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February 17, 2023

New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301 via: ClerksOffice@puc.nh.gov

Re: Docket No. IR 22-053
Investigation of Energy Commodity Procurement, &c.

To the Commission:

Enclosed for filing in connection with the above-referenced investigative proceeding is a memorandum from our consultants at Synapse Energy Economics. Although they are framed by Synapse as a set of recommendations to me as Consumer Advocate, please treat them as stating the official position of the Office of the Consumer Advocate ("OCA").

The OCA has, until now, avoided public comment on the future of default energy service procurement. We are stepping forward at this juncture because, frankly, we are concerned about the extent to which other commenters have adopted what amounts to "do little if anything" recommendations in the face of an electricity affordability crisis.

The epicenter of that crisis is, of course, the unconscionable increases in default energy service prices during the past two years. Residential customers had grown accustomed to prices in the range of 8 to 10 cents per kilowatt hour. Today they range from 13 cents (the "Co-Op Power" rate from the New Hampshire Electric Cooperative") to 26 cents for Unitil. With all due respect for those who would apologize for or justify such a situation, something is terribly wrong when there is such a drastic spread of prices for what is, incontrovertibly, the exact same product.

This situation has not just engendered widespread suffering among residential customers. It also threatens the very foundation of electric industry restructuring, barely five years after the conclusion of the interminable 22-year transition to a restructured industry.

The Commission cannot ignore the fact that even as default energy service rates have reached unconscionable heights the vast majority of residential customers remain on default service. The latest figures from Eversource are that fully 81 percent of the company's residential customers in New Hampshire are paying Eversource's 20 cent default energy service rate. At the same time,

the OCA's counterpart in Maine, the Office of the Public Advocate, recently asked that state's legislature to phase out retail choice for residential customers based on a study conducted in demonstrating that residential customers have, at most, failed to achieve any benefits from the availability of non-utility electric supply. A similar study by the ratepayer advocate in Massachusetts several years ago yielded similar results and the same recommendation. We are not making such a proposal (which would obviously require legislation) *at this time*.

Apologists for the status quo would have you do nothing because of the risks arising out of price certainty and vigilant portfolio management, particularly in the event wholesale prices ever moderate. These interests apparently do not care about the high value residential customers place on certainty and their preference for having a trusted agent manage their energy choices for them – the obvious inference to be drawn by the low migration rate.

Some of the comments from the community of wholesale electricity suppliers read like the proverbial threat of capital to go on strike in the event the rules of default energy service procurement become less favorable to their interests. Some of the comments from utilities seem insufficiently attentive to their obligations, as holders of monopoly franchises, to act vigilantly and aggressively in the best interests of their customers – even though, as the utilities are fond of pointing out, their shareholders do not skim any profits off the top of default energy service revenue. It is tempting to conclude that no one is watching out for residential customers, a state of affairs that cannot be consistent with the intentions of the General Court when it opted for industry restructuring in 1996.

As the state's ratepayer advocate, we foresee a time when community power aggregation programs will serve the bulk of what is presently the residential default energy service load. But we are keenly aware that some residential customers will always be on default service, particularly because it is unrealistic to expect every municipality in the state to embrace community power aggregation. Those customers cannot be ignored or knowingly consigned to a default energy service "death spiral" in which the risk premiums embedded in default energy service prices get bigger and bigger as the default energy service load shrinks.

In these circumstances, there is an urgent need for the Commission to open an adjudicative proceeding under its Puc 200 contested case rules to determine, with all deliberate speed, the future contours of default energy service procurement. Those who favor the status quo would then have an opportunity to present evidence in support of inaction. Parties with that view can look forward to vigorous cross-examination. We are likely to propose an approach to default energy service that will resemble the active portfolio management practiced by the New Hampshire Electric Cooperative and/or potentially the simultaneous statewide procurements conducted by state government as buying agent for the utilities, as is currently done in Maine. We also believe that a live descending clock auction approach to default energy service procurement, in which each tranche of each utility's default service load is simultaneously offered to wholesale suppliers, warrants serious examination as a means of reining in the significant risk premiums presently embedded in default energy service prices.

Thank you for the opportunity to present our views on what may be the most important issue presently pending before the Commission.

