

ORDER NO. 90046

In the Matter of the Petition of NRG Energy, Inc., Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, and ENGIE Resources, LLC for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9461

Issued: January 19, 2022

ORDER GRANTING STAFF’S REQUEST FOR REVISED SCHEDULE AND PROCUREMENT OF A CONSULTANT

1. On September 24, 2021, the Staff of the Public Service Commission (“Staff”) filed a request to establish a revised timeline for completion of tasks related to supplier consolidated billing (“SCB”) and to authorize the procurement of a consultant to assist with electronic data interchange (“EDI”) (“Staff Request”). Responsive comments were filed by Washington Gas Light Company (“Washington Gas”); NRG Energy, Inc. et al. (“NRG”);¹ The Potomac Edison Company (“Potomac Edison”); and Baltimore Gas and Electric Company (“BGE”), filing jointly with the Potomac Electric Power Company and Delmarva Power & Light Company (“the PHI Companies”) (collectively, the “Exelon Utilities”). For the reasons discussed below, Staff’s Request is granted.

¹ In its responsive comments, NRG was joined by Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, ENGIE Resources LLC, and Vistra Corp. See NRG Response at 1, n. 1.

A. EDI Consultant

2. In its Request, Staff asks for Commission authorization to procure a consultant to assist the Supplier Consolidated Billing Working Group (“SCBWG”) with EDI development for implementing SCB, in order to ensure “consistent and error free exchange of billing, enrollment, metering, and payment information.”² Staff asserts that technical expertise outside of Staff’s core capabilities is needed to draft the required EDI documentation and to coordinate submission of proposals to change the statewide EDI standards.³ In contrast, Staff contends that a technical consultant is not necessary for the gas Extensible Markup Language (“XML”) technical working group, because the XML documentation used by BGE and WGL in Maryland is not coordinated with other jurisdictions.

3. Staff notes that during the SCBWG process, the Exelon Utilities offered to procure a consultant to assist with the EDI working group, subject to cost recovery. Staff recommends that the Exelon Utilities be authorized to seek cost recovery of consultant costs as part of a review of all other costs associated with implementing SCB. Staff further states that it supports allowing each utility to establish a regulatory asset for any costs associated with EDI development as needed to recover consultant costs.⁴

4. The Exelon Utilities agree with Staff that there is a need for outside technical expertise to draft the required EDI documentation and coordinate submission of proposals to change the statewide EDI standards.⁵ However, they argue that an XML consultant

² Staff Request at 2.

³ *Id.* at 2-3.

⁴ *Id.* at 4.

⁵ Exelon Utilities October 1, 2021 Response at 1.

would also be valuable because it could provide the technical background and understanding of SCB-related XML implementations in other jurisdictions.⁶ Regarding cost recovery, the Exelon Utilities assert that the costs of the consultant should be obtained through discount rates applied to retail choice billings in the manner that funds costs associated with utility consolidated billing (“UCB”) purchase of receivables (“POR”). The Exelon Utilities claim that this recovery process “is appropriate given that it is suppliers that are requesting that SCB be implemented and thus causing these consultant costs to be incurred.”⁷ The Exelon Utilities further argue that although not all UCB suppliers may choose to participate in SCB, all suppliers will have the option of participating in SCB.

5. Washington Gas agrees with Staff that a consultant is not needed for the XML work group.⁸ In support, Washington Gas references the Rulemaking 35 (“RM35”) process, where it worked with BGE, retail suppliers, and other stakeholders, under Staff’s supervision, to write the XML procedures and transactions for the automation of enrollments, drops, payments and other transactions between the retail suppliers and the utilities. Finally, Washington Gas argues that any consultant hired by the Exelon Utilities to serve as a consultant to the SCBWG should be independent, stating: “Washington Gas does not believe a single consultant can be completely neutral in the work group if s/he is also helping the Exelon companies navigate the implementation of SCB.”⁹

⁶ *Id.* at 2.

⁷ *Id.*

⁸ Washington Gas September 29, 2021 Response at 3.

