Energy Choice Matters

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Pact Would Let Customers Choose to Phase-In PPL Hike Early

PPL reached a settlement to ease its move to market-based rates starting Jan. 1, 2010 that would allow customers to phase-in the expected price hike by paying more for electricity through the end of its rate-cap period.

The settlement, now backed by an ALJ in addition to Commission staff and consumer and small business advocates, would allow residential and small business customers to opt into the phase-in plan, a change from the original opt-out proposal.

Customers choosing the mitigation plan would make added payments on their electric bills with the funds going into a separate account on which PPL would pay 6% interest.

The payments would then be used to offset higher bills in 2010 and 2011. The plan would be competitively neutral and customers leaving PPL for a competitive retailer after accruing a mitigation balance would still receive their money with interest.

Customers would be able to opt-in by phone, online, or by returning an enrollment card sent by PPL when informing them of the program.

Although all-party settlements are no longer an automatic approval at the PUC since the Penn Power default service supply pact was remanded, it's expected PPL's mitigation plan will be OK'd by the Commission.

Utilities Poised to Win Over Customers on Green Leadership

Utilities have an "excellent opportunity" to leverage existing customer perceptions and relationships into a leadership role in the green energy and environment space, market research firm EcoAlign (a DEFG affiliate) reported after surveying consumers about green branding.

EcoAlign found evidence of a "green gap" between consumers and companies who are in the renewable and green energy space but have virtually no brand recognition.

The gap presents an opportunity for companies seeking to fill the void, and utilities in particular could capitalize on it, EcoAlign noted.

That's because while only 33% rated their utilities as highly committed to green energy (ranking commitment 7 or higher on a scale of 10), 36% of respondents gave their utilities a neutral rating.

"The neutral group offers a nice opportunity to move the dial, since it is much easier to positively influence consumers who have no real opinion than it is to influence ones who have negative opinions," EcoAlign observed.

EcoAlign suggested that utilities could improve their position in consumers' eyes through targeted marketing and educational campaigns about what the utilities are doing in terms of renewable energy and energy efficiency.

EcoAlign found Pacific Gas & Electric, Florida Power & Light, American Electric Power, Southern California Edison and Duke Energy as faring the best among utilities in being seen as green leaders.

"Pure play" renewable or efficiency firms still have a long way to go in building brand awareness, although EcoAlign noted many of the firms are business-to-business players not in the mass market.

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Price Filings Give Picture of Growing Conn. Mass Market

A series of compliance filings is starting to make the Connecticut mass market more transparent for consumers and competitors (Matters, 2/29/08). Last month, the DPUC ordered all generally available mass market rates to be posted on the DPUC's website as well as individual product disclosure labels. Retailers have been submitting their offers to the DPUC in response to that order. The DPUC also posted a form for retailers to use when submitting prices online in docket 07-05-33.

The prices give a glimpse into what products retailers are offering, to which rate classes, and most importantly, for how much:

CL&P Territory

Retailer	Price ¢/kWh	Rate Classes	Description
Levco (Dominion)	11.69	1, 5	Fixed price until May 31, 2009
Direct	11.70	1, 30	3-month fixed price
Direct	11.70	1	Marketer referral 12-month fixed price
CL&P	11.747	30	Standard Service GSC plus BFMCC
CL&P	11.780	1, 5	Standard Service GSC plus BFMCC

UI Territory

Retailer	Price ¢/kWh	Rate Classes	Description
Levco	11.85	R, RT	Fixed price until May 31, 2009
Direct	12.00	R	3-month fixed price
Direct	12.00	R	Marketer referral 12-month fixed price
Direct	12.30 On Peak 11.00 Off Peak	RT	12-month fixed price
Direct	12.49	GS	3-month fixed price
Direct	12.49	GS	Marketer referral 12-month fixed price
UI	12.2800	R	Standard Service
UI	12.6806	GS	Standard Service
UI	14.8169 On Peak 11.3169 Off Peak	RT	Standard Service

Although not yet filed publicly at the DPUC, Coned Solutions had been offering residential and small C&I customers via UI's marketer referral program a 12-month deal for 11.59¢/kWh while MXenergy had been offering 13.49¢/kWh to residential and small C&I customers in the UI marketer referral program.

WMECO Can Keep FCM Revenues From Customers in Efficiency Programs

The Massachusetts DPU approved a settlement regarding Western Massachusetts Electric Company's energy efficiency programs that forces participating customers to waive rights to Forward Capacity Market payments from their load-reducing actions (07-85). FCM payments are instead collected by WMECO and returned to the energy efficiency programs.

Wal-Mart had objected to that provision, arguing that if customers are deprived of the proceeds from the FCM, which are derived from customers' energy efficiency programs, then customers are essentially not being allowed to realize the full value of the programs.

But the DPU concluded that requiring customers to waive rights to FCM payments is a, "reasonable condition for participation in WMECO's energy efficiency programs."

WMECO's rebates are specifically designed to be sufficient to motivate customers to invest in energy efficient measures, the DPU noted. Customers should not need additional incentives.

FCM payments enable WMECO to provide additional support for energy efficiency activities, thereby resulting in additional efficiency savings for other customers to enjoy, the Department added.

"Allowing Wal-Mart to collect FCM payments in addition to the financial incentive offered by WMECO would direct funding away from electric consumers that solely rely on WMECO rebates," the DPU found.

"Large electricity consumers, such as Wal-Mart, can choose to either collect utility rebates by participating in utility-sponsored energy efficiency programs, or implement energy efficiency measures on their own in order to earn FCM payments," the Department concluded.

The DPU encouraged WMECO and large customers to discuss mutually agreeable opportunities regarding FCM participation, such as designating certain efficiency measures that would be financed solely by utility incentive payments while setting different efficiency measures to be financed solely by FCM payments to the consumer.

Such an arrangement might result in greater efficiency savings, and would avoid the need to provide customers with two financial incentives for the same efficiency measures, the DPU suggested.

Midwest ISO Submits Latest RSG Fix

The Midwest ISO has submitted to FERC changes to Revenue Sufficiency Guarantee cost allocation to align the fees with cost causation principles (EL07-86-003 et. al.).

The new proposal would take into account factors that the existing allocation methodology does not consider, including:

(i) reasons for unit commitment in Reliability Assessment Commitment (RAC);

(ii) location of constraints; and

(iii) advance notice of planned schedule changes that gives the Midwest ISO an opportunity to make forward RAC adjustments that avoid the need for additional commitments in the RAC process.

The tariff changes are to enhance the tracking of cost causation by basing the allocation of RSG costs on three major reasons for the commitment of units in the RAC process:

(i) To manage a transmission constraint or to address a local reliability concern;

(ii) To address intra-hour demand changes, and

(iii) To adjust to deviations from Day-Ahead Schedules.

The proposed revisions also provide an opportunity for Market Participants to net certain deviations when Market Participants provide the Midwest ISO sufficient advance notice of anticipated schedule changes, thereby avoiding the need for additional commitments in the RAC process.

The changes would allocate costs to Virtual Transactions as they impact the RAC process by also considering the net impact on Virtual Supply Offers and Virtual Bids.

The proposal does not provide separate treatment for virtual versus physical transaction deviations, as all transactions are represented in the Day-Ahead commitment process and deviations from those cleared transactions impact the Capacity requirements and constraints input into the subsequent RAC process, the ISO explained.

Real-time RSG charges would be sequentially allocated through the following four charge types:

(a) RSG Constraint Management Charge;

(b) RSG Intra-Hour Demand Change Charge;

(c) RSG Day-Ahead Schedule Deviations Charge; and

(d) RSG Second Pass Charge.

N.J. Regulators Slam Moving PSEG Plant From PJM

CONTINUING COVERAGE

Members of the New Jersey Assembly Telecommunications and Utilities Committee got an earful from regulators over a plan by PSEG Power to remove a power plant from PJM and connect it to the New York ISO to import its power into the more lucrative New York City market (Matters, 2/20/08).

PSEG, using a new connection built by Cross Hudson, wants to remove its Bergen 2 unit from PJM and ship its power to the New York ISO to supply the New York Power Authority.

PJM participants losing out on the power have heavily criticized the measure at FERC (EL08-35), claiming that Cross Hudson is attempting to skirt open access rules for the line, and urging that PJM members not have to pay for any upgrades needed to the system because of the loss of local generation.

Now New Jersey Rate Counsel Stephanie Brand took the fight to state legislators, reporting to the Assembly utilities committee that PSEG's plan would cost the state's ratepayers $35 million to $120 million annually in higher electric rates while providing higher profits to PSEG – a "grossly unfair" result.

BPU Commissioner Joseph Fiordaliso told

lawmakers the deal would raise prices, harm reliability and increase pollution since more coal-fired power from PJM West would be imported to offset the loss of Bergen 2. Fiordaliso told lawmakers that aside from protesting the plan at FERC, the BPU could not take any action to stop PSEG, noting that its, "hands are tied."

Feds Steamroll Eliot "Ness" Out of Albany?

Although no resignation was forthcoming yesterday, pundits have declared New York Governor Eliot Spitzer's, D, political career all but over after it was alleged he was caught in a federal probe of a prostitution ring.

It's another, and possibly the final, blow to an administration which came into power only 14 months ago and quickly upset many quarters, including ESCOs, with its brash and arrogant style (Matters, 2/15/08).

Should Spitzer try and hang onto the governorship through the scandal, ESCOs can assume he'll be too busy with self-preservation to meddle at the PSC or give cover to any anti-markets efforts over there.

