

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company)	
)	
Proposal to Establish Rider PORCB, Purchase of Receivables with Consolidated Billing, And to Revise Other Related Tariffs)	Docket No. 10-0138 Rehearing
)	

**INITIAL BRIEF
OF THE
NATIONAL ENERGY MARKETERS ASSOCIATION**

Dated: June 20, 2011

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The National Energy Marketers Association (NEM)¹ hereby respectfully submits its Initial Brief pursuant to the April 15, 2011, Notice of Continuance of Hearing and Notice of Changed Schedule issued in the above-referenced proceeding. The issue on rehearing in the instant case is whether ComEd’s PORCB tariff that is currently in effect, using the blended discount rate approved by the Commission in its February 23, 2011 Order Upon Emergency Motion for Clarification, should be retained or whether it should be modified to create separate discount rates for residential and nonresidential customers. As a strong proponent of POR programs in Illinois and other retail choice jurisdictions, NEM is concerned whether the outcome of this case, that will determine the structure of ComEd’s POR program, will in fact promote the development of energy choice for residential consumers as required by Illinois law.

¹ The National Energy Marketers Association (NEM) is a non-profit trade association representing both leading suppliers and major consumers of natural gas and electricity as well as energy-related products, services, information and advanced technologies throughout the United States, Canada and the European Union. NEM’s membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, global commodity exchanges and clearing solutions, demand side and load management firms, direct marketing organizations, billing, back office, customer service and related information technology providers. NEM members also include inventors, patent holders, systems integrators, and developers of advanced metering, solar, fuel cell, lighting and power line technologies.

This document reflects the views of the National Energy Marketers Association and does not necessarily reflect the views of any specific member of the Association. NEM notes that there may be individual member(s) that have different views on the issues herein.

The Illinois legislature has unequivocally and repeatedly expressed the State policy in favor of the promotion of retail electric competition. In the Electric Service Customer Choice and Rate Relief Law of 1997 it stated that, “It is in the best interest of Illinois energy consumers to promote fair and open competition in the provision of electric power and energy and to prevent anticompetitive practices in the provision of electric power and energy.” (220 ILCS 5/16-118(a)). More recently, in the Retail Electric Competition Act of 2006, the Legislature found that,

(c) A competitive retail electric market does not yet exist for residential and small commercial consumers. As a result, millions of residential and small commercial consumers in Illinois are faced with escalating heating and power bills and are unable to shop for alternatives to the rates demanded by the State’s incumbent electric utilities.

(d) The General Assembly reiterates its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers. (220 ILCS 5/20-102(c) and (d)).

In order to effectuate the intent of Illinois law to promote residential consumer shopping, the Commission must consider the entire unique scheme of the specific ComEd POR program and what, as devised, the net impact will be on supplier participation and residential migration. The ComEd program, in addition to the blended discount rate, also uses a fixed \$0.50 per bill charge to recover IT program costs and has an “all in, all out” requirement applicable only to residential consumer participation in POR. Moreover, ComEd requires that a marketer using its consolidated billing system must also participate in POR.

The blended discount rate currently in effect is a weighted average of the higher residential uncollectible rate and the lower non-residential uncollectible rate. (Dominion Revised Direct Testimony at 8). The blended discount rate for the June 2011 billing period is 1.84%, whereas if the charge were stated as separate residential and non-residential rates would be 2.23% and 1.19%, respectively. (Dominion Rebuttal Testimony at 1-2). Thus, by applying a blended discount rate, residential consumers benefit from a lower discount rate than they would pay if it were expressed as a separate rate for the residential and non-residential customer classes. (Dominion Revised Direct Testimony at 8). However, in addition to the discount rate that represents the uncollectible revenues, ComEd's POR program also incorporates a fixed \$0.50 per bill charge to recover administrative fees related to information system improvements and system start-up costs, which has a greater net impact on low usage residential consumers than on non-residential customers. (Staff Rebuttal Testimony at 3-4). The effective discount rate created by the fixed \$0.50 per bill charge for certain residential consumers is as high as 0.798% whereas the effective rate to an average medium load delivery customer is only 0.021%. (Dominion Revised Direct Testimony at 10). The consumer's overall discount rate is a function of both the blended uncollectible rates and the effective discount rate created by the fixed \$0.50 per bill charge. (Dominion Revised Direct Testimony at 11). As such, by blending the discount rate created by residential and non-residential uncollectible rates, it ameliorates the disproportionately burdensome effective discount rate produced by the fixed \$0.50 per bill charge for residential consumers. Moreover, the blended discount rate this is currently in effect has not discouraged non-residential consumer participation in POR. (Dominion Rebuttal Testimony at 10-11).

Participation rates for non-residential consumers in ComEd's POR program actually increased subsequent to the introduction of the blended discount rate. (Dominion Rebuttal Testimony at 11).

The impact of the higher discount rate is compounded in that marketers serving residential consumers under POR must enroll all of those residential consumers in POR because of the "all in, all out" requirement. However, the same "all in, all out" requirement does not apply to service to non-residential customers, for whom energy shopping is already more well-established and for whom the economics of POR program participation necessarily differ. (Dominion Rebuttal Testimony at 10).

I. Conclusion

Given the Illinois state policy to promote residential energy market competition, NEM urges the Commission to consider the totality of the POR program elements that will directly impact the usefulness of the POR program to suppliers currently serving or considering serving residential consumers in the ComEd service territory and the impact of POR program design on residential consumer migration.

Dated: June 20, 2011

Respectfully submitted,

THE NATIONAL ENERGY MARKETERS
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CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the Initial Brief of the National Energy Marketers Association upon the service list for Docket No. 10-0138 by email on June 20, 2011.

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