplace
- Advanced Energy Management Alliance (AEMA)

Consumer Advocates
- Pennsylvania Office of Consumer Advocates (OCA)
- Low-Income Advocates

Second Hearing
July 12, 2018

EGS
- EGS Coalition for SCB
- Shipley Energy

EDC
- Energy Association of Pennsylvania (EAP)
- PECO
- FirstEnergy
- Duquesne Light

Source: Developed by LBFC staff from information obtained from the PUC.

Second Hearing: July 12, 2018. Upon review of the comments and due to the number of parties expressing an interest in testifying at the initial hearing, the PUC added another hearing date to provide interested parties sufficient opportunity to testify and respond to questions from the PUC commissioners. In a secretarial letter dated May 14, 2018, the commission set the second hearing date for July 12, 2018. This hearing had a similar format to the first. The EGS-aligned parties provided their testimonies first, followed by EDC testimony. Both groups also responded to questions and remarks from the commissioners.

Summary of Testimony Presented. We reviewed the testimony and comments from interested parties involved in the 2018 en banc hearings. Each entity represented multiple stakeholders and their interests regarding SCB. Many presenters had arguments specific to their positions on SCB that were less commonly expressed among all entities in their cohort. For example, the low-income advocates could present issues regarding low-income assistance programs under SCB in greater detail than other groups opposed to SCB. These more specific arguments are primarily excluded in our summary not because we believed them unfounded but because the comments were less frequently expressed among the other groups.[14]

In addition to those for or against SCB implementation, two entities submitted a more tentative view that did not explicitly support one billing option. For example, the EGS Calpine Energy Holdings, LLC, and the PA AFL-CIO Caucus discussed how SCB should be viably implemented without directly supporting it. We categorized and summarized the central arguments of all expressed platforms in Exhibit 13. Additionally, themes and arguments presented during these hearings supplement the research conducted in the issue areas that follow later.

[14] These opinions are also presented in the discussion on SCB limitations.

Exhibit 13

2018 En Banc Hearing Argument Summary

For

AEMA, RESA, WGL Energy, Shipley Energy, Drift Marketplace, Inspire Energy Holdings, LLC., NEM

- SCB is legal due to the permissive use of the word *may* within the statutory language found in §2807(c) of the PA Public Utility Code.

- Suppliers can market a greater variety of products and additional services such as time of use (TOU) plans, fixed pricing, and EV charging plans. UCB is not flexible enough to effectively demonstrate the value of additional services offered by EGSs.

- Suppliers will be able to strengthen their relationship with their customers and allow them to communicate directly with the customer. The bill is the main point of contact between the supplier and the customer, so the service provider should control it.

- The ability to profit from the sale of other products and services in addition to electricity will result in suppliers being able to price electricity at a more competitive rate.

Against

FirstEnergy, PPL Electric, OCA, Low Income Advocates, PECO, UGI Utilities, EAP

- SCB is not legal under Chapters 28 and 14 of the Public Utility Code because suppliers are not explicitly given the power to consolidate customers' bills.

- Implementing SCB will come with substantial transition costs due to modifying billing and data exchange systems. PECO estimated SCB would cost them $4.6 million in transition costs and PPL estimated it would cost them $4 million.

- Suppliers would not have the legal authority to terminate services for delinquent accounts, as that responsibility is exclusively assigned to the EDC in PA law.

-EGSs are ineligible to receive grants from the Low-Income Home Energy Assistance Program (LIHEAP), a federally funded block grant program, because the Department of Human Services can only release funds to customers with bills from a public utility.

-The goal of the Choice Act is to allow for savings on electric services and not to proliferate the sale of additional products and services.

Cautionary

Calpine Energy Solutions, LLC., PA AFL-CIO Caucus

- The PUC would need to implement additional regulation of EGS functions regarding customer service for SCB to be a viable billing option in Pennsylvania’s retail energy market.

-The suppliers who would elect to use SCB should pay for all transition costs associated with implementing SCB.

Source: Developed by LBFC staff from the PUC 2018 en banc hearings and submitted comments.

B. Examination of the Consolidated Billing Practices in Georgia, Texas, and Maryland

As directed by SR 116, we were asked to review the consolidated billing practices in three specific states: Texas, Georgia, and Maryland. These states are frequently highlighted as examples where supplier consolidated billing has been used or will be implemented, as is the case in Maryland.[15] Discussed below is how supplier consolidated billing works in these states and some of the problems with using these states as a comparison to Pennsylvania.

Texas

Texas adopted SCB for electricity in 1999. This legislation split the state's energy market into three segments: power generation, transmission and distribution, and retail electric providers (which buy electricity from generators to sell to customers).[16]

There is an essential distinction between Pennsylvania's and Texas' electric markets: EDCs in Texas do not provide *default service* to customers. All electric customers in the state must select an energy supplier unless they live in an area served by a municipal-owned electric utility or electric co-operative that has not elected to participate in the state's customer choice program. In Pennsylvania, utilities must provide (and the PUC approves) default service rates. Additionally, the state's electric customers generally only receive bills from their EGS. Under Texas law, an EDC may only bill customers if an EGS requests them to do so. As such, comparisons between the electricity markets of Pennsylvania and Texas are not "apples-to-apples."

The Public Utility Commission of Texas (PUCT) designates specific EGSs as Providers of Last Resort (POLR), who function as backup electric suppliers in each EDC's service area. According to the PUCT's website, electricity from POLRs is a relatively high-priced service designed to be temporary for customers when a selected EGS cannot continue providing service in that area.[17] This differs from default service in that default service is intended to be competitive.

[15] According to the United States Energy Information Administration (EIA), 22 states and Washington, D.C., allow residential customers to choose their natural gas supplier. The United States Environmental Protection Agency characterizes 17 states and Washington, D.C., as having competitive retail electric power markets.
[16] *See* Texas Senate Bill No. 7 of 1999, Sec. 39.107 ("Metering and Billing Services").
[17] *See* https://www.puc.texas.gov/consumer/electricity/polr.aspx.

Metering and billing by retail electric providers (rather than distribution companies) began for commercial customers in 2004 and for residential customers in 2005.

During the PUC's 2018 en banc hearings on supplier consolidated billing, electricity providers said that implementing SCB in Texas enabled them to provide certain new products and services. Some examples are pre-paid, flat-bill, and time-of-use plans, free or discounted electricity on certain days of the month or weekends, and bundling utility charges with non-electricity items such as home security services and home warranties (see Issue Area F).

Finally, Texas' natural gas market does not allow residential customers to purchase gas from competitive suppliers. All customers are served by municipally-owned utilities whose rates are regulated by the Texas Railroad Commission.[18]

Georgia

Georgia effectively adopted supplier-consolidated billing for natural gas in the state's competitive markets when the legislature passed the "Natural Gas Competition and Deregulation Act" in 1997. Atlanta Gas Light Company is the largest investor-owned natural gas system in Georgia and elected to open its market to competition in 1998.[19]

Georgia's law assigned legal authority for billing customers to gas suppliers, which are directed to bill customers for distribution charges on behalf of gas utilities. The gas distribution company no longer bills customers.

As in Texas' electric market, Georgia gas distribution companies have no default service. All customers are allocated to a supplier if they don't select one. Natural gas utilities providing distribution services have rates for that service approved by the Georgia PSC to recover their costs, including stranded costs.

Georgia's electricity market does not allow residential customers to purchase power from competitive suppliers. Georgia Power Company serves most of the state and is fully regulated by the GA PSC.[20]

[18] *See* https://www.rrc.texas.gov/about-us/faqs/gas-services-faq/texas-natural-gas-rates-faqs/.
[19] *See* https://psc.ga.gov/utilities/natural-gas/.
[20] *See* https://psc.ga.gov/utilities/electric/.

Maryland

Maryland introduced competition in its electricity market when it adopted the Electric Customer Choice and Competition Act of 1999 ("Electric Choice Act"). That law deregulated the state's energy market and allowed residents to select a competitive energy supplier.

