



Senate Democratic Policy Committee

Legislative Hearing  
Lowering Your Consumer Electric Bill & SB312

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Testimony provided by  
Alex Charlton, Pennsylvania State Chair of the Retail Energy Supply Association

Chair Miller, Senator Kane, and members of the Senate Democratic Policy Committee, thank you for the opportunity to testify<sup>1</sup> before you on the topic of “Lowering Your Electric Bill Costs” and Senate Bill 312. My name is Alex Charlton, Senior Manager for State Government Affairs at Constellation and testifying before you today as the Pennsylvania State Chair for RESA, the Retail Energy Supply Association.

RESA is a non-profit organization and trade association that represents the interests of its members<sup>2</sup>, who are active participants in the competitive retail markets for electricity in New England, New York, the Mid-Atlantic, and the Great Lakes regions. As such, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable, and customer-oriented competitive retail energy markets. Several RESA member companies are licensed by the Pennsylvania Public Utility Commission (“PUC”) to serve residential, commercial, and industrial customers in Pennsylvania and are presently providing electricity service in the Commonwealth.

RESA and its members hold fast to several core principles that are critical to understanding the place of retail energy markets. Competition, not regulation, is the most effective means for efficiently allocating resources, similar to the market dynamics for other goods and services. Competition among retail companies brings benefits to consumers that are not readily provided through traditional utility regulation. These benefits include the setting of

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<sup>1</sup> The comments expressed in this testimony represent the position of RESA as an organization but may not represent the specific views of any of its individual members. More information on RESA and its members can be found at [www.resausa.org](http://www.resausa.org).

<sup>2</sup> RESA members currently licensed in Pennsylvania include AEP Energy, Aggressive Energy, American Power & Gas, APG&E, CleanSky Energy, Constellation, Eligo Energy, ENGIE Resources, FirstPoint Power, Freepoint, IGS Energy, Just Energy, NextEra Energy Resources, NRG, Shell Energy, SouthStar Energy Services, Spark Energy, and Vistra.

efficient prices, the development of innovative products and services, and the ability to efficiently meet clean energy policy objectives. In order for competition to be effective, all consumers must be afforded the right to shop for competitively priced energy products and services, just as they shop for other products and services.

Additionally, we think it is important to note that as concerns about inflation generally, and utility bills specifically, are top of mind for all of us, an analysis of PUC rate comparison data from a RESA member shows that from 2014 to 2024, Pennsylvania transmission and distribution rates have increased and generation rates have decreased, on an inflation-adjusted basis, for residential customers using an average of 500 kWh per month. There are a lot of reasons for this, but we think it is critical to note that electricity supply costs are not the primary driver for bill increases.

### **Customer Value**

For many customers, price is the number one motivator to shop. We understand that. In fact, RESA has developed our own monthly market savings reports, based on data from the PUC's PAPowerSwitch website, which shows the price savings available to customers if they had switched to a supplier offer. As an example, our latest market savings report shows significant cost savings were available in April 2026 for consumers shopping for the best deal for electricity. Pennsylvania consumers could have saved more than \$133.8 million and benefited from a wide range of value-added products and services by switching to competitive suppliers.<sup>3</sup>

At the same time, price is only one factor consumers weigh when choosing their electricity or natural gas provider. The value a consumer gets from a product is always critical to keep in mind. Suppliers are innovating and developing value-added products and services to differentiate themselves from competitors. Retail suppliers offer many different types of products to residential customers that incorporate varying contract lengths. In recent years, many customers have expressed a preference for seeking budget certainty with a multi-year term of service, e.g., a 12-, 18-, 24- or even 36-month fixed priced product. Other suppliers offer smart thermostats, smart devices and energy services that allow consumers to take charge of their energy usage, and still others provide financial and charitable incentives.

Perhaps the most important among these value-added products are renewable energy options that allow consumers to express their environmental preferences through their electricity purchase. Clean energy alternatives such as energy efficiency, demand response, and distributed generation like rooftop solar are best delivered by competitive retail suppliers offering market-based solutions rather than through regulated electric distribution companies.

