

Energy Choice Matters

March 6, 2008

Shopping Slows But Still Growing in Illinois

Competitive electricity sales in Commonwealth Edison nearly doubled last year, with alternative retail electric suppliers (ARES's) in the attractive market selling 4,018 GWh during the month of December, a 76% rise from the 2,282 GWh of competitive sales in January of 2007. ARES's ended the year with 45.6% of all electric sales in ComEd, up from 37.7% in January 2007.

Monthly migration has slowed, however, with only modest gains compared with November's data.

Although on sheer volume most new migrated accounts for the year were in ComEd's small C&I segment (100 kW or less) with 9,000 new shoppers, ARES's still only served 11.7% of total accounts in the small C&I class to end December.

The biggest surges on a percent basis came among non-residential customers in the largest customer classes. ARES's ended 2007 with 85.6% of customer accounts in the 400 kW – 1 MW category (versus 69.8% in January) and 93.1% of accounts above 1 MW (excluding the previously competitively declared 3+ MW customers that are still reported separately), versus 81.7% in January.

The ComEd medium C&I market (100 kW – 400 kW) saw strong growth as well with nearly 2,500 new shoppers entering the market from January through December. ARES's ended the year with 54.5% of customers in that class.

As the accompanying charts show (see pages 5-8), ARES's still have a lot of incumbent customers to lure away in the small C&I (88% with ComEd) and medium C&I (46% with ComEd) segments. And of course, an ARES would have a residential marketing effort nearly all to itself with all of ComEd's residential customers ending the year on incumbent service.

AmerenIP saw 3,000 new small C&I (under 1 MW) shoppers during 2007, with 7.4% of small

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Hess Monthly Payments to Lure Demand Response Customers

Hess Energy Marketing's new demand response product for large C&Is pays customers demand response revenues on a monthly basis, rather than quarterly or semi-annually which is typical, John Deese, manager of new product development at Hess told us.

We finally got a chance to speak with Deese about Hess's new offering, which was launched last month after a year-long trial with 10 customers (Matters, 2/14/08).

The monthly payments are one of the enticements Hess hopes will bring facility managers to its product versus those provided by other competitive retailers and demand response providers.

Monthly payments are more predictable and manageable for facility managers than lump, semi-annual payments other providers pay, Deese explained. While many providers offer free metering and monitoring equipment or audits, as Hess does, monthly payments are not as common.

Deese noted all three of Hess's target markets, ISO New England, the New York ISO and PJM are "lucrative" for customers, but that the NYISO market is more mature and offers attractive ICAP values for demand resources.

Hess, which is focusing branding on its online energy monitoring system dubbed the PowerPort platform, sees a wide range of customers increasingly more open to demand response, more than

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Dakota Wind Farm Finally Finds Balancing Authority

FERC approved a settlement among several parties that will facilitate wind power development in the Dakotas and resolves a complaint about anti-competitive, unjust and unduly discriminatory behavior under Orders 888 and 2000.

In 2007, Dakota Wind Harvest (now Tatanka Wind Power) filed a complaint against the Midwest ISO, Montana-Dakota Utilities and the Western Area Power Administration (WAPA) regarding interconnection of its 180-MW wind farm.

Under MISO rules, all generators interconnecting to the system must designate a Balancing Authority, but Tatanka could not find one.

MISO at the time was not a Balancing Authority (it is now in the process of becoming one, Matters, 2/27/08), and individual transmission owners acted as Balancing Authorities. However, Montana-Dakota Utilities, Tatanka's point of interconnection, is not a Balancing Authority either and had a contract for such services with WAPA.

WAPA, the Balancing Area in which the wind farm is located, refused to act as Balancing Authority and indicated that, if necessary, it would redraw the boundaries of its Balancing Authority area to exclude the wind farm. Tatanka intended to interconnect into MISO and not WAPA and therefore Tatanka did not have a contract for transmission service from WAPA, and was not taking service under WAPA's OATT. WAPA was not acting as the Balancing Authority for any other non-OATT customer or itself, and to do so for Tatanka would have been discriminatory, WAPA said in its reply.

Tatanka thus claimed that MISO created a "gap" in its open access policy since it requires generators to procure balancing services but simultaneously disclaims any obligation to ensure that such services can actually be obtained by generators, the original complaint said.

Under the settlement, Northern States Power will serve as the Balancing Authority on behalf of Tatanka on an interim basis. The

contract will terminate when the Midwest ISO is able to serve as the Balancing Authority, or December 31, 2009, whichever is sooner.