Legal & Regulatory Authority for SCB. Maryland's Electric Choice Act states in §7–511 that "competitive billing shall begin on July 1, 2000," and defines an electricity supplier in §1–101 as someone who sells "competitive billing services."

The Maryland Public Service Commission (PSC) subsequently defined "Competitive billing service" in Maryland's administrative code to mean "(a) Invoicing for electricity supply or electricity supply services to a retail customer; and (b) Processing of payment for electricity supply or electricity supply services to a retail customer."[21]

The PSC specifically authorized SCB in Maryland in an October 29, 1999, order in a proceeding regarding the state's electricity market. The PSC wrote:

> "...as permitted by the 1999 Act, in the restructured electric industry environment customers will have the right to select who will bill them for electricity service. The customer may receive a single bill from either the local distribution company ("LDC" or "utility") or the competitive electricity service provider ("ESP" or "supplier") that includes charges for both transmission and distribution service and electricity supply. Another option is that the customer may choose to receive two separate bills, one from the LDC for transmission and distribution charges and one from the ESP for electricity supply."[22]

Implementation process for SCB. In 2019, the PSC convened two stakeholder workgroups to identify and resolve technical and implementation issues regarding implementing SCB in Maryland. These groups initially projected that SCB would start in September 2022.

Some of the issues these working groups addressed include the following:

- Writing new regulations and utility industry practices regarding SCB;

[21] *See* Code of Maryland Regulations, Title 20. Public Service Commission, Subtitle 51. ELECTRICITY SUPPLIERS
[22] *See* Maryland PSC Order No. 75722, *In the Matter of the Commission's Inquiry into the Provision and Regulation of Electric Service*, pg. 3.

- developing electronic data interchange standards and documentation associated with the billing, enrollment, metering, and payment information utilities and suppliers need to exchange for accurate billing;
- developing procedures regarding the purchase and sale of EDC customer account receivables;
- changing utility billing information systems and testing those changes; and
- devising the methodology for recovering costs that EDCs incur to implement SCB.

At the request of the commission's staff, the PSC has delayed SCB's implementation date three times since 2019. The current date to begin SCB in Maryland is December 31, 2024. According to an attorney with Maryland's Office of People's Counsel, who is familiar with the issue, the date is not expected to be extended again.

Cost recovery. As of April 2023, EDCs in Maryland estimated their cost to implement SCB at $32.4 million. In June 2023, the PSC ordered those costs to be recovered by a monthly fee assessed on each supplier's consolidated bill. It initially set that fee at $2.00 per month. It stated the charge would be revisited based on the rate "of supplier and customer SCB participation" and would "also examine UCB charges with the intent of keeping incentives in the UCB and SCB markets on relatively equal footing."[23]

Other issues. In 2021, Maryland enacted legislation requiring retail energy suppliers to obtain PSC approval before signing up low-income utility customers receiving energy assistance from the state's Office of Home Energy Programs. The law also requires energy suppliers contracting with such customers to commit to energy rates at or below those charged to customers receiving energy assistance.

C. Review of the Pennsylvania Statutory and Regulatory Language Surrounding Supplier Consolidated Billing

SR 116 asked us to review the statutory and regulatory language surrounding SCB. Within this issue area, we discuss the results of our analysis. Importantly, this analysis is based on our review of the Public Utility Code, which may differ from other interested stakeholders' perspectives.

[23] *See* Maryland PSC Order No. 90696, *In the Matter of The Petition of NRG Energy, Inc., Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, and Engie Resources, LLC for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland* pp. 21-23.

Discussions with multiple stakeholders for and against supplier consolidated billing supplemented our research.

What does the law say about electric billing?

Proponents (and opponents) of SCB cite various sections of the law when making their arguments. Many of these arguments were also vetted during the PUC's en banc hearings in June and July 2018. Although opinions vary as to the interpretation of the law, all parties agree that billing for electric service is covered within Chapter 28 of Title 66 (the Public Utility Code).[24] More precisely, "customer billing" is mentioned explicitly under §2807(c) of Title 66, Chapter 28 (see Exhibit 14).

Exhibit 14

Title 66 Chapter 28, Section 2807:
"Duties of Electric Distribution Companies"

(c) **Customer billing.**--Subject to the right of an end-use customer to choose to receive separate bills from its electric generation supplier, the electric distribution company may be responsible for billing customers for all electric services, consistent with the regulations of the commission, regardless of the identity of the provider of those services.

(1) Customer bills shall contain unbundled charges sufficient to enable the customer to determine the basis for those charges.

(2) If services are provided by an entity other than the electric distribution company, the entity that provides those services shall furnish to the electric distribution company billing data sufficient to enable the electric distribution company to bill customers.

(3) The electric distribution company shall not be required to forward payment to entities providing services to customers, and on whose behalf the electric distribution company is billing those customers, before the electric distribution company has received payment for those services from customers.

Dual billing option, if supplier offers as an option.

Duty upon EDC to solely bill customer?

Source: Adapted from Title 66, Pennsylvania Utility Code.

How does this section of the law allow SCB? According to information we received, supporters of SCB point to the word "may" in section 2807(c) as being permissive (i.e., not mandatory) upon EDCs to provide the electric bill. As one industry consultant stated to us:

[24] Title 66 of the Pennsylvania Consolidated Statutes consists of Part I (Public Utility Code) and Part II (Other provisions) [Reserved]. Additionally, other sections of the law discuss billing (e.g., Chapter 14 and Chapter 56 of PUC's regulations), which generally deal with customer protections and non-payment of bills. These requirements apply to EDCs, and EGSs must attest that they will comply with Chapter 56 as part of the PUC's licensure requirements.

> The sentence contains two requirements, the first mandatory and the second merely permissive. The introductory clause unequivocally grants customers of an EGS the right to receive a bill from the EGS if it offers a separate bill for its supply services, thus preventing the EGS customer from being forced to receive only an EDC bill that includes EGS supply charges. The remainder of the sentence permissively provides that an EDC *may* bill for its delivery charges and an EGS's supply charges, which could occur if the EGS does not bill separately, but nothing in the section limits the authority of the Commission to provide additional billing options.[25]

The use of "may" and its permissiveness of SCB is a complex argument. For example, although the general focus of our study is SCB in the electric market, within the Natural Gas and Choice and Competition Act, the language is more definitive on the billing issue. Under §2205 (c) of that Act, the law states, "…the natural gas distribution company <u>shall</u> be responsible for billing each of its retail gas customers for natural gas distribution service…regardless of the identity of the provider of natural gas supply services." (underline emphasis added). This language is generally accepted to mean that the gas utility cannot be removed from the billing function, thus making SCB illegal in Pennsylvania's regulated natural gas industry. As a result, SCB supporters hold tightly to the point that "may" is not a presumptively mandatory requirement like "shall;" therefore, a pathway for SCB in electric billing exists.

How does this section of the law prevent SCB? Moving beyond the discussion of may/shall, opponents of SCB point to the section's title, which, as shown in Exhibit 14, is labeled "Duties of Electric Distribution Companies." In this interpretation, the meaning of the section refers to a responsibility of the EDCs – not the EGSs, unless the customer requests a dual bill (and if the EGS provides a separate bill).[26]

Further still, opponents point to the full context of the statute within §2807(c)(2), which states:

> If services are provided by an entity other than the electric distribution company, the entity that provides those services <u>shall furnish to the electric distribution company billing data</u> sufficient to enable the electric distribution company to bill customers. (underline emphasis added).

[25] Cawley, James, Attorney and Consultant, Letter to LBFC in support of Supplier Consolidated Billing, September 14, 2023.
[26] Refer to Section II for additional information on dual billing.