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<sup>3</sup> RESA, Pennsylvania Market Savings Report for April 2026, <https://www.resausa.org/wp-content/uploads/2026/06/Pennsylvania-MSR-April-2026.pdf>

Retail suppliers are also going beyond the current value propositions to advancing Retail 2.0 - working to create seamless experiences for the customer, leverage current technological advances (e.g., demand response, time-of-use rates, electric vehicle charging and storage integration, etc.), permit customer engagement (load aggregation and voluntary load-shifting or shedding), and allow for customization (apps, portal, data).

### **Default Service – Not an Apples-to-Apples Comparison**

The reality of today's retail electricity marketplace is that consumers have been educated to elevate default service supply as the superior product when considering competitive supply options. While consumers may compare one supplier product to another supplier product, they are educated to compare all supplier products to the default service supply product on the basis of price and price alone.

Despite the original vision for retail choice – utilities acting as the neutral delivery platform upon which retail suppliers competed with each other for all customers' business – today we face a situation in which utility-provided default service is effectively the “provider of first resort.” Customers do not need to make an affirmative choice to be served by the default service provider, nor do they need to make a choice to remain with the default service provided when the utility procurement of energy supply results in a price change (which can happen several times each year).

In contrast, when exercising their right to shop, customers are free to select or deselect a competitive supplier offer at any time, based on their own unique needs and desires from suppliers who actively compete to attract customers to their products and services. In addition, default service benefits from significant name and brand recognition arising from the historical monopoly status of electric distribution companies (“EDCs”), the fact that EDCs provide distribution service to all customers within their service territories, and their continued exclusive right to bill all customers – including those served by competitive suppliers. Further advantaging the default service supply product is that all distribution customers start with the EDC's supply service and now “default” back to the EDC's supply service when cancelling a supplier contract or if they decide to enroll in a utility's low-income customer assistance program. Electric Generation Supplier (“EGS”) competitive products lack all of these inherent advantages, and, moreover, all EGSs are required to work with EDCs in order to serve any customer because the EDCs retain all the account data and control the entire process of enrolling and dropping customers for suppliers.

As part of electricity and natural gas market restructuring, the introduction of retail choice was accompanied by the concept of default service. Legislatures and regulators in most states determined that the distribution utility would not be entirely removed from the supply market. Rather, the utility would be charged with procuring energy commodities on behalf of customers that had not selected a competitive supplier. What has become clear over time is that certain costs associated with the provision of commodity – costs that should be specifically allocated to those customers that have not chosen a supplier – have

instead been recovered in whole or in part from the non-bypassable distribution rates paid by *all* customers.

This inequity persists despite efforts by retail suppliers and customer groups to draw attention to it. It is also not in alignment with the principles and guidelines of the nonpartisan experts in utility ratemaking - the National Association of Regulated Utilities Commissioners (“NARUC”).

For example, in *Guidelines for Cost Allocations and Affiliate Transactions*, one of the key principles highlighted is: “The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.”<sup>4</sup>

The utilities and other stakeholders concerned about unbundling often respond that these types of shared service costs are hard to identify and, therefore, harder to allocate. But NARUC again offers several approaches to this challenge. For example, Chapter 7 of NARUC's *Electric Utility Cost Allocation Manual* considers certain hard-to-classify and hard-to-allocate customer-related costs, such as billing and collection, providing service information, and advertising and promoting utility services.

There is no dispute that, as Chapter 7 acknowledges, “care must be taken in developing the proper allocators.” But it is possible and a fairer approach for the benefit of all customers.

In summation, the presence of default service provided by the monopoly EDC as it is structured in Pennsylvania today does not foster a robust competitive environment for suppliers where innovation can flourish. Instead, the current market structure incentivizes suppliers to focus their efforts on attracting customers away from the monopoly utility that is offering a highly regulated default service product that, while rooted in market-based dynamics, does not reflect all of the risks and costs associated with providing competitive retail supply service. Default service and the current “Price to Compare” represent an entirely unlevel playing field that is unfair to consumers and the suppliers endeavoring to serve them.

