

Energy Choice Matters

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National Grid Urges NYISO to Fix ESCO Overcharges

A National Grid software error caused the New York ISO to overbill ESCOs by nearly \$7 million for seven months in 2005, while Grid and New York Power Authority customers paid less than they should have, the distribution utility told FERC (EL08-40).

National Grid wants FERC to order NYISO to issue corrected bills for March 2005 through August 2005. The ISO has refused to do so, citing Section 7.4.1.C of its Services Tariff which sets timelines for correcting bill errors. The ISO has corrected bills containing the same errors for the months September 2005 through November 2005 because those final bills had not been issued before Grid brought the problems to the ISO's attention.

Under ISO rules customers first receive 12 months from a bill's issuance to challenge its accuracy. Customers then have an additional four months to argue for a change if the NYISO does not make a correction, and another 25 days to review any subsequent changes.

Grid thinks rebilling is needed given the circumstances of the case, since the billing error was not introduced in original bills. Rather in late 2006, the NYISO had requested Grid to recompile final, updated LSE load data for March 2005 through November 2005, to correct unrelated billing errors. That's when Grid's software error corrupted the billing data.

Thus, the error was introduced in the final stage of the billing process, when customers were supposed to be reviewing "corrected" bills.

Given this billing stage, the ISO concluded customers only had 25 days to dispute the bills.

But that timeline is intended for customers to examine changes to previous bills, Grid explained, not complete "the more complex task of identifying new errors introduced into the billing process near its completion."

The faulty rebills were issued over a period of months starting in February 2007. No one noticed Grid's data errors until two LSEs notified Grid in August 2007.

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Oncor Rebate Not Discriminatory, PUCT Says

The PUCT asserted its authority to make REPs pass through to customers a bill credit available from Oncor as part of its buyout by Texas Energy Future Holdings (docket 34077).

Oncor had proposed giving \$72 million in ratepayer benefits. But rather than cutting checks directly to customers, it asked that the credits flow through the customers' REPs, and that only REPs agreeing to pass the full savings along to the customers would receive the credits. Initially, Oncor was not going to use a Texas SET to allocate the credit, making billing a back-office nightmare for REPs.

REPs had objected, arguing the credit was a rate and denying some REPs the credit because they would not pass it along to customers amounted to discrimination under PURA. REPs receiving the credit would have a pricing advantage over those who did not get the credit.

REPs and Oncor collaborated and Oncor agreed to use a Texas SET 810-02 transaction with specific transaction charge code SER 105 to pass through the credit, and several REPs voluntarily agreed to pass through the credit as a condition of the easing of their back-office burden. REPs' formally withdrew their objection to the rate being discriminatory to preserve that legal argument in a future case and avoid a negative precedent.

Still, in its final order on the Oncor case, the PUCT addressed the REPs' arguments and found

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NYISO Protocol Should Require Backup Fuel Use Before LDC Action, ConEd Says

The New York ISO should make power plant owners switch to other fuels before asking LDCs to take action or provide generators with gas, Consolidated Edison and Orange & Rockland told FERC (ER08-560).

The utilities objected to parts of the ISO's proposed gas-electric communications protocol which establishes a communications link between the NYISO and market participants in the event of an electric emergency in New York.

The protocol "establishes a process under which LDCs may, but are not obligated, to provide natural gas to a critical generator to avoid the loss of firm electric load."

That would most likely mean an Operational Flow Order (OFO) to accommodate deliveries of the generator's gas, but it could mean provision of gas from the LDC's supply.

The protocol doesn't make generators exhaust their gas supply, or switch to backup fuels, before taking action with their LDCs, ConEd pointed out. It wants the ISO to require those procedures before LDCs are called to take action.

"Even though many generators have dual fuel capability, the Protocol does not require these generators to use available fuel oil (or any other alternate fuel source on which they rely) to meet their reliability obligations," ConEd pointed out.

"LDCs should not be the first place that the generator looks for relief in this circumstance," ConEd continued.

"LDCs have a responsibility to provide safe and reliable gas service to their firm gas customers ... Before being asked to modify an OFO or provide gas that could impact the reliability of gas service to its firm customers, it must be incumbent on the generator to first exhaust its other fuel alternatives," the utilities added.

ConEd also thinks the ISO's protocol would "unnecessarily and improperly" require transmission owners to act as a conduit for communications between the NYISO and an

LDC.