⁹ *Id.*

6. NRG agrees with Staff that a consultant is needed for EDI implementation, and does not oppose the use of Exelon's RFP process to retain the consultant.¹⁰ NRG asserts that once hired, the consultant should focus on producing deliverables, not project management, and should report to Staff and work in an independent and unbiased manner.¹¹ NRG also agrees with Staff that a consultant is not needed for XML implementation, given that BGE and Washington Gas should be able to work collaboratively with retail natural gas suppliers, under Staff's guidance, to develop satisfactory XML protocols for SCB. Regarding cost recovery for consultant fees, NRG argues that the fee should be relatively small compared to the total cost of SCB implementation, and that the Exelon Utilities should be permitted to seek cost recovery of such fees as part of a review of all other costs associated with implementing SCB.¹² NRG opposes the Exelon Utilities' proposal to recover consultant costs through UCB POR discount rates, given that only a small fraction of retail suppliers have expressed an interest in providing SCB services in Maryland.¹³

7. In response to the cost recovery proposal of the Exelon Utilities, Staff contends that recovery through UCB POR discount rates may not be appropriate because not all UCB suppliers may choose to participate in SCB.¹⁴

¹⁰ NRG September 30, 2021 Response at 4.

¹¹ *Id.* at 5.

¹² *Id.* at 5-6.

¹³ *Id.* at 6.

¹⁴ Staff Request at 4; Staff December 14, 2021 Response at 3.

Commission Decision

8. The Commission grants Staff's request for authorization to procure a consultant to assist the SCBWG with EDI development for implementing SCB, including to draft the required EDI documentation and to coordinate submission of proposals to change the statewide EDI standards. The Exelon Utilities are authorized to procure the consultant on behalf of the SCBWG; however, the Commission agrees with Washington Gas that in order to ensure parties of the consultant's neutrality, the consultant should focus on the combined needs of the work group and not assist the Exelon Utilities with other system developments.¹⁵ The Commission also agrees with NRG that the consultant should focus on producing deliverables to the SCBWG, not project management, and that the consultant will report to Staff. Given the assurances by Staff and Washington Gas that an XML consultant is not needed and the positive experience in RM35, the Commission will not authorize procurement of an XML consultant.

9. Regarding cost recovery, the utilities are authorized to seek recovery of consultant costs as part of a review of all other costs associated with implementing SCB. The utilities may establish a regulatory asset for any costs associated with EDI development as needed to recover consultant costs.¹⁶ The Commission will determine at a later date how recovery of consultant costs will occur, after a more complete picture of SCB costs and POR balances becomes available.

¹⁵ The Exelon Utilities clarified that this issue is not in contention, stating that "both the EDI and XML consultants would act independently and would not assist the Joint Exelon Utilities with other internal system developments." Exelon Utilities December 22, 2021 Response at 2.

¹⁶ As with any regulatory asset, the issue of inclusion in rates and prudence would be determined at a later time.

B. Schedule

10. In its Request, Staff recommends that the SCB implementation schedule be revised by extending the implementation of SCB approximately 12 months to December of 2023, to reflect the fact that certain milestone dates have passed.¹⁷ Staff's proposal adds three months to the EDI standards development schedule to allow time to procure the consultant. Additionally, under Staff's proposed schedule, utilities and retail suppliers would begin programming systems in July of 2022, testing of SCB with retail suppliers would begin in September of 2023, and SCB suppliers could begin sending bills in December 2023.

11. The Exelon Utilities oppose Staff's schedule, asserting that BGE and the PHI Companies have planned IT projects that may preclude the development of SCB functions in the timeline proposed by Staff.¹⁸ Specifically, the Exelon Utilities claim that with the one-year delay in SCB implementation being requested by Staff, SCB will overlap with other committed projects in Exelon's long-range IT plan, several of which have already commenced. The Exelon Utilities argue that approximately 22 months will be needed to implement and internally test the required billing system changes before the utilities could reasonably be expected to begin implementing SCB. Additionally, given limited IT personnel and resources, the Exelon Utilities argue that attempting to simultaneously implement SCB concurrently with its other IT projects would increase the delivery cost for all the projects, including SCB, and increase the risk for implementation issues for each project. In order to implement SCB with Exelon's existing IT constraints, the Exelon

¹⁷ Staff Request at 4. For example, the current Commission-approved SCB schedule provides that SCB model tariffs will be filed and accepted by March 1, 2021, which Staff proposes to extend to July 1, 2022.

¹⁸ Exelon Utilities October 1, 2021 Response at 3.

Utilities propose an alternative implementation schedule with a SCB billing start date of September 1, 2025.¹⁹

12. Potomac Edison similarly opposes Staff’s proposed schedule, arguing that it is unrealistically short.²⁰ Potomac Edison argues that Staff’s proposed schedule does not leave any room for contingencies and does not acknowledge statewide initiatives that will impact utility system programming. Additionally, Potomac Edison asserts that all the utilities should implement SCB at the same time, in order to avoid customer confusion and unnecessary burden on any one utility.²¹

13. Washington Gas asserts that although it was prepared to meet the original December 2022 SCB implementation date, Staff’s proposed one-year delay may cause a conflict with Washington Gas’ five-year plan to schedule and implement IT system changes and upgrades.²² Washington Gas therefore cannot confirm that it could meet a December 2023 start date for SCB.