### **Senate Bill 312**

While we recognize and appreciate the sponsor’s stated desire to protect electric energy consumers and reduce costs through Senate Bill 312, we are concerned that the bills’ passage, in its current form, would have unintended consequences that would frustrate and run counter to those well-intentioned goals.

For nearly 30 years, Pennsylvania electric consumers have had a choice to shop for their energy suppliers based on price for generation and product options offered by the retail

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<sup>4</sup> NARUC Board of Directors, *Guidelines for Cost Allocations and Affiliate Transactions*, July 23, 1999, <https://pubs.naruc.org/pub.cfm?id=539BF2CD-2354-D714-51C4-0D70A5A95C65>

energy market. Mandating that a consumer who has elected to shop for their electric energy plan must return to default service after the fixed-rate contract ends, would disrupt consumer choice, creating unintended consequences for the consumer and significantly limit the products and options offered by retail energy markets to all consumers. At a time when energy prices are climbing, due in large part to transmission and distribution cost increases<sup>5</sup>, the proposed change would expose Pennsylvania consumers to greater harm by further restricting their ability to manage and potentially lower the generation side of their utility bills.

Furthermore, it is important to recognize that while many residential and small business customers shop for their generation based on price, a substantial number are drawn to innovative product options that would otherwise be unavailable to consumers but for the competitive market and its participants (e.g., 100% renewable/clean, discounted off-peak rates, home service plans, etc.). Indeed, if Senate Bill 312 were to be enacted, those customers who value these unique benefits and took the steps necessary to enroll in those products and services would have their choices undermined insofar as it would automatically return the customer to utility service absent his or her proactive consent.

As Members are keenly aware, utility prices reflect reconciliation mechanisms and pass-through costs that are difficult for consumers to predict, and utility rates change frequently—often without advance notice. In contrast, competitive suppliers are required to provide more explicit price disclosures at renewal than utilities provide for default service. It follows then that a requirement to automatically return shopping customers to utility default service at contract expiration would reduce price transparency, not enhance it.

Finally, we would note that Pennsylvania’s Retail Electric Competition Act and Pennsylvania Public Utility Commission regulations already provide robust consumer protections – among the best in the nation. These include multiple, mandatory notifications ahead of contract expirations, “Fixed-Means-Fixed” requirements that prohibit suppliers to pass along any increased charges or fees to customers and additional safeguards to protect consumers who choose to shop for their energy needs.

If the Legislature’s concern is customer awareness or inadvertent rollovers, less restrictive alternatives exist. Indeed, there are several approaches the Legislature can take to preserve customer choice while targeting the perceived harm—without dismantling the current competitive framework. RESA has been collaborating with members of the House Democratic caucus to propose amendments to similar legislation, Representative Boyd’s House Bill 2131. RESA stands ready and remains committed to working collaboratively with the members of the Legislature and other stakeholders to enhance retail energy markets for consumers through education and thoughtful legislative and policy initiatives

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<sup>5</sup> Energy Tarriff Experts, *Power Generation Costs and Impacts on Electric Bills*, May 14, 2025, [EPSA-ETE-Study\\_2025.5.14-FINAL.pdf](#)

## **What Can Be Done to Advance the Competitive Market?**

The competitive retail market has been a successful value creator for customers, but we recognize that improvements can be made to ensure the marketplace continues to operate effectively while also protecting the rights and interests of consumers.

RESA has proposed and supports a number of measures that ensure customer protection and market effectiveness, including SB977. The bill tackles the cost allocation issue with default service head-on, by requiring unbundling of those shared services costs discussed above from distribution rates and appropriately including these costs in the default service rate. This would allow for a more accurate comparison of retail supply offers by customers.