The ISO fails to explain why a transmission owned should act as an intermediary between the ISO and LDCs, ConEd pointed out.

Additional intermediaries, "can only serve to degrade reliability," ConEd argued, noting the, "extra layer of communications is inefficient and unnecessarily adds additional time to the process at a juncture when time is of the essence."

"It also risks the NYISO's message being relayed in a manner that is not exactly as the NYISO intended," ConEd observed.

ConEd objects to the transmission owner acting as an intermediary for communications between the ISO and generators as well. Using the transmission owner as a channel is a vestige of vertical integration as doesn't reflect today's world, ConEd noted.

The utility supports talks initiated by the ISO to re-examine the relationship between the ISO and generators and open more direct communications among them.

PUCT Staff: Broad Notice Needed for Oncor Meter Proposal

CONTINUING COVERAGE

Calling Oncor's request "extraordinary," the PUCT staff reiterated its view that Oncor has to provide notice to all its customers that the wires utility wants to socialize the cost of replacing inaccessible meters to prevent disconnects (Matters, 2/21/08).

The problem stems from new PUCT rules that prevent TDSPs from estimating a meter reading for more than three consecutive months. Customers with inaccessible meters either have to make the meter accessible, pay to move the meter, buy a remotely read meter, or face disconnection.

Oncor (docket 35280) had suggested paying for new remotely read meters for affected customers with costs being recovered from its advanced metering surcharge, noting it didn't make sense for customers to pay for new meters when they are due to be replaced by smart meters in five years or so.

Oncor's advanced meter surcharge will be recovered from all customers within the

residential and small commercial customer classes.

Such cost socialization requires “broad” notice to customers, the PUCT staff said.

“Oncor focuses upon the benefits to certain customers who may benefit from the proposed meters to distract from the impact of the potential surcharge upon the entire affected customer classes,” the staff observed.

Oncor “seeks authorization to recover costs through the Advanced Metering surcharge that, by Oncor’s own admission, the Commission’s substantive rules governing,” smart meters don’t allow, the staff added.

FERC Denis Rehearing on Intermittent Capacity Exports in ISO-NE

FERC, in a 3-2 decision, denied rehearing of its ruling that ISO New England could, in market rules implementing a Forward Capacity Market (FCM), prohibit an Intermittent Power Resource from backing a capacity export to an external control area (ER07-547-002).

FERC found that in order to back a capacity export, a resource must be able to commit weeks or months ahead of time. However, “Intermittent Resources characteristically have uncontrollable and unpredictable output,” the Commission noted. “As such, it would be inappropriate to allow Intermittent Resources to back capacity exports,” FERC said.

Commissioners Suedeen Kelly and Jon Wellinghoff would have granted rehearing to determine whether there are circumstances where an intermittent resource could meet the ISO’s requirements to back a capacity export.

Wellinghoff criticized the ISO’s categorical treatment of intermittent resources as unable to back a capacity export. He suggested that the ISO should develop a mechanism to allow an individual Intermittent Resource, which is willing to subject itself to applicable technical requirements and pay penalties for non-performance, to export to an external control area so long as reliability or transmission availability would not bar such export.

Such a policy would be more consistent with the ISO’s treatment of FCM intermittent resources in the day-ahead energy market,

Wellinghoff noted.

FCM intermittent resources are not required to bid into the day-ahead market (as other FCM resources must) because of their uncontrollable nature.

However, there is a process for such intermittent resources to choose to bid into the day-ahead market and accept the risks non-performance, Wellinghoff observed.

Wellinghoff noted that his views apply to demand response as well and opposed ISO-NE’s prohibition on demand resources being exported to an external control area.

Wellinghoff suggested that it is technically feasible for demand resources to provide functions to a neighboring balancing area, and thus demand resources should not be prevented from doing so when they meet the technical requirements of the importing region, and reliability or transmission concerns do not bar such export.

Calif. PUC Waits on Calpine RA Contract

CONTINUING COVERAGE

The California PUC won’t consider the standard resource adequacy contract proposed by Calpine and 17 other parties until the second phase of a rulemaking (R08-01-025) examining refinements to local capacity requirements (Matters, 2/11/08).