Opponents to SCB, such as the Office of Consumer Advocate, note that the "obligation to bill customers expressly rests with the regulated EDC under Pennsylvania law."[27]

Perhaps even stronger in argument, another SCB opponent refuted the EGS argument that §2807(c) is permissible to EGS consolidated billing "as flawed under statutory construction provisions."[28] For example, they noted the following:

> The EGS argument essentially authorizes the Commission to read section 2807(c) out of the Act, contrary to the principle of statutory construction that all provisions of an Act should be given meaning. The EGS interpretation violates the principle that specific language takes precedence over general language if the two are in conflict. Finally, the argument violates the principle of interpretation *expression unius est exclusion alterius* (the express mention of a specific matter implies exclusion of others not mentioned) because the General Assembly's express authorization for EDC to bill for all electric services implies that other entities, such as EGSs, are not authorized to do so.[29]

How could SCB be implemented for electric billing under existing statutory language? This question is complex and not easily administered. Depending on one's viewpoint, the question is either entirely moot because SCB is illegal and therefore cannot be implemented – or conversely – the discretion lies within the authority granted to the PUC. To this latter conclusion, one leading proponent of SCB suggested that under Chapter 28, §2809, "Requirements for electric generation suppliers," the PUC has extraordinary waiver authority to ensure electric competition succeeds. As a result, the PUC could, therefore, waive "unnecessary" sections that hinder SCB.

For example, under §2809(e), the following authority is granted to the PUC to regulate EGS:

> **Form of regulation of electric generation suppliers**.-- The commission may forbear from applying requirements of this part which it determines are unnecessary due to competition among electric generation suppliers.

[27] The OCA also noted that placing billing and collection responsibilities with the EDC is consistent with other provisions of the Public Utility Code, particularly Section 1301, which permits a public utility to charge or demand rates that are just and reasonable 66 Pa C.S. §1301. *See* Reply Comments of Office of the Consumer Advocate, PUC Docket No M-2018-2645254, August 24, 2018.
[28] *See* 1 Pa.C.S. §1922 (2).
[29] Fitzpatrick, Terry, Energy Association of Pennsylvania, Letter to the LBFC, January 8, 2024.

> In regulating the service of electric generation suppliers, the commission shall impose requirements necessary to ensure that the present quality of service provided by electric utilities does not deteriorate, including assuring that adequate reserve margins of electric supply are maintained and assuring that 52 Pa. Code Ch. 56 (relating to standards and billing practices for residential utility service) are maintained.

The argument follows that because the General Assembly conferred this waiver authority on the PUC, it could, in its discretion, decide that one or more sections within the Public Utility Code are "unnecessary" due to the competition between and among EGSs. Further, the proponent submitted this conclusion:

> In its discretion, the Commission may interpret and apply §2809(e) broadly to confront the realities of the competitive marketplace. Because of the unlevel playing field caused by EDC default service model as implemented and perpetuated by the Commission and the anti-competitive manner in which EDC conduct Utility Consolidated Billing, that competition necessarily includes the predominant competition that has evolved, that between EGSs and EDCs…In such circumstances, "unnecessary" Code sections must include those that impeded or prevent the Commission's fulfillment of its mandated mission to make electric competition succeed. Therefore, the Commission in its discretion may interpret Sections 2804(3), 2807(c), and 2807(d) in a "necessary" fashion to ensure the Competition Act.[30]

PUC Response. We asked the PUC for its opinion on the legality of SCB in Pennsylvania. The PUC referred us to its June 21, 2021, secretarial letter, which closed the 2018 en banc hearings and docket. The relevant portion of that letter is outlined in Exhibit 15. From the PUC's perspective, there remains too much uncertainty in the law and consensus on how to implement SCB at this time.

[30] Cawley, James, Attorney and Consultant, Letter to LBFC in support of Supplier Consolidated Billing, September 14, 2023.

Exhibit 15

PUC Position on the Legality of SCB in Pennsylvania

> Even after considering the testimony and exhibits presented at the two *en banc* hearings, and the comments and reply comments, the record still lacks sufficient detail for the Commission to definitively conclude that implementation of SCB would be prudent from a public policy perspective or legal under Chapters 14 and 28 of the Code. Outstanding questions, primarily related to consumer protections and the Commission's lack of jurisdiction over EGSs under current law, include, but are not limited to,
>
> (1) the legal authority for SCB;
> (2) the legal authority for EGSs to bill and collect EDC distribution charges;
> (3) the legal authority for EGSs to order termination of a customer's electric service;
> (4) how to properly account for EGS value-added-service charges; and
> (5) the administration of EGS purchase of receivables programs.
>
> As there is neither clear authority for, nor consensus on how to implement SCB, we cannot move forward with proposing implementation of SCB at this time and will close this proceeding. Closing the proceeding will better enable the General Assembly to address the outstanding questions associated with SCB without concerns of a parallel regulatory effort by the Commission. The Commission extends its thanks to all the stakeholders that participated in the robust conversation around SCB and that provided thoughtful, informed, and insightful perspectives through testimony and comments.

Source: Developed by LBFC staff from the June 21, 2021, PUC Secretarial Letter (Docket M-2018-2645254).

On a final note, we asked the PUC what specific changes to the law would be needed to allow SCB under the Public Utility Code. PUC staff noted the following:

> Probably the simplest thing would be to revise [section 2807(c)] to explicitly state that the "supplier may also be responsible for billing customers for all electric services." Some additional qualifying language may be appropriate along the lines of "…upon authorization of the Commission" and maybe further language authorizing the Commission to promulgate regulations governing the supplier billing of all electric services.[31]

[31] Email response to LBFC Questions Re: Supplier Consolidated Billing, February 5, 2024.

D. Benefits and Limitations of Supplier Consolidated Billing

SR 116 asked us to examine the benefits and limitations of SCB. Much like the question about the legality of SCB, such an examination is influenced by one's perspective on the issue and, as a result, can be subjective. This tendency was highlighted in Issue Area A, where we conducted a full review of the 2018 en banc hearings on SCB and found opposing opinions based on one's perspective about SCB. For this review, we focus on the consumer's benefits and limitations. The effects on all parties will be discussed later in Issue Area F.

Benefits

Although this review is customer-focused, a discussion of the benefits needs to begin with a discussion about customer engagement. The majority of electricity customers know who to call for service, and they know they will receive a monthly bill from the utility. However, that is not to say that EDC billing is the best and the only way because SCB advocates argue that suppliers lack full customer engagement because of EDC billing.

Consumer Engagement. As discussed in Section II, EGSs are limited to placing their logo on the bill and providing a limited amount of detail about their supply charges and supplier contact information – all of which typically appear on page two of a consolidated EDC bill. EGSs cite this as a limiting factor in their effort to engage with customers and usually use a few analogies to explain this relationship:

> If a consumer buys a magazine subscription, he or she will likely get a bill from the magazine publisher, who may offer useful information, incentives for renewal, or other valuable communications alongside the bill itself. It would be odd to say the least if the consumer got a bill instead from the Post Office which delivered the magazine, rather than the publisher. The Post Office has a monopoly on first class mail – no one else can deliver a consumer a magazine. But consumers have their choice of publications to subscribe to – it makes sense that the entity that is front and center in the customer relationship is the one which faces the greatest incentive to provide value to the customer.[32]

[32] Letter to LBFC staff from the Retail Energy Supply Association (RESA), January 26, 2024.

From the EGS perspective, connecting with the customer, and more specifically, ensuring that their brand is recognizable to the consumer, is critical for the success of their business. To that end, having a "touch point" with customers, which is made through billing--and not other unsolicited communications--is the most effective way to establish that identity. Counsel to the EGS Coalition for SCB stated these sentiments:

> Bills are the vehicle for EGSs to form relationships with their customers. Billing customers directly through SCB enables suppliers to have a monthly touch point with customers, demonstrate their proficiency at meeting customer's needs, increase their visibility with customers and be more fully accountable to their customers. Customers expect to be billed by, and pay, the provider of goods and services they consume. Customers also demand simplicity – they want a single bill for all electric services…The effectiveness of this monthly channel for establishing direct and long-term relationships with customers cannot be overstated. By providing a direct billing relationship between EGSs and their customers, SCB would enable EGSs to establish trust and loyalty with those customers and be perceived as their "energy company."[33]

Further still, SCB proponents note that because they are operating in a competitive environment (unlike the EDCs) customers will benefit because EGSs will be incentivized to provide the best customer service, or they risk losing customers. While it is true that EDCs currently have a customer service responsibility, it exists within a monopoly-protected price regulation environment. Consequently, SCB proponents note that they would be able to use billing data and other customer preferences to tailor their services directly to the interests of the consumer/customer, including bringing innovation and new products to the marketplace. If SCB is implemented, EDCs can focus on what they do best--delivering electricity to consumers while putting the burden on EGSs to provide the best possible customer service and value to energy consumers.