Sincerely,

Donald M. Kreis
Consumer Advocate

cc: Service list, via e-mail

Memorandum

TO: DON KREIS, OFFICE OF THE CONSUMER ADVOCATE

FROM: TIM WOOLF AND SARAH SHENSTONE-HARRIS, SYNAPSE ENERGY ECONOMICS

DATE: FEBRUARY 16, 2023

RE: DOCKET NO. IR-22-053 – INITIAL COMMENTS

1. Introduction and Summary

On September 6, 2022, the New Hampshire Public Utilities Commission (Commission), opened Docket IR-22-053 to examine all pertinent aspects of New Hampshire's renewable portfolio standard (RPS), default service, and cost of gas (COS) procurements, and related Commission processes. On October 11, 2022, the Commission issued several questions for the New Hampshire electric and gas utilities to answer on these topics. On November 18, the New Hampshire electric and gas utilities provided answers to these questions in a set of technical statements. On January 12, 2023, the Granite State Hydroelectric Association (GSHA) and the Retail Electric Supply Association (RESA) submitted comments in this docket, and on February 2, 2023 the New Hampshire Department of Energy (NH DOE) also submitted comments in this docket. On February 8, 2023, the Commission issued an additional set of record requests to the utilities and other parties.

This memo provides some initial comments on the issues raised by the Commission, the utilities, and the other parties to this docket. In sum:

- The current practices for procuring default energy service in New Hampshire are unduly simplistic and can be significantly improved, in many cases by adopting practices from neighboring New England states.
- The goals of providing low-cost electricity and promoting price stability should be given higher priority than other goals cited in this docket. The goals of promoting retail competition and sending market-based price signals should be secondary goals, at best.
- Modifications to the default energy service practices should focus on making the *solicitations* more competitive, rather than making the *markets* more competitive.
- Statewide coordination of default energy service offers some potential advantages and therefore warrants further investigation.
- Laddering practices for procuring default energy service offer significant benefits in terms of reducing price volatility and therefore warrant further investigation.

- Alternative tranche designs offer significant benefits for customers and therefore warrant further investigation.

- Long-term contracts for renewable power can help promote price stability and, if properly procured, can result in lower costs to customers and therefore warrant further investigation.

- Given that vast majority of small customers do not actively shop for competitive generation services, the most efficient, low-cost, and stable way to obtain power from small customers might be to eliminate the competitive retail market for small customers. All small customers could be provided with either default energy service from the NH utilities or through Community Choice Aggregators.

- Alternative auction mechanisms, such as descending clock auctions, might help to attract competitive suppliers and make the default energy service solicitations more competitive.

2. Prioritization of Goals

The comments submitted in this docket suggest several goals associated with the procurement of default energy service. These goals include (a) providing low-cost electricity, (b) promoting price stability, (c) sending market-based price signals, (d) promoting a competitive wholesale market, and (e) promoting statewide price consistency. Prioritizing these goals helps to address some of the issues raised in this docket, especially where some of the goals are in conflict.

Providing low-cost electricity and promoting price stability are the two most important goals in this context. Recent events in the electricity markets and the recent utility procurements of default energy service indicate that the current approach to solicitation from competitive suppliers places customers at risk of volatile and potentially very high default energy service prices.

While providing customers with efficient price signals is an important goal, it should not be elevated to the point where it jeopardizes the primary goals of low cost and price stability. The Retail Electric Supply Association (RESA) and NRG use the goal of providing market-based price signals to justify many of its recommendations, but this goal must not take priority over the goals of low cost and price stability. In theory, the default energy service prices could be designed to reflect the actual daily and hourly prices from the New England wholesale electricity markets, which would make them fully reflective of market prices, but this would lead to prices that are unacceptably volatile for many customers and could lead to rate shock.

In addition, most small customers are unable and unlikely to adopt energy efficiency measures to respond to short-term swings in market prices.[1] Therefore, focusing too much attention on market-based price signals is likely to create significant risks and costs for small customers without any

[1] The one exception is demand response initiatives, where customers are provided with pricing incentives to curtail or shift load from high-cost periods of the day or week. However, these initiatives are better addressed through demand response programs and time-varying rates that can provide customers with predictable and consistent price signals to respond to.

commensurate benefit in terms of energy efficiency. Further, retail price signals can be made much more efficient through effective rate design practices and therefore do not need to be tied to the daily and weekly uncertainties and volatilities of the electricity markets.