Northern States Power, Tatanka, Montana-Dakota Utilities and the Western Area Power Administration will enter into a Data Sharing and Coordination Agreement to share and coordinate operational information as well.

Calif. DRA Urges Slow Track for Mass Market Dynamic Pricing

Unlike large California customers (Matters, 3/5/2008), the Division of Ratepayer Advocates sees no rush to put smaller customers on dynamic pricing (A. 06-03-005).

DRA thinks it is "premature" to adopt a post AB 1X rate design for residential customers since, "it appears that AB 1X will remain in effect for several more years."

Residential rate design should be examined closer to the time AB 1X is modified, DRA said.

"It should not be taken as a foregone conclusion that AB 1X will be replaced with something completely different," DRA cautioned.

DRA agreed with TURN that widespread small-customer demand response may be achievable with only tweaks to current rate design, without the need for major overhaul or implementation of time-of-use pricing.

DRA also opposed putting small C&Is on Critical Peak Pricing (CPP) in 2010 without the option for a flat rate, and only time-of-use pricing available in place of CPP.

Such a tariff, "would be quite a large change to the existing rate design for these customers."

DRA noted only half of Pacific Gas & Electric's smart meters will be installed by Jan. 1, 2010, so not all customers could be placed on CPP.

"To impose this change on only half the customers is discriminatory," DRA argued.

Md. PSC Sets Sessions on COMAR Regs for Rights Pamphlets, Deposits

The Maryland PSC set rulemaking sessions for several dockets, including RM33 which includes changes to regulations concerning electronic delivery of customer rights pamphlets.

The RM33 session is set for March 20 and will mostly focus on distribution transformer regulations.

But as part of RM33 the PSC is also weighing changing the delivery method of Consumer Rights Pamphlets under COMAR 20.30.04.03.

The proposed revision would allow electronic delivery of the rights pamphlet upon the request of the customer. In Order No. 75959, the Commission held that competitive suppliers, "must provide an annual Customer Bill of Rights pamphlet consistent with the parameters set forth in COMAR 20.30.04.03," and affirmed that decision in Order No. 76110 (both orders in Case 8738).

RM33 also includes specific direction that utilities with unclaimed deposits either credit the deposits to the appropriate account or dispose of unclaimed deposits according to Commercial Law Article, Title 17, Annotated Code of Maryland, which sets rules for disposing of abandoned property. Previously COMAR 20.30.01.04 and 20.30.02.04, which set deposit rules, only required that unclaimed deposits be disposed of "according to law" without specific direction.

Although the COMAR language cites utility deposits, per Order No. 75949, competitive retailers' deposit procedures, "shall also be reasonable and not inconsistent with the deposit provisions of COMAR."

The PSC set a rulemaking session on RPS rules (COMAR 20.61) for March 25 (RM 32) to consider adopting of changes to implement a specific solar REC requirement.

Also on March 25 the Commission will hold a rulemaking session on RM31, proposed small generator interconnection standards.

On March 20, the PSC will hold a rulemaking session on RM24, proposed regulations concerning applications for

Certificates of Public Convenience and Necessity for wind-powered facilities and overhead transmission lines in COMAR 20.79.

Briefly:

Settlement Talks May Be Coming for CREZ Transmission Debate

The PUCT staff requested a docket number (35424) for a settlement conference concerning selection of transmission service providers for competitive renewable energy zones (CREZs). Stakeholders have been debating who gets to build lucrative new lines to the CREZs, with incumbent, franchised utilities battling merchant developers (Matters, 2/05/2008).

Asselta Confirmed to BPU

Former New Jersey state senator Nicholas Asselta, R, was confirmed to take an open seat on the state's Board of Public Utilities. While that confirmation sailed through, Gov. Jon Corzine has been criticized for reappointing current BPU President Jeanne Fox for another term, as Fox has been embroiled over a whistleblower lawsuit and appropriation of \$80 million from the Clean Energy Program into a private bank account. Elizabeth Randall, R, former state insurance commissioner, has also been tabbed for a BPU seat.

Ambridge Wants New Trade Name

Ambridge Energy wants the PUCT to approve "Guaranteed Electric" as an additional name on its REP Certificate (docket 35427).

