

**A MEETING OF
THE ELECTRICITY AGGREGATION COMMITTEE
Tuesday, June 23, 2015**

1. The fifth meeting of the Electricity Aggregation Committee was called to order by Delaware Secretary of State Jeffrey W. Bullock, Chairman, in the Secretary of State's Conference Room, Townsend Building, 401 Federal Street, Dover, DE 19901 on Tuesday, June 23, 2015 at 9:00 AM with the following Committee members in attendance: Courtney A. Stewart, Office of the Controller General (GCO), Ed Synoski, Department of Natural Resources and Environmental Control (DNREC), Robert Howatt, Public Service Commission (PSC), and Robert Scoglietti, Office of Management and Budget (OMB).

Guests, support staff and members of the public in attendance included the following:

Ron Cerniglia, Direct Energy	Anne Lindner, Exelon
Senator Colin R.J. Bonini, Leg Hall	Andrea Maucher, Div. Public Advocate
Dr. Steve Estomin, Exeter Assoc.	Jerome Mierzwa, Exeter Assoc.
Colin Fitzsimmons, Direct Energy	Pam Scott, Delmarva Power
Matt Hartigan, PSC Staff	Jordan Seemans, Ruggerio, Willson & Assoc.
Heidi Hawkins, WGL	Anna Zahn, Exelon
Ed Jackson, Affinity Energy Mgmt.	

2. Secretary Bullock called the meeting to order at 9:00 AM and asked if there were any issues with the March 4, 2015 draft minutes. The minutes were adopted as filed (motion by Robert Scoglietti, second by Ed Synoski, unanimous approval).
3. Secretary Bullock noted the intent of the meeting to discuss the report from Exeter Associates and to discuss the next steps. He thanked Dr. Estomin and Mr. Jerry Mierzwa for their very readable report on their assessment of potential benefits of electricity aggregation for Delmarva Power's residential and small business customers. He requested that they review the process they went through in reviewing electricity aggregation and to share the background and findings summarized in the report.
4. Exeter Associates shared a short slide presentation. Mr. Mierzwa reviewed the review approach taken in the report and how they identified the six (6) state jurisdictions and related aggregation programs that were reviewed as part of the report analysis. He further discussed the approach they took to discussions with suppliers in looking for the factors that would impact the success or failure of an aggregation program. Dr. Estomin reviewed the principal findings of the report and the recommendations specific to Delaware. Key findings were that aggregation program success and savings was dependent on market timing and long term savings could not be assured. Energy suppliers confirmed that program success would be dependent on market timing and an aggregation program and the Delaware SOS would entail the same energy cost characteristics if the programs were substantially the same.

Exeter concluded that there could be subsets of suppliers that could provide service below the SOS price, but that carveout of customers to receive the lower prices would most likely increase supplier costs for other SOS customers (by selecting the low cost providers for the aggregation carveout). Balancing conflicting policy goals of low price, price stability and increased choice could be accomplished under and SOS arrangement as well as an aggregation arrangement.

Exeter recommended that Delaware should forego implementation of a state-wide aggregation program as sustained long term savings are not typically available when success is dependent on market price timing. They further recommended that some characteristics of aggregation programs should be considered for Delaware's SOS process.

5. Several Committee members had questions related to the review:
 - a. Bob Howatt asked about the impact of clearing prices versus weighted average prices in state energy bidding and was told that overall it had little impact.
 - b. Secretary Bullock asked about the oldest aggregation program and if there were consistent savings. Exeter responded that the Massachusetts's program had been running for about 10 years with pricing sometime lower than SOS and other times higher.
 - c. Secretary Bullock asked about the impact of a purchase of receivables on program cost. Exeter indicated they were unsure of the cost impact, but given Delaware's relatively small participation in choice programs it probably wouldn't be significant. They indicated a purchase of receivables program could possibly increase supplier interest in Delaware.
 - d. Bert Scoglietti asked about the Ohio program and whether it would be a good model. Exeter responded that First Energy as the program supplier had access to generation and could provide discounts, but were in process of closing out supplier contracts.
 - e. Courtney Stewart asked if the Commission had previously studied purchase of receivables programs. Bob Howatt indicate they had years ago, but deferred to Ms. Andrea Maucher who indicated the Commission had not taken any action.
6. Senator Bonini expressed disappointment that the review did not provide more clarity on potential other ways to lower energy prices in Delaware. He indicated there was certainly some head room in energy pricing and we needed to look for ways to capture it for the benefit of lower prices in Delaware. He noted that Delaware has some of the highest prices in the region and we should keep looking at the issue.
7. Secretary Bullock and Bob Howatt both indicated that Exeter Associates had done exactly as requested with respect to the study and there may be larger policy issues that are contributing to higher energy prices in Delaware.
8. Mr. Ed Jackson, Affinity Energy, indicated the Committee should ask suppliers why they are not more active in Delaware (as they are in the Philadelphia region), given the price differences between Delmarva's SOS and current markets. Ms. Maucher indicated the Delaware electric territory is too fractured between the Cooperative and Municipals and may contribute to supplier difficulties.
9. Mr. Howatt motioned that the Committee accept the consultants Electricity Aggregation report and that the Committee recommend that the Public Service Commission consider the findings and recommendations as part of the overall Standard Offer Service review. The motion was seconded by Mr. Synoski and approved by the Committee.
10. There being no further business, the Chairman adjourned the meeting at 10:15 AM.

Respectfully submitted,



Robert J. Howatt
Executive Director
Delaware Public Service Commission

ELECTRICITY AGGREGATION COMMITTEE MEETING
June 23, 2015

SIGN-IN SHEET

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