Rather than using the promotion of competitive wholesale or retail markets as a goal in this context, a better goal would be to promote *competitive solicitations* for default energy service. If the solicitations are competitive enough, they will serve the two purposes of providing customers with low, stable electricity prices and supporting the competitive suppliers who participate in the solicitations.

Further, there is some evidence to suggest that the retail electricity market in New Hampshire, and elsewhere, has never functioned as a fully competitive market for small electricity customers, and probably never will. For a variety of reasons, most small customers tend not to choose competitive suppliers and there have been many instances where those who do end up paying higher electricity prices.[2] In light of this, the risks and disadvantages of making the retail electricity market more competitive are far outweighed by any potential advantages of doing so.

Finally, promoting statewide price consistency should be considered a very low priority. Having consistent prices statewide would be a very minor benefit and is not important enough to increase the risk of creating higher or less stable prices.

3. Consolidated Procurement

All participants in this docket appear to agree that region-wide default service procurement, where utilities coordinate with the procurement practices of their affiliates in other states, is not practical due to the many differences in state legislative requirements and regulatory practices.

There might be value in promoting more coordination across the NH utilities. This could be as minor as the utilities coordinating on some solicitations for some tranches of energy, if such coordination would result in more robust solicitations because of, e.g., the larger volume of energy being procured. It could also include utilities sharing expertise and information to allow for a better analysis and understanding of competitive generation markets for the short-, medium-, and long-term.

Statewide coordination could also be much broader and take the form of a central entity, such as the NH Department of Energy, procuring all the default service energy for all the electric utilities. The advantage of this approach is that it would consolidate all the expertise and information in one entity, and it would allow for larger tranches of energy purchases, which might attract more sellers of competitive generation.

In sum, statewide coordination of default energy service offers some potential advantages and therefore warrants more investigation.

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[2] See, for example: Baldwin & Howington, *Reform of Electricity Supply: CEP-Served Residential Market*, prepared for the Maine Office of the Public Advocate, February 1, 2023.

4. Laddering

Some form of laddering would significantly improve the current default energy service procurement practices. Buying 100% of supply needs for small customers in each solicitation can result in highly volatile energy prices for those customers, as indicated in the most recent NH utility solicitations. A laddering approach, where portions of procurements are staggered over time so that they capture market prices at multiple points in time, can significantly reduce price volatility. This practice is used by utilities in other states, and is also common practice for diversifying and reducing risks associated with financial investments.

Massachusetts uses a two-part laddering approach, where 50% of residential basic service power is solicited twice each year.[3] Connecticut uses a more sophisticated laddering approach, where solicitations occur three times a year to procure power for ten tranches each representing 10% of the customer load.[4]

NH utilities could adopt one of these models or design a system with different timing and different tranches. For example, NH utilities could establish a system where they procure default services of three types: short-term, which includes monthly or quarterly contracts for power; medium-term, which includes six months or annual contracts; or long-term, which includes two- or three-year contracts. Broadening the types of contracts in this way might be more appealing to some competitive generators, e.g., those seeking to finance new power plant construction might highly value contracts that are longer than six or even twelve months.

Laddering does not just reduce the *volatility* of electricity prices, it also reduces *risk* that the prices become unduly high. If the utilities procure 100% of power for service certain customers all at once, there is a chance that the procurement happens when market prices are especially high and the customers are saddled with those high prices until the next procurement while the rest of the market enjoys lower prices.

RESA and NRG claim that laddering will distort price signals.[5] However, laddering does not necessarily distort price signals any more than the current approach to procuring default energy service in NH. Further, even if it did, the advantages of more stable pricing far outweigh the disadvantages of potentially distorting prices. This is one example of many instances where RESA and NRG place a much higher priority on the goal of promoting a competitive market with market-based price signals than on the goals of providing low-cost service at stable prices. As noted above, these goals should be reversed. Further, laddering and dollar-cost-averaging are common practices used in financial markets to reduce

[3] Eversource, response to Data Request No. PUC 1-005, page 4.

[4] Eversource, response to Data Request No. PUC 1-005, page 3.

[5] Retail Energy Supply Association and NRG Retail Companies (RESA and NRG), *Joint Comments*, Docket No. IR 22-053, January 23, 2023, page 18.

risk and create more stable returns on investments, but these practices are not criticized for distorting prices, nor have they undermined the financial markets with distorted price signals.

In addition, RESA and NRG claim that price distortions from laddering means that "energy customers in New Hampshire lose out on the myriad of value-added products and services that are available to customers in the competitive market, including cost savings, price stability, electricity from renewable energy sources, or other attributes of value."[6] This claim is incorrect in several way. First, laddering results in more stable prices, not less. Second, there is nothing about laddering that precludes utilities from procuring renewable resources. In fact, laddering might increase the potential for procuring low-cost renewable resources by allowing for longer-term contracts that renewable developers tend to prefer. Third, RESA and NRG provide no evidence to support the claim that laddering will not lead to cost savings.

RESA and NRG also claim that laddering will result in "boom and bust" situations, "where customers pay artificially low or high prices for electricity base on longer-term, laddered contracts."[7] This is a complete misrepresentation of the outcome of laddering. Using a mix of contracts covering multiple time periods reduces the short-term swings in prices, *reducing* any boom and bust effects. This reduction in the short-term swings in prices is one of the main reasons for laddering.

In sum, laddering practices for procuring default energy service offer significant benefits in terms of reducing price volatility and therefore clearly warrant more investigation.

In its February 8, 2023 record requests, the Commission asked all parties the following question:

> *RR 3: Please comment on whether utilities should be provided flexibility to determine at any time, with proper notice to the Commission, a switch from laddering to full requirement (and vice-versa) based on future price trends to lower energy service costs for ratepayers. Participants are welcome to offer recommendations based on hypothetical scenarios.*

As noted above, the NH utilities should adopt laddering practices, and there are a variety of such practices that could be adopted. However, the "flexibility to determine at any time" the right approach to laddering might be too much flexibility. Establishing a sound laddering structure at the outset and maintaining that structure for a reasonable period of time will be important to identify how well that structure is working. Changing the structure frequently or with little notice might create more volatility and uncertainty rather than less. Requiring proper notice and approval from the Commission would help mitigate this concern, but only moderately.

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6 RESA and NRG page 19.

7 RESA and NRG, page 18.

5. Tranches

In its February 8, 2023 record requests, the Commission asked all parties the following question:

> *RR 4: Are there ways to approach tranches (e.g., number of procurement periods, percentage of load per tranche, number of tranches etc.) differently so that the default service procurement produces more competitive prices? Please provide detailed recommendations as appropriate*

There are many ways to design tranches of power that will produce more competitive electricity bids, less volatile prices, and potentially lower prices. For example, power for some customers could be solicited more frequently than for other customers, e.g., quarterly. As another example, power supply could be broken out by type of load, e.g., weekday versus weeknight versus weekends and holidays, to provide competitive suppliers with options that might better suit their generation profiles and costs. As another example, tranches could be established for different time periods, such as short-term, medium-term, and long-term, as described above.

In sum, there are many ways to design tranches for the procurement of default energy service, and more thoughtful tranche designs would likely offer significant benefits for customers. Therefore, this issue clearly warrants more investigation.

6. Failed Solicitations

In its October 11, 2022 record requests, the Commission asked what back-up options could be used in the event that a default energy service solicitation fails to receive any bid or is otherwise found to be non-competitive. In their responses, the utilities describe a Market-Based Procurement Process, and note that it should be used only as a last resort.

More sophisticated approaches to procuring default energy service, such as with laddering with multiple tranches, are likely to reduce the likelihood of failed solicitations by making the solicitations more flexible and better tailored to the interests and products of competitive generators. In addition, if a utility solicits tranches of power on a more frequent basis, then it will be in a better position to issue a follow-up solicitation without signaling to the market that the previous solicitation failed to produce a competitive bid. Further, utilities might choose to extend the period of time (by a reasonable amount) between the bid and the delivery of power, giving utilities more time for follow-up bids and corrections in the event of a failed bid.

7. Long-Term Contracts for Renewable Power

Long-term contracts for renewable power can help promote price stability and, if properly procured, can result in lower costs to customers. Renewable developers are inclined to offer fixed-price contracts because they do not rely upon fossil fuels with potentially volatile prices, and they face less risk from future requirements to reduce greenhouse gas emissions. Fixed price contracts offer utilities a financial hedge against the volatility of the New England wholesale electricity prices.

RESA claims that long-term contracts carry several risks for ratepayers, implying that they should not be used as a hedge against volatile prices. Their arguments in support of this claim, however, are based on mischaracterization of long-term contracts and how they can be used. RESA makes four points to support this claim.[8] Each is addressed below.