New Products/Services. As several SCB supporters informed us, when EGSs connect with their customer base, they are empowered to deliver the next evolutionary stage of customer service and offer new products/services to meet their customers' demands. From a business perspective, this conclusion makes sense. For example, once an EGS acquires a customer, the EGS must be focused on keeping that customer (and obtaining more). Innovation in the marketplace (through offering new products and services) is critical to ensuring viability.

[33] Eckert, Seamans, Cherin & Mellot, LLC, Comments on Behalf of the Electric Generation Supplier Coalition for SCB, May 4, 2018.

We asked a leading ESG (and proponent of SCB) what products are currently available in other SCB-permitted states that are not found in Pennsylvania. A listing of these current options is highlighted in Exhibit 16.

Exhibit 16

Enhanced Billing Plans and Other Value-Added Services Available in Other States but not Pennsylvania

Unique Billing Options	
Solar/Net Metering	Offers net metering credits for customers who have rooftop solar capacity.
Free days/weekends/nights	Plans that offer free electricity periods – may include options that provide free periods (i.e., no supply or delivery charges).
Total Flat Bill	Plans that fix the monthly bill amount for a set period, unlike budget billing. Flat Bill products do not "true up."

Specialty Plans	
Pay as You Go (pre-paid)	Allows customers to pre-pay for their electricity, much like they can do for telephone minutes; customers receive text alerts as funds are depleted so that they can replenish their accounts.
TOU Plans	Time of use plans with on- and off-peak periods.
EV Charging Plans	Time-of-use plans are designed for EV owners to maximize the most affordable times to recharge their vehicles.
Renter Plans	Electricity plans that include renters' insurance and can split the bill (between multiple tenants). Ideal for college students and others sharing living spaces.
Demand Response Plans	Plans that come with or without a smart thermostat. Under this plan, credits for reduced usage during high-demand periods are given. Smart thermostat programs include automatic adjustment and a one-time bill credit for participation.
Carbon Offset Plans	Electricity supply plans that include carbon offset credits.
Home Automation and Security Plans	Electricity plans bundled with home security and home automation services.

Value-Added Services	
Home Solutions Bundles	Electricity plans are bundled with protection plans, backup power services, renewable products, home automation, and security options.
Home Warranty Bundles	Electricity plans bundled with home warranties (surge protection, AC/heat protection/plumbing protection/electric line protection/etc.)
Portable Backup Power Plans	Electricity plans with discounts for portable power equipment.
Whole Home Generator Plans	Options to obtain a backup generator for added home protection.

Source: Developed by LBFC staff from information provided by NRG Energy, Inc.

Some options shown in the previous exhibit may interest Pennsylvania's ratepayers. However, the OCA also noted that some options are prohibited in Pennsylvania. For example, flat bills that fail to provide the approved rates for distribution services are not permitted in Pennsylvania, and pre-paid electric service has not been approved for widespread implementation in Pennsylvania.[34] Nevertheless, value-added services involving backup power generators (and other similar products) may interest consumers, but determining the exact level of interest is beyond the scope of this study.

Limitations

Regarding SCB limitations for electricity consumers, perhaps the most significant limitations we could identify are consumer confusion and loss of consumer protections established within the Public Utility Code. We also found a third – cost to implement – but we believe that aspect to be more of an effect of SCB and discuss it separately in Issue Area F.

Consumer Confusion. Just as adding new products/services to the retail electricity market can benefit consumers, there is also the potential to overwhelm consumers with unnecessary billing options or other value-added services. This confusion can lead to consumers paying more for their electricity generation than if they stayed with the utility's default service.

The exact reason why consumers pay more for electric service is a complex topic, but undoubtedly, not being an active and engaged consumer contributes to this phenomenon. One opponent of SCB noted that "deceptive marketing practices, such as using the name of the utility in customer solicitations, are one contributing factor."[35]

It is important to note that customer confusion cannot explain this phenomenon entirely, as some consumers willingly pay a premium for "green" generated electricity, which likely exceeds the default service price. Therefore, caution must be exercised when suggesting that charges over default service reflect "lost" savings.

Nevertheless, customer confusion is a factor in billing and can lead to unintended outcomes. For example, as one advocate for low-income utility affordability noted:

> Excessive pricing in the retail electric markets have a uniquely detrimental impact on low income consumers,

[34] Reply Comments of Office of the Consumer Advocate, PUC Docket No M-2018-2645254, August 24, 2018.
[35] Energy Association of Pennsylvania, letter to the LBFC, January 8, 2024.

> who are more susceptible to promised savings and sign-on incentives like gift cards and giveaways.[36]

Conversely, SCB proponents point to tactics such as "shadow billing" proposed by one EDC. Under this practice, the monthly cost amounts under both competitive retail supply and the shadow-billed default service are presented. The bill would also calculate and list the savings, or "negative savings" as applicable, in a column under the retail supplier (i.e., EGS). SCB supporters cited this practice as creating *more* confusion for customers and pointed to it as an example of why EDC billing is insufficient and manipulative against suppliers.

Under SCB, customer confusion is likely to arise over service delivery issues. For example, customers are accustomed to calling their utility company when the "lights go out." Many customers are accustomed to receiving phone calls, emails, and text messages alerting them to service interruptions and expected restoration times. Arguably, these services would continue under SCB, as the EDC is still responsible for distribution. However, unpacking this association will be complex after decades of being accustomed to the EDC being at the forefront of the customer connection. This point was highlighted to us this way:

> Customer confusion could arise as the entity responsible for service restoration and/or universal service programs no longer have the billing function. Customers might end up calling their supplier instead of their utility if the power is out, creating not only confusion and frustration on the part of all parties, but perhaps creating safety issues as customers erroneously call the wrong entity to report emergency situations (e.g., downed power lines or customers detecting the odor of gas). Customers might also be confused as to who to call when they want to switch suppliers, start, move, or end service, or participate in customer assistance programs.[37]

Finally, customer confusion was one of the leading limitations cited by the Connecticut Public Utilities Regulatory Authority when it evaluated SCB in its state and decided not to pursue the issue further. Researchers noted customers' familiarity with EDC billing. They foresaw potential issues with improper account crediting, budget billing, and perhaps significantly, the potential for customer information data breaches if SCB was adopted.[38]

[36] Marx, Elizabeth, PA Utility Law Project, Comments before the Pennsylvania House of Representatives, Consumer Affairs Committee, June 15, 2022.
[37] Energy Association of Pennsylvania, Letter to the LBFC, January 8, 2024.
[38] Connecticut Public Utilities Regulatory Authority, Review of the Billing of All Components of Electric Service by Electric Suppliers, August 6, 2014.

Consumer Protections. Another often-cited limitation of SCB is that the well-established consumer protections within the laws governing public utilities would need to be changed. As currently written, customer service functions such as service termination and restoration, payment arrangements, addressing customer complaints, and implementing customer assistance programs all fall to the EDC. SCB opponents note that these safeguards will be non-existent or nonfunctional without statutory changes. For example, concerning collections and terminations, utility advocates stated this:

> If the termination function is to remain with the utility as provided in the statute, the legality of a termination would be suspect if the customer owes money only to the supplier; that is, there is no cause for the utility to terminate a customer if it is not owed any money from that customer. Furthermore, current Commission regulations do not allow for termination of non-payment of charges for non-basic service. What is to happen if, under SCB, a customer refuses to pay the portion of the bill related to charges for non-utility service? Neither the utility nor the supplier would be able to lawfully terminate.[39]

Potential "loophole" issues like this give rise to other consumer protections, like providing adequate complaint resolution, which currently, by law, falls to EDCs. Interestingly, utility advocates highlighted this issue as another pitfall of SCB by stating this to us:

> SCB would likely create unique challenges for customers to report and resolve grievances. Utility call center staff are trained in detailed bill explanation (explanation of rates and changes thereto, payment history, impacts from appliances or seasonal weather changes, budget plans, etc.); this may be lost in a SCB paradigm where the "whole picture" of a customer's usage and bill component data is spread across multiple entities, resulting in risk of increased consumer complaints and dissatisfaction…
>
> Customers would also likely lose the benefit of a neutral point of contact in their utility when it comes to navigating the retail marketplace. Utility representatives are currently required to inform customers who call with questions about retail choice about available options (e.g., direct them to the PUC's shopping website), such as the Standard Offer Program. If a customer's main

[39] Energy Association of Pennsylvania, Letter to the LBFC, January 8, 2024.

