Energy Choice Matters
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Five of Six REPs Offering Expanded Deferral Plans Fail PUCT Test of Customer Service Reps

Five of the six REPs offering voluntary disconnect moratoriums or expanded/extended deferral plans failed to report such information to inquiring customers, per spot checks performed by the PUCT Staff.

After complaints from customers regarding retailers' customer service reps' unfamiliarity with moratorium and deferral programs, the PUCT Staff conducted mystery shopper calls asking about available plans with the six REPs offering some type of program. TXU Energy was the only REP to successfully inform customers of its moratorium plans during all of the PUCT's mystery shopper calls. Direct Energy, Gexa Energy, Green Mountain Energy, Reliant Energy and Stream Energy all failed on at least one mystery shopping call.

Chairman Barry Smitherman chastised the REPs for the failure, noting that such failures work against arguments that voluntary, market-driven moratorium plans are as good as mandatory plans. Smitherman reminded REPs he believes the Commission can enforce the voluntary moratoriums under various deceptive marketing rules. Commissioner Donna Nelson told REPs the Commission will be watching them closely.

All of the REPs told the Commission that they trained their personnel on the programs, but are conducting additional training and measures, such as making CSRs sign acknowledgements regarding training on and understanding of the deferral programs.

Stream noted that it doesn't offer a disconnect "moratorium" but instead offers expanded deferral programs, which may have caused confusion when the customer called looking for a moratorium.

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Pennsylvania PUC Adopts Action Plan to Stimulate Competition in Retail Gas Market

The Pennsylvania PUC adopted a wide-ranging action plan meant to spur competition in the retail natural gas market, adopting several immediate measures and setting the bulk of issues for future rulemakings.

The action plan stems from the PUC's finding in 2005 that the retail gas market lacked effective competition, due to various barriers to entry. The PUC expects to complete the action plan within two years, and set a five-year milestone for review of the market.

Among the immediate remedies are creation of an Office of Competitive Market Oversight (OCMO) to oversee development of the market, and PUC encouragement for expansion of voluntary POR programs.

OCMO is to be fully functional by Jan. 5, 2009. While the initial number of Commission staff permanently assigned to the OCMO is to be small, Staff from other departments may be temporarily assigned to OCMO as needed. OCMO will assume only advisory roles and informal mediation roles consistent with due process considerations that prohibit the co-mingling of advisory and prosecutory functions. One specific area of responsibility assigned to the OCMO is the mediation of disputes involving the release, assignment or transfer of capacity on an LDC's system.

The PUC agreed that, "the inclusion of billing and collection resources and costs in distribution rates provides an unfair subsidy in the provision of utility sales service and requires shopping customers to, in effect, pay twice for billing and collection."

While unbundling distribution rates to recognize all of the costs related to gas supply service in the

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Large Consumers Want Full Cost of Utility Service on ESCO Bills

The expansion of Consolidated Edison's mandatory hourly pricing class must occur in an "orderly manner that protects the interests of consumers," Consumer Power Advocates said in testimony in ConEd's rate case (08-E-0539, Matters, 9/9/08).

CPA noted logistical problems associated with the previous expansion of the MHP class, such as errors and omissions in posting hourly prices which compounded general customer confusion over the new rate design.

Without complete and accurate posting of the MHP data, it is impossible for customers to verify the accuracy of their bills and respond to price signals, CPA said. One of the most significant issues, the misallocation of NYISO re-billed charges, remained unresolved until the Commission's order in the last rate case, CPA observed.

"Our experience was that it was nearly a year before large customers were able to understand and rely on Con Edison's posted data," CPA reported.

"We expect the transition to MHP to be equally difficult for smaller consumers, most of whom lack the resources that larger customers are able to devote to these issues," CPA added.

ConEd should demonstrate its ability to bill the new, much more numerous group of MHP customers accurately before MHP rates are made effective, CPA urged.

Because of the large volume of historic data available through the NYISO, the uncertainty regarding the addition of ancillary costs to the simple energy price, and the difficulty of analyzing such data, ESCOs may have a better quantification of the customer's best alternative to a negotiated agreement (BATNA) than the customer's own energy managers, CPA explained. "This is a problem that is endemic to the Retail Access market ... [and] threatens to erode consumer support for the entire Retail Access program," CPA argued.

