



National Energy Marketers Association

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

In the matter of establishing rules)
and regulations pursuant to the) Case No. PUE010298
Virginia Electric Utility Restructuring)
Act for competitive metering services)

COMMENTS OF THE NATIONAL ENERGY MARKETERS ASSOCIATION

The National Energy Marketers Association (NEM) hereby submits Comments on the Interim Staff Report Presenting Recommendations on Further Proceedings for Promulgating Proposed Rules. The Report recommends implementation of a phased-in approach. The first stage of the phased-in approach is the provision of meter functionality choices and data access choices, including access to meter data information on a near real-time, on command basis to all customers or a third party by January 1, 2003. Staff also recommends that between January 1, 2002, and January 1, 2003, the utilities should be permitted to accommodate early entrants to the competitive metering market. Staff recommends submission of a draft of the proposed rules for this stage of the phased-in approach to competitive metering by February 14, 2002. Staff also recommends that the competitive metering work group should continue its examination of the market and formulate recommendations for subsequent phases of the implementation of competitive metering.

The National Energy Marketers Association (NEM) is a national, non-profit trade association representing both wholesale and retail marketers of energy and energy-related products, services, information and technologies throughout the United States. NEM's membership includes: small regional marketers, large traditional international wholesale and retail energy suppliers (as well as wind and solar power), billing and metering firms, Internet energy providers, energy-related software developers, risk managers, energy

brokerage firms, information technology providers and both manufacturers and suppliers of advanced distributed generation. Our membership has both affiliated and unaffiliated companies.

This regionally diverse, broad-based coalition of energy and technology firms have come together under the NEM auspices to forge consensus and to help eliminate as many issues as possible that would delay competition. NEM is committed to working with representatives of state and federal governments, large and small consumer groups and utilities to devise fair and effective ways to implement restructuring of electricity markets.

NEM has developed recommendations entitled, "*National Guidelines to Implement Competitive Advanced Energy Metering and Related Information Technologies*," a copy of which is attached hereto and incorporated by reference. NEM recommends that to most rapidly bring the benefits of true price competition to consumers, each monopoly service historically bundled in a utility's bill should be unbundled from products and services that can be offered by competitive suppliers and subjected to the rigors of the marketplace. NEM urges the Commission to immediately unbundle the fully embedded monopoly costs associated with metering and related information technology functions and to make these costs known and available to consumers in the form of shopping credits to exert price competition on competitive suppliers of the same services in the competitive marketplace. Additionally, NEM recommends that the shopping credits provided to consumers equal the fully embedded costs of all metering services and related information technologies including ownership, installation, servicing of equipment, maintenance, testing, reading, data management, validation, editing, estimations, pulse output transmission via Internet and billing. In this way competitive suppliers can price compete against utilities prices

The state should not grant utilities a monopoly or competitive advantage to provide competitive products, services, information and technology. Utilities should perform solely natural monopoly functions. Essentially, regulated utilities should sell regulated distribution services on a "no frills" cost of service basis. Regulations, tariff structures, and operational protocols should be designed to permit competitive, non-utility suppliers to

provide each of the products, services, information and technologies that are not natural monopoly functions.

Until metering-related functions are completely unbundled, it is critical that consumers have free access to information in a timely, standardized format. Once customers are afforded access to metering data - historical, current, and future – regulators can implement measures which provide utilities with targeted, time-sensitive, performance-based incentives to unbundle metering, thus encouraging the implementation of advanced metering and related technology which are required to upgrade the nation's infrastructure. Targeted, time-sensitive, performance-based rate structures should incent utilities to speed the complete unbundling of competitive products and services and their exit from the metering and related information technology functions.

NEM reiterates our commitment to working with the Commission and the other stakeholders to devise fair and effective ways to implement the competitive restructuring of Virginia's electric markets.

Respectfully submitted,

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