> point of contact in the marketplace is now a supplier, one of the neutral means by which customers currently gather information to facilitate education, shopping, and switching will have been lost.[40]

The strong consumer protections of the Public Utility Code and its applicability to PUC investigations were also cited as significant limitations by the OCA. They pointed us to a Commonwealth Court finding where the PUC exceeded its authority over EGSs and highlighted it as an example of the problems with SCB:

> Under the current model, the electric and natural gas utility is legally required to follow all the rules of the Public Utility Code and regulations, including Chapter 14, precisely because it is a public utility providing a necessary service. If it [a public utility] violates the rules, it is accountable to consumers who file complaints to the PUC or to investigations by the PUC's Bureau of Investigation and Enforcement. The same is not true of suppliers as the ability of the Commission to rectify harm caused by suppliers is constrained by the fact that they are not public utilities. *See e.g., Blue Pilot Energy, LLC v. Pa. PUC*, 241 A.3d 1254, 1256 (Pa. Commw. Ct. 2020) (finding that the PUC exceeded authority by granting refund relief to all customers because the refund provisions of 66 Pa. C.S. § 1312(a) did not apply to EGSs). In the OCA's view, consumers benefit from the current system whereby they receive one bill from their regulated entity for all services or, in the alternative, the suppliers elect to proceed with dual billing for their portion of the bill. [41]

Finally, regarding SCB and its limitations from a consumer perspective, the OCA also pointed us to their 2018 reply comments. In those comments, the OCA strongly asserted its objections, which, in summary, viewed SCB as an unnecessary billing model that was not in the public's interest. They noted the following:

> …the consumer protection issues and the impact of increased costs on customers' bills associated with SCB suggests that SCB is not in the public interest. SCB is a business model sought by some EGSs to sell non-commodity products and services. The dual bill option is available for this business, and is more consistent with the billing and collection procedures of other business

[40] Ibid.
[41] Office of the Consumer Advocate, Letter to the LBFC, December 21, 2023.

> entities that sell these same non-commodity products and services. Simply put, there has been no showing that SCB is desired by more than a few EGS and there has been no showing that it is in the public interest to further this path.[42]

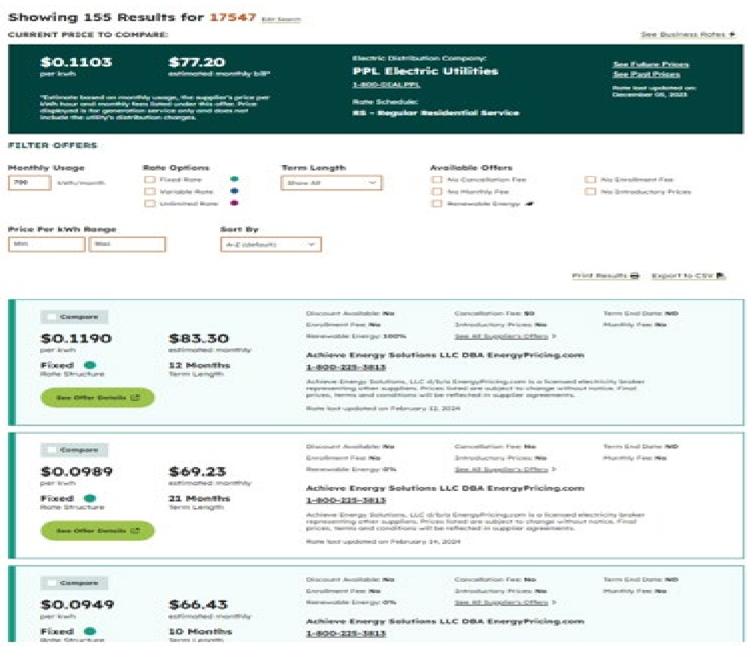
E. Analysis of the Accessibility and Availability of Public Information Available to Consumers

Since 2010, the PUC has maintained www.papowerswitch.com, a website designed to provide information about competitive electricity suppliers and assist customers in comparing electricity costs and plans. The website explains key concepts associated with electricity shopping and allows customers to see and compare energy supply prices and plans after entering their zip code. The PUC substantially redesigned this website in December 2023 and maintains a similar website for customers shopping for natural gas suppliers at www.pagasswitch.com. A screenshot from the PAPowerSwitch website appears in Exhibit 17.

[42] Reply Comments of Office of the Consumer Advocate, PUC Docket No M-2018-2645254, August 24, 2018.

Exhibit 17

Screenshot from PAPowerSwitch Website



Source: PAPowerSwitch website

In 2016, the PUC conducted a survey that found 94 percent of respondents knew they could shop for their electricity supplier. That survey also found that 90 percent of respondents who visited www.papowerswitch.com agreed with the statement that the website provides valuable information, and 70 percent said the website was easy to navigate.[43] Overall, this speaks well of the PUC's effort to make electricity shopping an easier process.

Shopping experience

We reviewed the official electricity shopping websites in three states: Illinois (https://plugin.illinois.gov/), Pennsylvania, and Texas (https://powertochoose.org/). We compared each state's electricity suppliers' shopping experience and information availability for consumers. Illinois opened its electricity market to competition for large businesses in 1997 and small businesses and residential consumers in 2002. In 2006, Illinois sought to promote electricity competition by creating a statewide

[43] *See* "PUC Marks 20th Anniversary of Electric Competition in PA; New Survey Shows High Levels of Customer Awareness and Satisfaction with Electric Choice, Touts 14 Consecutive Months of Growth, Announces Upgrades to Electric Shopping Website PAPowerSwitch," December 8, 2016.

Office of Retail Market Development, which maintains the state's electricity shopping website. A screenshot from the Plug In Illinois® website appears in Exhibit 18, and a screenshot from Texas' Power to Choose website appears in Exhibit 19.