Nodal Wind Forecast System Captured Drop in Texas Wind

ERCOT filed with the PUCT (docket 27706) a detailed operations timeline of the steps it took leading up to and during its Emergency Electric Curtailment Plan event that occurred on Feb. 26 (Matters, 2/28/08). ERCOT noted that while the day-ahead resource plan did not forecast the magnitude of the drop in wind energy encountered, the 80% wind forecast that was developed for and will be incorporated into the coming nodal system did

predict the wind output with “good fidelity.” Thus ERCOT shall determine requirements for early integration of the Nodal Wind generation forecast into the current Zonal operating system to incorporate the forecast in the short term planning applications in place of the Resource Plan values for wind. “With earlier detection of approaching deficits, additional capacity can be procured so it is available when needed,” ERCOT explained.

Calif. ISO Files RCST Tariff Changes

The California ISO filed tariff changes in compliance with FERC’s Order on Clarification regarding the continued use of the Reliability Capacity Services Tariff during the delay of MRTU (dockets EL05-146 et. al.).

Yergin Talks Green Power

Renewable power could meet 7-16% of world electricity needs by 2030, Cambridge Energy Research Associates (CERA) Chairman Daniel Yergin told a Washington green energy conference. CERA sees clean energy investment - which includes renewables, nuclear and hydro - reaching a cumulative total of \$7 trillion by 2030. Conventional emission-free technologies - nuclear and hydro - will account for almost half the gross clean power additions by 2030, CERA added.

Illinois Shopping ... From 1

C&I customers taking competitive supply to end January 2008. Those migrated customers account for nearly 36% of AmerenIP delivery throughput in that class, doubling the percent of usage served by ARES’s since January 2007.

AmerenIP also boasts Illinois’ only residential shoppers, with three customers, of the utility’s half a million residential accounts, on ARES supply in January 2008 .

At AmerenCILCO, about 1,500 small C&I customers migrated to ARES service over the year, but migration in the class is still just shy of 10%. Migrated usage of small CILCO C&Is rose from 20% in January of last year to 44% in January of this year, indicating that the larger-volume customers in that broad class

are shopping in higher numbers.

Small C&I migration is even lower at AmerenCIPS where only 5% of customers (30% of load) were shopping in January of this year. That’s approximately a doubling of each figure from the January 2007 CIPS migration report.

Hess DR ... From 1

just the old interruptible industrials or facilities with a lot of lightning that can be dimmed, such as big box retailers.

In marketing demand response, Hess stresses its portfolio of energy management and supply options to attract businesses, and touts its nearly 90 years of operation.

**Supply Options Chosen by Customers of Commonwealth Edison Company
As of December 31, 2007**

	Residential	Watt-Hour	Small	Medium	Large	Very Large(2)	Self Generating	Competitively Declared	Lighting/ Other ⁽¹⁾	Total Non- Residential	Total w/ Residential
			(0- 100 kW)	(100–400 kW)	(400- 1,000 kW)	(> 1,000 kW)					
Total Customers	3,436,149	88,742	233,176	18,449	4,336	1,541	154	353	240,893	587,644	4,023,793
Taking Hourly Price Service from ComEd	3,334	1	113	70	81	23	61	17	0	366	3,700
Taking Fixed Price Supply Service from ComEd	3,432,815	87,100	205,746	8,322	543	83	0	0	240,858	542,652	3,975,467
Taking ARES Supply	0	1,641	27,317	10,057	3,712	1,435	93	336	35	44,626	44,626
% of Customers Receiving ARES Service	0.0%	1.8%	11.7%	54.5%	85.6%	93.1%	60.4%	95.2%	0.0%	7.6%	1.1%
Monthly kWh	3,275,049,500	51,299,767	1,074,217,437	1,012,360,484	873,463,207	1,131,865,825	205,128,585	1,137,630,903	52,748,702	5,538,714,910	8,813,764,410
Of Hourly Price Service Customers	2,461,493	0	1,163,362	3,057,691	9,336,048	10,249,216	25,391,614	63,242,089	0	112,440,020	114,901,513
Of ComEd Fixed Price Supply Service Customers*	3,272,588,007	50,105,808	795,862,108	397,483,725	78,911,959	32,675,255	0	0	52,674,441	1,407,713,296	4,680,301,303
Of Customers Receiving ARES Service	0	1,193,959	277,191,967	611,819,068	785,215,200	1,088,941,354	179,736,971	1,074,388,814	74,261	4,018,561,594	4,018,561,594
Percentage of Monthly kWh Taking ARES Supply Service	0.0%	2.3%	25.8%	60.4%	89.9%	96.2%	87.6%	94.4%	0.1%	72.6%	45.6%
PLC Values	9,460,881	136,382.04	3,341,042.07	2,555,587.05	1,960,863.20	2,274,467.64	319,001.65	2,103,892.35	34,349.40	12,725,585.40	22,186,466.45
Of Hourly Price Service Customers	7,076.13	26.04	3,600.45	9,770.74	33,563.54	27,973.66	46,293.25	122,166.32	0.00	243,394.00	250,470.13
Of ComEd Fixed Price Supply Service Customers*	9,453,804.92	133,458.26	2,666,953.36	1,092,874.76	187,782.85	71,695.69	0.00	0.00	34,000.92	4,186,765.85	13,640,570.76
Of Customers Receiving ARES Service	0.00	2,897.75	670,488.26	1,452,941.55	1,739,516.81	2,174,798.29	272,708.40	1,981,726.02	348.47	8,295,425.56	8,295,425.56
Percentage of PLC Values Taking ARES Supply Service	0.0%	2.1%	20.1%	56.9%	88.7%	95.6%	85.5%	94.2%	1.0%	65.2%	37.4%