Most parties had urged the PUC to examine the Calpine proposal in Phase I but the California ISO and Southern California Edison favored a delay because of ongoing ISO work on the Market Redesign and Technology Upgrade.

In a scoping ruling, PUC President Michael Peevey “reluctantly” agreed, noting the time constraints, and that the Calpine proposal will “likely require more vetting, including workshop time, than can be reasonably accomplished without the potential for delaying the Phase 1 decision.”

Peevey, though, shares the “concern of several parties regarding the CAISO’s seeming reluctance to move forward on this matter,” and is “not sympathetic to the CAISO’s proposal to delay the Commission’s consideration of this important topic beyond Phase 2 of this proceeding.”

Delay Jeopardizes Green Contracts, Nstar Says

Only one of two counterparties to Nstar's proposed wind contracts (07-64) can accommodate further "delay" in the Massachusetts DPU's review of the bilaterals, the utility told regulators (Matters, 2/21/08).

The terms of the two contracts are premised on receiving a final, non-appealable order from the DPU by March 1, Nstar said.

PPM Energy, owner of Atlantic Renewable Projects II, has told Nstar that a delay beyond April 1 will require a possible renegotiation of the price and non-price terms of the agreement, based on current market conditions. The changes will depend on the DPU's schedule and an assessment of the risk for additional market developments that may occur during the period of additional delay in receiving a final, non-appealable order, Nstar reported.

TransCanada Power Marketing, the other counterparty Nstar is seeking to buy from, has "indicated that it can agree to a moderate extension in the procedural schedule," Nstar added.

Thus Nstar again asked for a final, non-appealable order "as soon as is possible."

Briefly:

DPUC May Study Earlier Release of RFP Data

The Connecticut DPUC is weighing re-opening its review of standard service and SOLR service procurement (06-01-08PH01) for the limited purpose of determining whether it should make final the prices and nature of winning contracts public sooner than the current six months. The six-months waiting period gives winning bidders a chance to hedge without their position being known and was based on ISO New England's practice. The ISO has since shortened its non-disclosure period to 90 days and the DPUC noted it has received "numerous requests" to make the RFP data public sooner. In a draft decision, the DPUC would re-open the default supply docket as docket 06-01-08RE02 for the limited purpose of refining the public disclosure of information.

Axsess Wants Conn. Aggregator License

Axsess Energy Group applied to be an aggregator of C&I, municipal and government load in Connecticut. The Massachusetts-based energy services consultant currently has aggregation licenses in Massachusetts, New Hampshire and Maine although it focuses mostly on energy procurement and supply planning rather than running aggregation pools.

MidAmerican Gets Staff OK in Texas

The PUCT staff recommended approving MidAmerican Energy's REP application (35278).

OEB Publishes Monthly Settlement Factor

The latest variance settlement factor available to new electric shoppers in Ontario is Canadian -0.3369¢/kwh. The factor (here a credit) is to make up the difference between what customers paid for regulated electricity from April 1, 2005 to January 31, 2008 and the actual amounts paid to generators. The credit is also paid to customers who move outside of Ontario, have an interval meter and elect spot market pricing or cease to remain eligible for the Regulated Price Plan (RPP).

AEP Sells Four Plants for Parts

American Electric Power sold four inactive Texas power plants totaling 656 MW to Eagle Construction and Environmental Services. All four burn natural gas or oil and have been idled since 2004. Eagle intends to cannibalize the plants and sell the parts to other generation owners. AEP transferred another idled plant (85 MW) to the City of Sweetwater under a settlement. The city is looking for a buyer.

Oncor Rebate ... From 1

that the credit "does not reflect unreasonable rate discrimination under PURA § 36.003 or a violation of competitive methods required by PURA § 39.001."

National Grid Error ... From 1

The billing problem stems from Grid's replacement of interval meters for about 147 customers in rate class SC-3 during 2006.

When Grid was asked by the ISO between September 2006 and January 2007 for final, updated LSE load data for March through November 2005, Grid's computers double counted the consumption of those 147 customers. Grid's software read those customers' old interval meters as "inactive" and assumed the customers had dial meters instead, and counted their consumption via a standard load profile. But then the computer saw the customer's new, replacement interval meter and counted the customer's load twice.

The error caused Grid to be undercharged by \$3.9 million and NYPA to be underbilled by \$2.8 million. ESCOs paid for those underbillings.