If Spitzer resigns and places Lt. Gov. David Paterson in charge, ESCOs again could catch a breather due to any house cleaning which occurs under Paterson and from the necessity of the new administration to focus on larger problems and rebuilding the executive branch's political capital rather than backing intramural policy fights at the PSC.

Paterson led the administration's task force on renewable energy and recently submitted a report on its findings, focusing mostly on increased R&D for green energy, upping state RPS goals and other production-related policies that did not address the retail side of the industry.

ESCOs may also benefit should the scandal weigh on the state's Democratic party as a whole, and it could well preserve the Republicans' slim majority in the Senate, a chamber which has blocked attempts to rollback the state's competitive energy markets.

Briefly:

Conn. OCC Warns of REC Value Volatility

Long-term contracts for RECs (Matters, 3/4/08) are "unwarranted" due to complex and unpredictable interactions between REC and carbon trading markets, the Connecticut Office of Consumer Counsel told the DPUC in reply comments in a review of allowing EDCs to procure RECs on long-term pacts (07-06-61). OCC pointed out that RECs may have a different meaning as soon as four years from now. "The long-term meaning and value of RECs is presently too uncertain to warrant long-term contracting," OCC said. OCC pointed to potential changes in federal law (such as a cap-and-trade carbon program) impacting the value of RECs, depending on whether existing renewable energy plants are assigned carbon allowances. OCC noted as well that state legislative proposals would change the definition of "sustainable biomass" which could impact REC values.

Four Conn. LSEs Would Pay ACPs

Connecticut Light & Power, United Illuminating, Constellation NewEnergy and Sempra Energy Solutions would each face alternative compliance payments for not fulfilling their RPS obligations under a draft decision by the DPUC (07-09-14). Only five of 12 registered electricity suppliers served load in 2006, and three of those suppliers (Dominion Retail, Hess and TransCanada Power Marketing) met their Class I and Class II RPS obligations. Not serving load were Connecticut Resources Recovery Authority, Direct Energy Services, Energy East Solutions, Integrys Energy Services, Sprague Energy, Strategic Energy and Suez Energy Resources NA. CL&P is to pay $3,104,200, UI is to pay $372,130, NewEnergy is to pay $2,141,040 and Sempra Energy Solutions is to pay $11,850.

Suez Joins Texas ABC Group

SUEZ Energy Resources NA has been accepted as a member of the Texas Electricity Professionals Association (TEPA). "TEPA plays an integral role in the Texas deregulated market by bringing together professionals comprised of aggregators, brokers and consultants along with energy suppliers," said Gail Workman, SERNA's Regional Vice President for ERCOT. SERNA can now leverage TEPA's vast network to foster and develop growth in the indirect channel business, Workman added.

Pepco Retailer Signs The Nature Conservancy

Pepco Energy Services inked a one-year deal to supply the Arlington, Va. headquarters of The Nature Conservancy. The deal includes nearly 4 million kWh of power fully offset by Sterling Planet certified RECs.

Maryland Delegation Presses FERC on PJM Offer Caps

Sen. Barbara Mikulski, D-Md., led the entire Maryland delegation in writing a letter asking FERC Chairman Joseph Kelliher for "prompt consideration and resolution" of arguments in the Maryland PSC's January complaint to federal regulators concerning exemptions from offer caps for certain generators in PJM. Citing the PSC complaint, the Maryland delegation claimed the lack of offer caps on some power plants costs customers $87.5 million.

Calif. PUC Would OK PG&E, DWR Demand Response Pact

A draft resolution by the California PUC would approve a contract between Pacific Gas & Electric and the Department of Water Resources for DWR to provide 200 MW of demand response during the summers of 2008 and 2009 (E-4156). The demand response product provided by DWR qualifies to count towards PG&E's resource adequacy requirements.

EcoAlign Green Survey... From 1

Fuel Cell Energy topped Pure Players in brand recognition at 11% while American Superconductor was at 8%. EnerNOC and Comverge each registered 2% recognition.

EcoAlign noted a "10-point rule" in regards to the name of a company and brand awareness, suggesting that companies that have an obvious connection to a green energy offering or technology in their name scored on average 10 points higher in recognition ratings.

Consumers want companies to take green actions themselves before touting green advocacy or PR efforts, EcoAlign concluded.

Consumers said energy efficient operations (78%), energy efficient buildings (73%) and renewable energy investment (70%) were the most important qualities for a company to be an environmental leader. Political advocacy was rated at the bottom at 22%.

EcoAlign pointed to the results as an "interesting" finding, because, "many corporations, as evidenced by the full-page ads in major media outlets everyday, have started with political advocacy and public relations first."

Consumers, "seem to be becoming jaded to what they see as self-serving public pronouncements and advertising, and corporations which take this approach without cleaning up their own house first seem to be more open to charges of 'green washing,'" EcoAlign concluded.