

Testimony of Bob Barkanic, PPL EnergyPlus  
Pa. House Consumer Affairs Committee  
Public hearing on municipal electricity aggregation bill  
Bethlehem, PA  
September 9, 2010

Chairman Preston, Chairman Godshall and members of the  
committee,

My name is Bob Barkanic. I am Senior Director of Energy  
Policy for PPL EnergyPlus of Allentown.

PPL EnergyPlus is a competitive wholesale and retail  
supplier of electricity and natural gas. We are a subsidiary of  
PPL Corporation, but not the same company as PPL Electric  
Utilities, the regulated public utility that provides electric  
delivery service in 29 counties of northeastern and central  
Pennsylvania.

There is strong evidence to show that electric choice has opened new opportunities for Pennsylvania consumers.

According to the Public Utility Commission website [papowerswitch.com](http://papowerswitch.com), nearly 675,000 consumers and businesses have chosen alternative electricity suppliers.

In the territory served by PPL Electric Utilities, more than 480,000 customers have shopped since generation rate caps expired at the end of 2009, and two-thirds of the electricity delivered by PPL Electric Utilities is from alternative suppliers.

As generation rate caps expire in other markets at the end of this year — specifically Peco Energy, Met Ed, Penelec and Allegheny — millions more Pennsylvanians will be able to choose competitively priced electricity supply.

House Bill 2619 contains provisions that would extend the benefits of competition to an even greater number of residential and business customers across the Commonwealth.

PPL EnergyPlus supports the concept of allowing municipalities to buy power as an aggregator for their residents and businesses.

Municipal aggregation would enable competitive electricity suppliers to work with municipalities to provide alternative supply options for customers who may not have — for whatever reason — selected their own supplier.

House Bill 2619 represents an effective way to overcome consumer inertia and gives consumers a third option — along with choosing an alternative supplier on their own or accepting default supply from their local utility.

Municipal aggregation supports a robust competitive market by reducing customer acquisition costs, which might otherwise present an obstacle for suppliers to enter the Pennsylvania market.

The goal of municipal aggregation should be to get the best possible combination of price and service for consumers.

PPL EnergyPlus believes there must be complete transparency in the process municipalities use to select an electricity supplier. House Bill 2619 includes a transparent procurement process with PUC oversight, which PPL EnergyPlus supports.

An issue we have with the legislation as drafted is the limit on business participation in municipal aggregation.

The bill would not allow small businesses with a maximum peak demand of more than 25 kilowatts to take advantage of a municipal aggregation option.

Increasing the peak demand limit to 500 kilowatts will give many more small and mid-size businesses an opportunity to benefit from this new competitive option for their electricity supply.

A larger limit will include more restaurants, retail stores and other businesses that could reduce their business costs with an alternative electricity supplier.

We also encourage the committee to resist language in the bill that dictates terms and conditions in municipal aggregation supply contracts.

Competitive suppliers that enter into aggregation contracts with municipalities should understand and accept the risks inherent in such contracts.

Efforts to legislatively mitigate risks for suppliers could result ultimately in higher costs and fees for consumers and would not advance the competitive market.

PPL EnergyPlus appreciates the work of this committee in supporting the growth of electric competition in the Commonwealth, and exploring ideas to advance the opportunities created by electric choice.

Municipal aggregation, done right, represents one more option for residents and businesses to benefit from electric choice.

Thank you for the opportunity to speak with you today.