1. Long-term contracts "are based on forecasts and may actually lock customers into paying higher rates if the market prices fall." While this is true, it is also true for short-term, e.g., six-month contracts. Also, long-term contracts can be procured and structured in a way that reduces this risk; renewable developers in New England are currently offering long-term products that cost much less than power from the wholesale electricity markets. Further, RESA fails to mention that long-term contracts will enable customers to pay *lower* rates if the market prices *increase*.

2. Long-term contracts "send distorted pricing signals, crushing the development of a competitive market." The recent default energy service prices could be described as much more "distorted" than prices from a renewable developer through a competitive bidding process with sound regulatory oversight. Further, a small amount of power from a long-term contract in conjunction with competitive procurements for the majority of default energy service is not going to "crush," or even jeopardize the competitive markets. Long-term contracts for renewable resources have been in use in other New England states for many years and they have not crushed the competitive wholesale electricity markets.

3. Long-term contracts "may result in rate shock at the expiration of the long-term contract." First, customer default energy service rates are not likely to experience a price spike if the long-term contracts represent only a portion of the total products used to provide default energy service. Second, and more importantly, if rates were to increase significantly at the expiration of a long-term contract, *it would be only because the long-term contract prices were a lot lower than wholesale market prices*, in which case the long-term contract would have provided significant benefits to customers.

4. Long-term contracts "provide disincentives for energy efficiency to which customers are otherwise attuned when accurate price signals are sent out." Energy efficiency investments by customers should be driven by prices that reflect long-term marginal costs, not by the short-terms swings in electricity market prices. Further, like the previous point, this point implies that the long-term contract prices would be lower than market-based prices, which means that the long-term contracts are providing lower costs to customers.

In many of its arguments, RESA seems willing to sacrifice low-cost power and price stability to promote markets and market-based pricing. These priorities should be reversed. Competitive markets should not be seen as the end goal. Rather, competitive markets should be used where and as appropriate to achieve the primary end goals of providing low-cost electricity at stable prices.

[8] RESA and NRG, page 26.

8. Competitive Retail Market Reform

Evidence from the past 20 years of experience with the competitive electricity markets in New England has made it abundantly clear that small electricity customers are unlikely to participate actively in competitive retail electricity markets. For example, for Eversource only 20% of small residential and 33% of small commercial customers have chosen to procure electricity from competitive suppliers instead of default energy service.[9] Similar patterns have been observed in the other New England states.[10]

There are many reasons why small customers typically do not proactively participate in competitive retail electricity markets. For example: some customers do not care enough about their electric bills to take the time necessary to shop for suppliers; some customers do not have the information, expertise, or time to shop for suppliers; some small customers might be cautious about unscrupulous claims or marketing practices offered by some competitive suppliers; some customers might not even know they have the option to shop for competitive suppliers.

This evidence raises the question of whether a competitive retail electricity market is practical or viable for small customers. If not, then the most efficient, low-cost, and stable way to obtain power from small customers might be to eliminate the competitive retail market for small customers and have small customers be provided with either default energy service from the NH utilities or through Community Choice Aggregators.

Eliminating retail competitive for small customers in New England would make the tranches of solicited power larger, which might make the solicitations more appealing to competitive suppliers. In addition, it would eliminate the risk to competitive suppliers of customer migration, and might allow them to reduce their risk premiums and therefore reduce their prices.

If the Commission wishes to truly explore all the opportunities for reducing the cost and volatility of generation services in New Hampshire, then reforming the competitive retail market in New Hampshire clearly warrants more investigation.

9. Renewable Energy Credit Procurement

Parties to this docket are mixed on whether REC requirements should be the responsibility of the utilities or the developers bidding on default energy service. Some argue that competitive suppliers are better placed to manage the risk associated with procuring RECs,[11] but others claim that competitive

[9] Eversource Energy, *4th Quarter 2022 Customer Migration Report*, January 13, 2023.

[10] Baldwin & Howington, *Reform of Electricity Supply: CEP-Served Residential Market*, prepared for the Maine Office of the Public Advocate, February 1, 2023. *Cite Massachusetts AGO study as well.

[11] Eversource, *Response to Data Request No. PUC 1-006*, Docket No. IR 22-053, November 18, 2022,

suppliers are more likely to set their bids based on the cost of the alternative compliance payment than the cost of procuring RECs,[12] which leads to inflated prices for default energy service.