14. NRG supports Staff’s revised timeline and opposes the Exelon Utilities’ proposal to further extend the SCB implementation timeline.²³ NRG asserts that it is “extremely concerned about the lengthy amount of time this process has taken,” given that NRG and other retail suppliers filed their petition requesting implementation of SCB in Maryland over four years ago (in September of 2017), and that the Commission issued Order No. 89116 directing the implementation of SCB over two years ago.²⁴ In order to prevent future

¹⁹ *Id.* Response at 5.

²⁰ Potomac Edison October 4, 2021 Response at 1-2.

²¹ Potomac Edison December 22, 2021 Response at 1-2.

²² Washington Gas September 29, 2021 Response at 2.

²³ NRG September 30, 2021 Response at 6.

²⁴ *Id.* at 1, referencing Maillog No. 216788.

delays, NRG requests that the Commission “take a more active role in ensuring the dates in the revised schedule are met.”²⁵ In particular, NRG asks that the Commission direct the SCBWG, including the EDI and XML working groups, to submit monthly progress reports for the Commission’s review, and address any disagreements at a weekly administrative meeting.²⁶

15. Potomac Edison asserts that requiring a monthly report to the Commission would be too time-consuming, but that a report could be provided to the Commission at important milestones to obtain Commission guidance on any issues involved with that milestone.²⁷

16. Staff opposes NRG’s proposal for monthly progress reports, arguing that this proposal would add unnecessary workload to Staff’s agenda and potentially interfere with achieving SCB implementation.²⁸ Staff argues that Potomac Edison’s proposal is not necessary either, but is more reasonable.

17. Regarding the Exelon Utilities’ proposal to further extend the SCB timeline, Staff argues it would unreasonably delay policy goals and business opportunities in Maryland.²⁹ Staff asserts that not all of the IT projects cited by the Exelon Utilities will conflict with Staff’s proposed SCB schedule, and that two of the three system updates the Exelon Utilities are implementing are partly driven by companies not located in Maryland.³⁰ Staff further contends that the Exelon Utilities proceeded with their five-year IT projects without seeking Commission permission or guidance, knowing that changes in the SCB schedule

²⁵ NRG September 30, 2021 Response at 3.

²⁶ *Id.* at 4.

²⁷ Potomac Edison October 4, 2021 Response at 2.

²⁸ Staff December 14, 2021 Response at 9.

²⁹ *Id.* at 2.

³⁰ *Id.* at 6-7.

would be necessary since the SCBWG missed scheduled milestones. For that reason, Staff asserts that any increase in costs related to Exelon companies outside of Maryland should be the responsibility of Exelon or the outside company.

Commission Decision

18. The Commission grants Staff's request to extend the SCB implementation schedule by extending the implementation of SCB 12 months to December 2023. Each of the revisions provided by Staff in its proposed schedule is accepted.³¹ The Commission declines to accept the schedule proposed by the Exelon Utilities, finding that it may unnecessarily delay achievement of SCB in Maryland, and thereby hinder important policy goals and business opportunities. As NRG observed, the petition for SCB was filed over four years ago, and the Commission's Order No. 89116 directing the implementation of SCB was issued over two years ago.

19. The Commission declines NRG's request that the SCBWG make monthly progress reports to the Commission, finding that monthly reporting could burden Staff with additional tasks that could exacerbate delays and ultimately interfere with timely achieving SCB implementation. Instead, the Commission directs the SCBWG, through Staff, to contact the Commission if a particular issue cannot be resolved so that the Commission may provide guidance. Additionally, the SCBWG may provide a status report at important milestones as proposed by Potomac Edison.

³¹ See Staff Request at 6.

IT IS THEREFORE, this 19th day of January, in the year Two Thousand Twenty-Two, by the Public Service Commission of Maryland,

ORDERED That Staff's request to establish a revised timeline for completion of tasks related to supplier consolidated billing and to authorize procurement of a consultant to assist with electronic data interchange is granted, as provided in the body of this Order.

By Direction of the Commission,

/s/ Andrew S. Johnston

Andrew S. Johnston
Executive Secretary