Exhibit 18

Screenshot from Plug In Illinois® Website

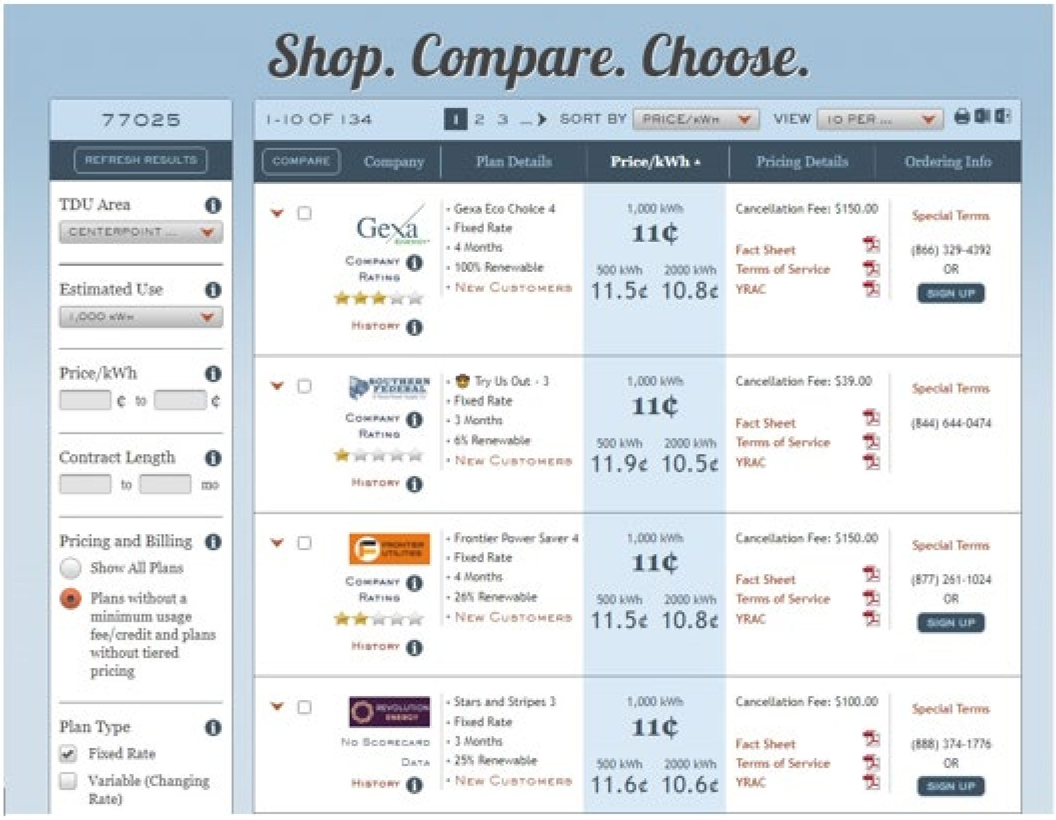
Supplier	Price in cents per kWh	Additional Monthly Fees	Current Monthly Cost			Term (Mo.)	Description
			500 kWh	1000 kWh	1500 kWh		
ComEd An Exelon Company 1-800-EDISON1	Fixed Price 6.809	$0	$34.05	$68.09	$102.14		This Price to Compare is in effect from June 1, 2023 through October 31,2023. See Understanding the Utility's Electric Supply Price for a detailed explanation of the various charges that make up the utility's price, including a new Renewable Energy Adjustment charge.
NORDIC Energy 877-808-1022 ComEd .06499 1 Month	Fixed Price 6.4990		$32.50	$64.99	$97.49	1	One month at an intro rate of $0.06499/kWh then defaults to a variable rate. No early termination fees!
Plug In Illinois Power of Choice							
energy harbor 18558427588 Safe Harbor 5 +	Fixed Price 7.7900	$0	$38.95	$77.90	$116.85	5	Lock in this 5 month energy plan to avoid market fluctuations and bring some certainty and stability to your life! And no fees whatsoever!
mc2 where energy comes from 877-622-7697 mc² Green Power Program	Variable Price 7.0550	8.95	$44.23	$79.50	$114.78	12	Variable rate equal to monthly utility published Purchased Electricity Charges, Transmission Service Charges, Purchased Electricity Adjustment PLUS a monthly fee of $8.95 for 100% Green-e Certified RECs. Feb 2024 price is 7.055 cents/kWh, incl PEA.

Source: Plug In Illinois® website

All three states' shopping websites provided lists of available electricity shopping plans after entering a valid zip code or EDC. For each electric supply offer, the website displays the offering company's name and logo, telephone number, summary of plan specifics, price per kWh, and offer term (the time the price will be valid). In Illinois and Pennsylvania, where the customer's EDC also provides default service, the website displayed the price for that service, known as the "price to compare."

Exhibit 19

Screenshot from Power to Choose website



Source: Power to Choose website

Users can filter or sort the listing of electric supply offers on all three states' websites by various characteristics, such as price. All three also enable users to select several plans for a more detailed side-by-side comparison of each's primary features.

Challenges for consumers

Possible customer confusion. The OCA and most major EDCs and EGSs also have pages on their websites dedicated to electricity shopping. Given these additional sources of shopping information, electricity consumers might believe they are using the PUC's official website (www.papowerswitch.com) to review available plans when, in fact, they are using a site maintained by others. In Pennsylvania, these other sites have web addresses such as www.powerchoicepa.com, electricityplans.com, and www.paenergyratings.com. While we did not test the information on these sites for accuracy, we did note that using such sites resulted in fewer electricity plan offers than the site maintained by the PUC, meaning the alternate sites may only present plans offered by certain EGSs.

This issue is not unique to Pennsylvania, as we encountered similar websites maintained by EGSs when shopping for electric supply plans in Illinois and Texas.

Languages other than English. The PUC's electricity shopping website is currently available in English and Spanish. Users can select the Spanish version by clicking Espanol in the upper right-hand corner. Consumers who wish to access the site in a different language would have to use a third-party translation app or program for each page, which would likely decrease the effectiveness of the shopping experience.

Customers without internet access. Given the large number of EGSs and available offers in Pennsylvania, it would be difficult for electricity shopping consumers to evaluate and compare supply offers without using a computer and the internet. While consumers could contact EGSs by telephone or mail to obtain plan information, this would be a labor-intensive and laborious process that would be made more difficult given that the prices and terms of such offers can change frequently. Therefore, customers without access to a computer may find shopping for electricity difficult.

Potential improvements

During our review of the availability and accessibility of electric supplier shopping information, we identified several features present in Illinois' or Texas' official electric choice websites that the PUC should consider adding to improve the consumer shopping experience.

Information about customer complaints. The electricity supply plan information that Texas's official shopping website provides to consumers displays a "Company rating" component. This rating is from one to five stars, and the Public Utility Commission of Texas (PUCT) says it is calculated from the number of consumer complaints it receives about the company per 1,000 customers based on a 6-month rolling average. The Pennsylvania PUC could create a similar rating system based on the number of official complaints it receives, which may be helpful for potential customers in their decision-making.

Additional sorting capabilities. Currently, www.papowerswitch.com allows electricity shopping customers in Pennsylvania to sort the plan options by company name and price per kWh. The official customer shopping websites in both Illinois and Texas enable users to modify the displayed results using additional fields, such as contract length, percentage of renewable energy, whether the plan has a fixed or variable price per kWh, or the customer's monthly bill based on their estimated monthly usage. If a customer has many available plans to select, having the capability to filter or sort the displayed results by various other features and characteristics could be helpful.

F. Assessment of the Effects of Shopping Customers Receiving a Consolidated Bill from the Regulated Utility versus the Energy Supplier

Earlier, in Issue Area D, we discussed the benefits and limitations of SCB. In this topic area, we discuss a similar point asked of us within SR 116: an assessment of the possible effects on customers receiving a bill from the EGS instead of from the EDC. We approached this issue from a macro perspective.

Cost Implications

The exact cost implications are incalculable because SCB remains a hypothetical assumption in Pennsylvania. Nevertheless, discussing cost impacts broadly regarding implementation and administrative-related costs is possible.

Implementation Costs. Based on our research and interviews with various stakeholders, Pennsylvania generally stands out as a leader in "electric choice." While this accomplishment is significant, to a certain degree, an evolutionary approach was instrumental in bringing about the necessary changes to the state's market. EDCs have invested substantially in various billing and customer service responsibilities as part of that evolution. Within the context of SCB, these EDC investments begin to take on more significance because their costs may become stranded or transition costs.