(1) The "Lighting/Other" group includes accounts that have not been assigned a supply group yet.

(2) ComEd was previously reporting usage for certain wholesale customers, which has been removed beginning in May.

Previous months have been restated.

Due to billing system reporting difficulties that ComEd has been experiencing since the introduction of the new rate classes, ComEd cannot at this point verify the complete accuracy of this data and will restate, as needed, when resolved.

**Supply Options Chosen by Customers of Illinois Power Company d/b/a AmerenIP
As of January 31, 2008**

Customer Supply Groups:	Residential	Small C & I Accounts (Demand Less Than 1 MW)	Large C & I Accounts (Demand Greater Than 1 MW)	Total
Generally Defined As:				
Total Number of Customers	542,827	68,233	269	611,329
Taking Hourly Price Service from AmerenIP	14	16	7	37
Taking Fixed Price Supply Service from AmerenIP	542,810	63,167	22	605,999
Taking Supply Service from a Retail Electric Supplier (RES)	3	5,050	240	5,293
Percentage of Customers Receiving RES Service	0.0%	7.4%	89.2%	0.9%
Total Monthly Customer Usage (million kWh)	559	420	622	1,600
Of Hourly Price Service Customers	0	3	13	16
Of AmerenIP Fixed Price Supply Service Customers	559	266	7	833
Of RES Customers	0	151	602	752
Percentage of Usage Taking RES Supply Service	0.0%	35.9%	96.8%	47.0%

Explanatory Notes:

**Supply Options Chosen by Customers of Central Illinois Light Company d/b/a AmerenCILCO
As of January 31, 2008**

Customer Supply Groups:	Residential	Small C & I Accounts (Demand Less Than 1 MW)	Large C & I Accounts (Demand Greater Than 1 MW)	Total
Generally Defined As:				
Total Number of Customers	187,507	24,656	84	212,247
Taking Hourly Price Service from AmerenCILCO	3	96	9	108
Taking Fixed Price Supply Service from AmerenCILCO	187,504	22,127	3	209,634
Taking Supply Service from a Retail Electric Supplier (RES)	0	2,433	72	2,505
Percentage of Customers Receiving RES Service	0.0%	9.9%	85.7%	1.2%
Total Monthly Customer Usage (million kWh)	212	149	215	576
Of Hourly Price Service Customers	0	1	66	67
Of AmerenCILCO Fixed Price Supply Service Customers	212	81	1	294
Of RES Customers	0	66	148	215
Percentage of Usage Taking RES Supply Service	0.0%	44.6%	68.8%	37.3%

Explanatory Notes:

**Supply Options Chosen by Customers of Central Illinois Public Service d/b/a AmerenCIPS
As of January 31, 2008**

Customer Supply Groups:	Residential	Small C & I Accounts (Demand Less Than 1 MW)	Large C & I Accounts (Demand Greater Than 1 MW)	Total
Generally Defined As:				
Total Number of Customers	334,333	55,438	200	389,971
Taking Hourly Price Service from AmerenCIPS	7	47	12	66
Taking Fixed Price Supply Service from AmerenCIPS	334,326	52,292	16	386,634
Taking Supply Service from a Retail Electric Supplier (RES)	0	3,099	172	3,271
Percentage of Customers Receiving RES Service	0.0%	5.6%	86.0%	0.8%
Total Monthly Customer Usage (million kWh)	408	313	430	1,151
Of Hourly Price Service Customers	0	1	9	11
Of AmerenCIPS Fixed Price Supply Service Customers	408	216	3	627
Of RES Customers	0	96	418	513
Percentage of Usage Taking RES Supply Service	0.0%	30.6%	97.1%	44.6%

Explanatory Notes: