

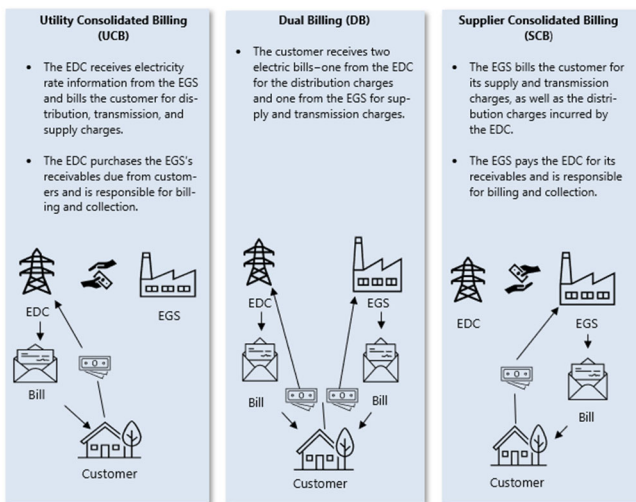
REPORT HIGHLIGHTS

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

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Senate Resolution 116 (SR 116) directs the Legislative Budget and Finance Committee (LBFC) to study “supplier” issued consolidated billing within “retail energy” markets. The study is a detailed examination of which entity should be responsible for sending monthly electric bills: the utility (as is the current practice), the supplier, or both. The report includes significant historical and contextual issues on the matter and a review of activity in selected states. Highlights of our report include the following:

- ❖ **In Pennsylvania, monthly electric bills are composed of two parts.** Electric Generation Suppliers (EGSs) bill for generating and supplying electricity, while Electric Distribution Companies (EDCs or electric utilities) bill for “delivery” charges for transporting electricity to homes and businesses via power lines. Both components are essential to ensure electricity is delivered and appropriately billed to the customer.
- ❖ **Currently, two billing methods exist: utility consolidated billing (UCB) and dual billing (if the supplier offers it).** A third method used in some states (including soon in Maryland) is supplier consolidated billing (SCB). Under SCB, instead of the utility handling billing responsibilities, the EGS bills the customer both for its and the EDC’s charges. SCB is unavailable in Pennsylvania.



- ❖ **The Pennsylvania Public Utility Commission (PUC) held two “en banc” hearings to study SCB in 2018:**
 - Advocates said that the PUC’s existing legal authority allows SCB. Proponents also said SCB would enhance Pennsylvania’s electric marketplace by enabling EGSs to introduce new products and additional services and strengthen their relationship with their customers.
 - Opponents said that the Public Utility Code does not explicitly mention SCB; therefore, it is prohibited. They also expressed concerns about the transition costs utilities will incur to modify their billing and data exchange systems and whether the PUC could enforce consumer protections and complaint investigations under SCB – since EGSs are not regulated to the extent utilities are regulated.

- In 2021, the PUC concluded there was neither clear authority nor consensus on how to implement SCB and closed the matter.

- ❖ **There are benefits and limitations if SCB is implemented.** A key benefit for EGSs is that SCB will increase its brand awareness and connection with customers. However, SCB could potentially overwhelm consumers with new billing options or value-added items, causing some customers to purchase unnecessary services and products, and lead to confusion as to who to call about service interruptions.

- ❖ **If SCB is implemented in Pennsylvania, stakeholders and the PUC must identify the costs ratepayers will incur.** To implement SCB, EDCs will incur costs to modify billing and data management systems. Additionally, EGSs and EDCs must determine how they will exchange data and reimbursements, resulting in additional costs. EDC cost recovery for legacy billing and collections systems must be factored in. Finally, the PUC will incur administrative costs to implement and oversee SCB. Because of these unknown issues and the hypothetical nature of SCB, we cannot assess ratepayer impacts.

- ❖ **We make three recommendations:**

- 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.
- If policymakers determine that SCB is a viable 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.
- The next refresh of the PUC’s retail energy shopping website should include updates allowing users to use languages other than English or Spanish, additional sorting and search capability, and information about customer complaints.

For a full copy of the report, email us at lbfcinfo@palbfc.us or download a copy at <http://lbfc.legis.state.pa.us/>.