



Control Number: 40190



Item Number: 363

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PROJECT NO. 40190

PUC PROCEEDING TO
EVALUATE THE FEASIBILITY OF
INSTITUTING A SMART METER
OPT-OUT PROGRAM

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REPLY COMMENTS OF THE REP COALITION

The Retail Electric Provider Coalition ("REP Coalition")¹ appreciates the opportunity to submit reply comments in response to questions posed by the Commission and published in the *Texas Register* on May 4, 2012. The REP Coalition is addressing herein issues raised by certain parties that filed initial comments, but we have not addressed all issues. Silence concerning an issue should not be construed as support by the REP Coalition.

As anticipated in our initial comments, the transmission distribution utilities (TDUs) provided valuable information in response to the questions targeting technical and cost-related information. The REP Coalition appreciates the TDUs' efforts to provide cost information to inform the evaluation in this proceeding. Each of the TDUs noted that, in making such cost estimates, there was much uncertainty stemming from (1) unknowns surrounding how an opt-out program would work, and (2) the lack of an in-depth cost study to identify relevant expenses that may be incurred to implement such a program. The REP Coalition fully agrees with these caveats, and reiterates its earlier recommendation that the costs of any opt-out program should be thoroughly reviewed in a proceeding conducted by the Commission.

¹ For purposes of these comments, the REP Coalition consists of the Alliance For Retail Markets ("ARM"); CPL Retail Energy, LP; Direct Energy, LP; Reliant Energy LLC; Stream Energy; Texas Energy Association of Marketers ("TEAM"); TXU Energy Retail Company LLC; and WTU Retail Energy. The members of ARM participating in this proceeding are: Champion Energy Services, LLC; Constellation NewEnergy, Inc.; Gexa Energy, LP; StarTex Power; Direct Energy, LP; Stream Energy; and Green Mountain Energy Company. The members of TEAM participating in this proceeding are: Accent Energy, Amigo Energy, Bounce Energy, Cirro Energy, dPi Energy, Green Mountain Energy, Hudson Energy, Just Energy, StarTex Power, Stream Energy, Tara Energy and TriEagle.

The REP Coalition believes the comment process has been very helpful in furthering the discussion of the feasibility of a smart meter opt-out program. The TDUs identified numerous issues that are relevant to consideration of any opt-out program, including several that were not mentioned in the REP Coalition's initial comments, but with which we agree. These issues should be examined prior to implementation of any opt-out program.

Alternative Meters for Opt-out customers -- The TDUs noted that, as the industry advances technologically, analog meters and associated parts become increasingly difficult to procure.²

One-way Communications – Meters that only communicate from the premise back to the utility cannot be remotely maintained or upgraded. In addition to the inability to ping such a meter for a register read or power status, any routine maintenance will require site visits, increasing costs further.³

Network Redesign costs – If an opt-out program causes “holes” in the mesh network that result in suboptimal or impaired performance, the network must be re-designed and supplemented, at an additional cost.⁴

Outages – Manual reporting of outages by opt-out customers requires the TDU to manually receive and process such reports, and to maintain a dual track process for dispatching repairs, slowing down restoration.⁵

Other Policy Issues – The REP Coalition agrees that the following policy issues warrant further discussion and development in evaluating the feasibility of any smart meter opt-out program:

- If adopted, should an opt-out provision be revisited in a few years?⁶

² Project No. 40190, *PUC Proceeding To Evaluate The Feasibility Of Instituting A Smart Meter Opt-Out Program*, Comments of AEP Texas Central Company and Texas North Company (“AEP Comments”) at 3-4, 9 (June 18, 2012); Project No. 40190, Comments of Texas-New Mexico Power Company on Feasibility of Instituting Smart Meter Opt-Out Program (“TNMP Comments”) at 20 (June 18, 2012).

³ TNMP Comments at 14-15.

⁴ Project No. 40190, Comments of Oncor Electric Delivery Company, LLC (“Oncor Comments”) at 20 (June 18, 2012); Project No. 40190, Initial Comments of CenterPoint Energy Houston Electric, LLC (“CNP Comments”) at 20 (June 18, 2012).

⁵ Oncor Comments at 21-22.

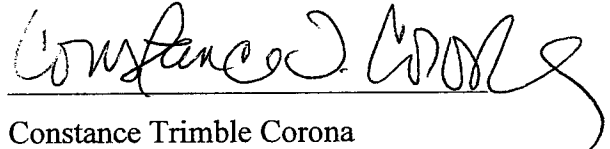
⁶ CNP Comments at 10.

- For what time period would an opt-out apply for an individual customer? One year? Several years?⁷
- Is there an additional cost for a customer to opt back in?⁸
- What obstacles and costs will be faced by a new customer at a premise where the prior customer has previously opted out?⁹

Conclusion

The REP Coalition appreciates the opportunity to provide these reply comments and urges the Commission consider the additional issues identified herein.

Respectfully submitted on behalf of
the REP Coalition on June 28, 2012,



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⁷ AEP Comments at 7.

⁸ Ibid.

⁹ TNMP Comments at 18.