We asked the PUC about the significance of stranded and transition costs and, more importantly, who ultimately would be responsible for cost recovery if SCB was implemented. PUC staff stated the following:

> In the context of SCB, any costs that are considered "stranded" due to the implementation of SCB would not be recovered by dedicated transition charges. Instead, EDCs would likely seek recovery of such charges from either ratepayers (via rates as determined in a PUC rate

> proceeding) or from EGSs (those EGSs participating in SCB), or a combination of both.
>
> These transition and/or stranded costs could include the cost of modifying EDC billing systems as to facilitate the exchange of billing information and monies between the EDC and EGS (current systems are set up on the assumption that the EDC does the billing and collects monies). These costs could include not only the cost of developing and modifying these systems, but also their ongoing use and maintenance. Basically, any cost attributed to SCB could possibly be considered a transition cost; even minor things like the cost of educating consumers about SCB could be considered a transition cost.
>
> Stranded costs, in the more traditional use of the term, could be incurred if the EDC billing and collections systems they have developed over the years at considerable expense end up being under-utilized due to customers migrating to SCB. Under general rate-making principles, only things that are "used and useful" by customers are to be recovered via utility rates. If EDC billing systems are no longer "used" by customers; the ability of the EDC to recover the costs of those systems could be questioned.
>
> As for the amount of stranded and transition costs, this is a very contentious issue, and the parties have very differing perspectives. EDCs generally contend that the costs will be significant, with the EGSs often accusing the EDCs of inflating this concern in an effort to discourage the adoption of SCB. While EDCs point to the costs, they are usually reluctant to identify the specific amounts involved. This is likely because such costs are speculative and will not really be known until incurred. Also, any estimates could "haunt" the EDCs when they seek recovery of such costs. If the estimates end up being inaccurate, the EDC will likely have to explain the inaccuracy in any subsequent rate recovery proceeding – complicating and possibly jeopardizing the recovery of the costs.[44]

As a result, if SCB is implemented, one of the most significant effects will be the cost of implementing the functionality to accomplish it. The extent to which ratepayers will bear these costs must be considered. An

[44] PUC Management Response to LBFC Staff Inquiries, December 6, 2023.

EDC representative noted to us that, in his estimation, "the costs incurred by utilities to implement SCB would be substantial and would come in addition to millions of dollars already spent (borne by all ratepayers, regardless of income level or ultimate interest in switching suppliers) on 'market enhancements'."[45] Conversely, if EDCs are entirely removed from any billing or customer relations responsibilities (at some future point), these entities would expect to incur savings through reduced operational expenses.

Regarding cost recovery, a leading proponent of SCB suggested that EDCs should be permitted to use a "non-bypassable mechanism" to recover costs from all customers. He stated, "Since the implementation of SCB will benefit the competitive market and affect all customers, it is reasonable that the costs associated with it be recovered from all distribution customers on a non-bypassable basis through a surcharge or some similar mechanism." He stated that this approach is consistent with what the PUC did with other retail market enhancements. As for EGS costs, he noted that those costs would be factors EGSs would need to consider in making business decisions, and the amounts and how they would be absorbed would vary widely.[46]

Conceivably, there could be cost savings to ratepayers – but these are incalculable as it is difficult to determine how added or new services might benefit individual customers. For example, decisions to purchase additional services are highly personal to each customer, and what works in one household may not work in another (e.g., special rates for electric vehicle charging are of little use if a customer does not own an electric car). This point was critical to the OCA in 2018 and was repeated to us:

> Pennsylvania has already spent hundreds of millions of ratepayer dollars on consumer education, POR implementation, accelerated switching, instant connect, seamless move, and the ongoing upgrades to billing systems, as well as the development of the joint bill to provide more detailed information for a customer's EGS. There is no basis to impose additional costs on ratepayers to develop a means of billing in order to deepen the relationship between two private contractual parties, the EGS offering SCB and the consumer receiving an SCB.[47]

[45] Energy Association of Pennsylvania, Letter to the LBFC, January 8, 2024. Examples of market enhancements include, but are not limited to, standard offer customer referral programs, seamless moves and instant connects, accelerated switching, and utility mailings to customers encouraging shopping.
[46] Cawley, James, Attorney and Consultant, Letter to LBFC in support of Supplier Consolidated Billing, September 14, 2023.
[47] Reply Comments of Office of the Consumer Advocate, PUC Docket No M-2018-2645254, August 24, 2018.

Regarding the treatment of costs and investments already made by utilities, we asked Maryland's Office of People's Counsel (Pennsylvania's Office of Consumer Advocate equivalent) for their perspectives on the cost effects of implementing SCB.[48] They were especially concerned about the cost recovery implications for ratepayers, noting that the effects were possibly unfair. They relayed to us the following:

> We were not satisfied with the [Maryland] Commission's decision on the cost-recovery of utility implementation costs. These costs will be tens of millions of dollars and will be recovered from all ratepayers – not just the ones that decide to participate in SCB. While the recovery mechanism approved by the Commission would make it possible for those costs to be recovered from SCB suppliers in the future, ratepayers would not be made whole unless the participation in the SCB was massive and sustained, and would result in intergenerational unfairness even if successful. If we could do it again, we would want to make this cost recovery issue a bigger issue from the outset of the proceeding and would hope to avoid the result the Commission ultimately reached.[49]

In addition to cost recovery effects, EGSs and EDCs must determine how items such as data exchange and the Purchase of Receivables (POR) would be handled between the parties. Under current utility-centered billing practices, the EDC and EGS exchange data regarding the customer's electricity usage as necessary. The EGS calculates the customer's charges and transmits that information to the EDC. The EDC displays the EGS logo and billing information using up to four lines--each up to 80 characters in length--in the bill that the EDC sends to the customer (see Issue Area A - Joint bill).[50] The EDC also purchases the accounts receivable of these customers by paying the EGS for its charges regardless of whether the customer has paid the EDC, which is known as a purchase of receivables (POR) program. The EDC is then responsible for collecting the total amount due from the customer, including transmission, generation, and supply charges. Generally speaking, this arrangement benefits EGSs as they receive payment--and it becomes the EDC's responsibility to collect the amounts due.

As such, we believe that if SCB is to be implemented in Pennsylvania, further (and more precise) discussions will need to occur regarding what specific costs and reimbursements will be incurred by ratepayers.

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[48] When Maryland instituted SCB it set an initial fee of $2.00 on each SCB bill. The fee is to be revisited. See previous discussion on Maryland's retail electric market.
[49] Assistant People's Counsel, Maryland's Office of People's Counsel, Email to LBFC staff inquires, January 25, 2024.
[50] *See* PUC Docket M-2014-2401345, Investigation of Pennsylvania's Retail Electricity Market: Joint Electric Distribution Company – Electric Generation Supplier Bill.

Administrative Costs. In addition to implementation cost effects between EDCs/EGSs, administrative costs must be considered. Within this context, we refer to the costs the PUC would incur to make the necessary administrative changes to oversee SCB properly.

We asked the PUC for its best estimate of the costs it would incur and the expected timeline for implementation. The PUC stated that such costs were incalculable and would rely on the number and type of proceedings needed to implement SCB, with ongoing oversight costs dependent upon the volume of SCB usage by suppliers and consumers. The PUC noted that rulemaking could occur in two ways: via a formal rulemaking process (which would take longer) or using existing PUC authority to issue implementation orders. To these possibilities, PUC staff noted the following:

> If the formal rulemaking process is used to implement SCB, that process typically takes 2-3 years and would involve Commission technical and legal staff resources. However, if implementation was pursued via implementation orders that the Commission could promulgate by itself rather than formal rulemakings, the resources involved would likely be less. What is likely is a combination of both processes; that some rules will have to be formally promulgated through the formal rulemaking process; while other, less-critical rules would be done by the Commission through implementation orders.
>
> The burden upon the Commission would also be dependent upon the Commission's oversight role once SCB is made available. For example, if individual suppliers are required to first seek Commission authorization to use SCB, then this would require an unknown number of separate proceedings dependent upon the number of suppliers that would want to use it.
>
> Staff resources would also be utilized when considering utility rate cases that might involve possible cost-recovery claims resulting from their implementation of SCB. However, the cost of these Commission resources is not identifiable and would be part of the Commission's overall cost of processing utility rate cases.[51]

In conclusion, because SCB remains a hypothetical discussion and there remains a variety of unresolved issues that will impact its viability and sustainability in Pennsylvania, we cannot assess its cost effects beyond

[51] Email response to LBFC Questions Re: Supplier Consolidated Billing, February 5, 2024.

these preliminary discussions. Ultimately, whether the benefits outweigh the costs is a decision for policymakers.