Given the recent challenges that NH utilities have had in obtaining competitive bids for default energy service, the responsibility of procuring RECs should be left with the utilities. Adding this responsibility to competitive suppliers might make them more reluctant to bid in New Hampshire or might make them inclined to unduly increase prices to reflect the risks associated with procuring RECs.

10. Live Auctions

There are a variety of different mechanisms that could be used to solicit competitive proposals from competitive suppliers. Live auctions, such as descending clock auctions, are sometimes used to create more transparency and to encourage more interaction between competitors.

Different auction mechanisms might be more appealing to competitive suppliers and therefore might encourage greater participation in the default energy service solicitations, which would likely result in better outcomes for customers. Therefore, these mechanisms warrant further investigation.

11. Managed Portfolios

RESA claims that a managed portfolio will increase risks. Their arguments in support of this claim, however, are based on mischaracterizations of portfolio management, emphasis on negative aspects of portfolio management without mentioning positive aspects, and use of extreme examples that overstate the potential risks of portfolio management. RESA makes several points to support its claim.[13] Each is addressed below.

1. "The most significant risk from putting the Electric Utilities into the active portfolio management role is the possibility that they will assemble a portfolio that becomes 'above market' or 'out of the money.'"[14] This risk already exists with the current approach to soliciting default energy service in New Hampshire. Encouraging utilities to be more thoughtful and sophisticated with how they procure generation services is more likely to reduce the current risk than increase it.

2. "The Managed Portfolio approach would leave the Electric Utilities with the risk that, as power prices fall and customers leave default service, the Electric Utilities (and, ultimately, default service customers) will be left holding purchased power supply in excess of default service load requirements; thereby, unnecessarily increasing the cost of supply to those customers that remain on default service."[15] Again, this risk already exists with the current approach to soliciting default energy service in New Hampshire. Encouraging utilities to be more thoughtful

[12] Unitil Energy Systems, *Technical Statement*, IR 22-053, November 18, 2022, page 11.

[13] RESA and NRG, page 26.

[14] RESA and NRG, page 21.

[15] RESA and NRG, page 22.

and sophisticated with how they procure generation services is likely to reduce the risk of customer migration by encouraging more stable and lower prices.

3. "The Electric Utilities must have the expertise to understand and follow not only electric energy and other commodity markets, but also fuel, ancillary services, and capacity markets. A diverse pool of wholesale suppliers rather than a small group of Electric Utility employees provides the most cost-effective method of default service supply management."[16] First, the use of portfolio management techniques does not preclude utilities from procuring full requirement services, where all relevant commodity markets are wrapped together in proposals from competitive suppliers, thereby eliminating the need for expertise in multiple commodities. Second, as noted above, a central organization such as the New Hampshire DOE could be assigned the role of procuring default energy service on behalf of the NH utilities, thereby consolidating the expertise needed to successfully implement portfolio management.

4. "[W]ith the Managed Portfolio model, customers do not receive accurate price signals because the true cost of serving a customer for a certain period of time is not reflected in rates until a later date when the Electric Utilities true-up their rates against their actual costs to serve."[17] Again, this outcome can occur under the current approach to procuring default energy service in NH. Further, this argument implies that the goal of providing accurate price signals is more important than the goals of providing low-cost default energy service at stable prices.

5. "Reconciliations present a constant threat to, and undermine, the State's conservation and energy efficiency goals."[18] As noted above, customers decisions regarding adopting energy efficiency programs are driven more by longer-term price signals than by daily, weekly, or monthly price swings, and there are better ways to provide customers with efficient price signals than exposing them to the volatility of the competitive market prices.

6. "Reconciliations are also harmful to the continued development of a competitive retail market because they distort the relationship between the Electric Utilities' actual cost of providing power during a particular period and the market price of power."[19] This distortion exists now, and portfolio management would be more likely to reduce it than increase it. Further, RESA does not explain how such a distortion would somehow harm the competitive retail market. More importantly, this argument implies that the goal of promoting a competitive retail market is more important than the goals of providing low-cost default energy service at stable prices. As noted above, the priorities given to these goals should be reversed.

[16] RESA and NRG, page 22.

[17] RESA and NRG, page 24.

[18] RESA and NRG, page 25.

[19] RESA and NRG, page 25.