Importantly, the bill also provides significant consumer protection through enhanced education requirements for retail suppliers. The bill requires all agents to go through a PUC-designed training program to ensure that ignorance of the rules is no excuse for any potential violations. At the conclusion of the program, a designated representative of each supplier must demonstrate through an online exam that he or she has a thorough understanding of the PUC's regulations regarding sales, consumer protection and any other matter the PUC deems appropriate. This representative will also have to attest that they have informed and educated all employees of the supplier who are engaged in any aspect of acquiring and maintaining a retail customer base. Additionally, the cost of this program will be borne by retail suppliers through their existing annual assessment, or a special fee assessment developed by the PUC.

The proposed legislation also provides additional market enhancements for the benefit of consumers through consumer choice billing (CCB). Currently in Pennsylvania, as we discussed above, competitive supplier customers can either receive two separate bills for their energy (which is not preferable for most mass market customers), or a single bill provided by the utility (utility consolidated billing). As we noted in previous sections the utilities are not competing for business – they enjoy a natural monopoly on the delivery of electricity and an effective but artificial pole position when it comes to customer supply.

Suppliers, however, *are* competing for customers' business, meaning they would be significantly incentivized to provide even better customer service and more innovative product offerings if they were in the driver seat of the customer relationship. The most significant touch point between a customer and an energy provider on an ongoing basis is the bill – so logically, does it make more sense for that touch point to be between the company the consumer *must* be served by (the utility) or the company that the consumer has a choice to stay with or leave in favor of a better offer (the supplier)?

Under CCB, customers would still receive one bill for their transmission, distribution, generation charges, but that bill would come from the supplier, not the utility. All the current disclosure and information requirements could remain in place, and the utilities

would be made whole for their distribution charges (just as they pay suppliers now for their receivables).

What is the benefit of this approach? First, it appropriately makes the supplier more visible to consumers and puts them in the driver's seat of the service relationship. Customers will know exactly who their supplier is and who to contact when there is a problem or concern. Second, it will enhance customer service and the customer experience by allowing suppliers to offer innovative approaches to displaying energy information and providing additional value-added products and services. Finally, it will incentivize suppliers to provide even better customer service: they will be in the hot seat, not utilities.

In addition to SB977, RESA has also supported legislation including HB1578, introduced by Rep. Mullins last session. Like SB977, HB1578 also proposed adding additional layers of consumer protections by requiring all retail electric and natural gas suppliers and their representatives marketing their products in Pennsylvania to pass a required online training and education exam and be certified by the Public Utility Commission. Additionally, this legislation also proposed a requirement for increased bonding or financial guarantee to help ensure that the actions of a few suppliers don't sabotage the good intentions of all stakeholders that have endorsed a customer's right to shop for their energy supplier over the past two decades. We are working with the Representative to reintroduce this legislation.

### **Leadership Role of Pennsylvania**

Through the careful, thoughtful work of the General Assembly and the PUC, Pennsylvanians enjoy a competitive retail energy market that is held as a gold standard across the nation. The PAPowerSwitch and PAGasSwitch websites are second to none in terms of providing the consumer with valuable information on how to shop, what to look for in a supplier's contract, and the pricing and added products and services available. The educational efforts of the PUC and the Office of Consumer Advocate have helped consumers understand their choices and feel confident in exercising them. With the authority provided to it by the General Assembly, the PUC has balanced incentivizing suppliers to enter the market while also providing appropriate oversight and discipline. As a result, Pennsylvania is always brought up by stakeholders in other markets as an example of a state where choice is working and working well.

Today, we are recommending some additional steps be taken to ensure that the Commonwealth continues to be in the vanguard when it comes to consumer protection and market innovation. We recognize that the competitive energy market is not perfect, just like other markets in consumer goods and services are imperfect. Keeping bad actors out and welcoming good actors in will help ensure the retail market can deliver the proper consumer protections, innovation, economic benefits, and consumer value, to the citizens of Pennsylvania.

Thank you again for the opportunity to present testimony before you today. RESA looks forward to continued opportunities to discuss the promise of retail energy choice with the Committee.

Sincerely,  
Alex Charlton, Chairman  
RESA Pennsylvania Electric