Other Items

2022-23 PPL Billing Issues. Starting in December 2022, an issue between PPL's metering and billing systems occurred. This issue ultimately resulted in 48,000 customer accounts not being sent a bill for as long as five months and 795,000 customers being sent estimated bills that were unusually high, low, or that contained missing or incomplete customer charges. As a result, PPL received many customer service calls in January and February 2023, leading to long wait times for some customers and a higher rate of calls being abandoned.[52]

As of February 2024, the PUC was considering whether to accept a settlement between the Commission's Bureau of Investigation and Enforcement and PPL, which would require the company to not recover from ratepayers $16 million in expenses for bad debts, costs to hire external vendors, waived late fees, as well as pay a $1 million penalty.[53] We asked the PUC if it had an opinion regarding whether this situation would have been exacerbated or mitigated by supplier consolidated billing. PUC staff said it could not comment on a pending proceeding.

[52] *See* Joint Petition for Approval of Settlement and Statements in Support, Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement's Investigation of PPL Electric Utilities Corporation for potential violations of 52 Pa. Code § 56.1, et seq., of the Commission's regulations and 66 Pa.C.S. § 1501 of the Public Utility Code, Docket No. M-2023-3038060.
[53] Ibid.

G. Final Conclusions and Suggested Next Steps

As documented in this report's previous issue areas, SCB remains a deep and complex topic in Pennsylvania. Proponents cite SCB as the next evolution within the competitive electric choice marketplace while also noting the various additional billing options and value-added services that could be available to Pennsylvania consumers. Opponents cite statutory and other regulatory obstacles that--at a minimum, create difficult obstacles to implementing SCB--and, at a maximum, legally prohibit SCB. Still, others cite the lack of specific consumer benefits and the loss of well-established consumer protections.

After reviewing testimony and evidence presented at the PUC's en banc hearings and conducting our follow-up interviews and discussions with stakeholders, we agree with the PUC's 2021 determination that it lacks clear authority on implementing SCB. Further, the extent to which SCB can be implemented without creating additional burdens to ratepayers (i.e., including both direct and indirect costs) needs further analysis. For that reason, if SCB is to be truly successful, we also concur that legislative remedies that establish clear mandates in the law will make for a more efficient transition to SCB.

Nearly all stakeholders agree that Pennsylvania has been a leader in electric choice. While SCB has been successful in other states, given Pennsylvania's market structure (e.g., utility default service), we are cautious about concluding that outcomes in one state will be equally effective for Pennsylvania. However, Pennsylvania is in an advantageous position to monitor Maryland's transition to SCB, given the similarity of that state's market structure to Pennsylvania's. We think it would be wise to closely observe SCB in Maryland, which might lead to better outcomes in Pennsylvania.

We also acknowledge the PUC's improvements to the "papowerswitch" website. The PUC has made positive process improvements, making the site easier for end-users. We tested these features with staff from our office who had not previously "shopped" for an electric supplier. Staff reported they could easily navigate the site and "shop" for better rates than the "price to compare" rate. As noted in Issue Area E, we believe additional improvements could be made after reviewing other websites.

As for next steps, we recommend:

1. Pennsylvania policymakers should monitor SCB implementation in Maryland. We recommend the General Assembly require the LBFC to conduct a follow-up report evaluating SCB implementation in Maryland and its applicability to Pennsylvania.

2. If policymakers determine that SCB is a viable and needed outcome in Pennsylvania, the Public Utility Code should be amended to definitively permit SCB as an allowable billing method for electric service. Additional sections that conflict with EDC/EGS responsibilities should be amended.

3. During the next refresh of the PUC's retail energy shopping websites, it should include updates that would allow users to:

    a. Choose different languages (other than English/Spanish);
    b. Add additional sorting and search capability;
    c. Include complaint information.

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APPENDICES

Appendix A – Senate Resolution 116 of 2023

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THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 116 Session of 2023

INTRODUCED BY YAW, VOGEL, BROWN, MILLER, SCHWANK, CULVER, LAUGHLIN, J. WARD AND DUSH, MAY 22, 2023

SENATOR YAW, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED, JUNE 28, 2023

A RESOLUTION

Directing the Legislative Budget and Finance Committee to conduct a study and issue a report on the issue of consolidated billing in the retail electricity AND OTHER ENERGY markets in Pennsylvania.

WHEREAS, Pennsylvania's competitive electricity AND OTHER ENERGY markets allow consumers to choose their own retail ~~electricity~~ providers; and

WHEREAS, ~~Delivery~~ DISTRIBUTION charges in Pennsylvania are billed ~~by utility default service providers~~ TO CUSTOMERS BY DISTRIBUTION COMPANIES, thereby preventing certain customers from directly receiving consolidated bills from the RETAIL ENERGY provider of their choice; and

WHEREAS, Consolidated billing provides consumer protections and transparency for energy consumers BY ALLOWING CUSTOMERS TO RECEIVE A SINGLE BILL; therefore be it

RESOLVED, That the Senate direct the Legislative Budget and Finance Committee to conduct a study and issue a report, which shall include:

(1) a FULL review of the 2018 administrative proceedings of the Pennsylvania Public Utility Commission pertaining to consolidated billing;

(2) an examination of the consolidated billing law and practices in Georgia, Texas and Maryland, and an evaluation of the statutory or regulatory authority, consumer protections and efficacy of each state's billing law and practices, as well as other pertinent information in each state's program;

(3) a review of the relevant Pennsylvania statutory and regulatory language to ascertain the current permissibility or prohibition of consolidated billing in Pennsylvania;

(4) an examination of the benefits ~~or deficiencies~~ AND LIMITATIONS, IF ANY, of consolidated billing for electricity AND OTHER ENERGY consumers in Pennsylvania;

(5) an analysis of the accessibility and availability of public information available to consumers online and through direct solicitation from electricity ~~retail~~ AND OTHER ENERGY providers;

(6) an assessment of the effects, if any, of shopping customers receiving a consolidated bill from the REGULATED utility versus receiving a consolidated bill from the consumers energy supplier; and

(7) any other valuable or useful information pertaining to consolidated billing;

and be it further

RESOLVED, That the Legislative Budget and Finance Committee submit its report to the following no later than 180 days after the adoption of this resolution:

(1) The Governor.

(2) The chairperson of the Pennsylvania Public Utility Commission.

(3) The chairperson and minority chairperson of the Consumer Protection and Professional Licensure Committee of the Senate.

(4) The chairperson and minority chairperson of the Environmental Resources and Energy Committee of the Senate.

(5) The chairperson and minority chairperson of the Consumer Protection, Technology and Utilities Committee of the House of Representatives.

(6) The chairperson and minority chairperson of the Environmental Resources and Energy Committee of the House of Representatives.

~~(7) The chairperson and minority chairperson of the Professional Licensure Committee of the House of Representatives.~~ <--

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Appendix B – PUC Response to Draft Report

PAPUC

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

March 7, 2024

Christopher Latta
Executive Director
Legislative Budget and Finance Committee
Room 400, Finance Building
613 North Street, Harrisburg, PA 17105-8737
Harrisburg, PA 17105

Sent Via E-Mail to Steve Fickes, Deputy Executive Director

RE: Senate Resolution 116 Report

Dear Executive Director Latta:

Thank you for providing the Pennsylvania Public Utility Commission (PUC) the opportunity to review and provide a response to the Legislative Budget and Finance Committee's (LBFC) draft *"A Study Pursuant to Senate Resolution 2023-116: Supplier Consolidated Billing"* (SCB). From our staff's thorough review and analysis of this report, it is apparent that the LBFC conducted a thorough study of the topic and prepared a detailed and accurate report about a complex and difficult subject.

The PUC has no concerns with the main findings and recommendations of the report and concurs in the result. We agree that we should carefully monitor the implementation and usage of SCB in Maryland before proceeding with SCB in Pennsylvania. We further agree that if we were to proceed, the General Assembly should revise the Public Utility Code to provide a stronger legal foundation for SCB. Finally, we thank LBFC for their review of our shopping website, PaPowerSwitch.com and for acknowledging our recent improvements to the website. When we consider future improvements to the website, we will consider LBFC's suggestions.

Warmly,

Jennifer L. Berrier

Jennifer L. Berrier
Executive Director

CC: Honorable Stephen M. DeFrank