CPA suggested that ConEd shadow bill new MHP customers for a year so customers have proper information to judge the impact of hourly pricing. Bills would be based on current rates, but also include data showing what bills would cost under MHP.

CPA also recommended that ConEd provide the cost of full service on each bill, including bills to customers who buy competitive supply. Such information, included on New Jersey bills, will help customers negotiate ESCO contracts, CPA said. Due to challenges in accessing billing data, as well as the complexities of ConEd's tariffs, customers cannot simply compute their own full service rates, CPA explained.

EnerNOC Suggests Demand Response Solution for Md. Gap RFP

Maryland should consider procuring demand response resources instead of generation for its interim reliability needs, demand response provider EnerNOC said in comments (Case 9149, Matters, 8/15/08).

The PSC directed IOUs to develop Gap RFPs to address the risk that needed transmission upgrades may be delayed beyond the time they're needed in 2011.

EnerNOC argued demand response would likely not require a long-term agreement that may ultimately result in above-market costs being passed on to ratepayers, and would not have a deleterious effect on PJM wholesale market-driven efforts to secure resource adequacy over the long-term.

Connecticut's 2003 RFP for demand resources could be used as a model, EnerNOC suggested.

While Connecticut's RFP was run by ISO New England, Maryland may want to consider issuing its Gap RFP through its jurisdictional electric utilities or the Department of General Services or Maryland Energy Administration to avoid a lengthy FERC review process, EnerNOC noted. If Maryland decides to issue the Gap RFP through the utilities or a state agency, it should nevertheless leverage customer participation in PJM wholesale market demand response programs, EnerNOC said

Costs of the Gap RFP could be collected from customers through a nonbypassable charge, EnerNOC noted.

Ameren Utilities Seek Authority to Buy Short-Term Capacity

The Ameren utilities requested authority from the Illinois Commerce Commission to purchase and sell short-term capacity, only when needed to (1) acquire capacity for customers on real-time pricing or to supply customers included in the most recent ICC approved procurement plan, and (2) acquire capacity for Local Balancing Authority reliability purposes.

Ameren defined short-term capacity as products with terms of up to four months in the period of June through September, and one month in non-summer periods.

Ameren would procure capacity needed for supply obligations through an RFP. For Local Balancing Authority needs, Ameren would solicit competitive pricing via emails to suppliers that have entered into enabling agreements, and would select the lowest bid meeting deliverability criteria. Ameren generation affiliates would not receive advance notice of solicitation information, Ameren stressed.

Ameren asked that any purchase from its merchant affiliates pursuant to such bidding practices be considered to have received prior approval from the Commission.

Briefly:

Customers Question Lack of Competition in Cap Rock

Customers are asking the PUCT why Cap Rock Energy, which is no longer a cooperative, remains a monopoly not subject to retail competition (Matters, 9/10/08). Some 13 letters from residential customers have thus far been filed at the PUCT in a project (36130) relating to customer views on competition in the utility, which is located in both ERCOT and SPP. Customers mostly cited higher bills as driving their desire to shop, and also disapproved of rate case surcharges on their bills. Most of the letters appear to have been prompted by a recent letter to the editor in the *Midland Reporter-Telegram* regarding Cap Rock's distinction as the only shareholder-owned utility in ERCOT without retail choice. Although a legislative provision once prevented choice in the region, that proviso was eliminated, and the Commission has authority to direct a transition to competition.

Natures Current Gets Md. Broker License

The Maryland PSC granted Natures Current an electric brokers license for C&I customers. The green-focused broker intends to serve customers at BGE, Delmarva, Pepco and SMECO. President James Mahoney comes from a medical supply sales background, but Shawn Jefremow, director of operations, spent two years at NCG Energy Solutions and its subsidiary WindStreet Energy.

Eric Ryan Corporation Seeks Md. Aggregator License

The Eric Ryan Corporation submitted an electric aggregator-broker license application to the Maryland PSC, seeking authority to serve customers at the four IOUs plus Choptank and SMECO. The Eric Ryan Corporation has been brokering Maryland gas customers for nine months at BGE, Washington Gas Light and Columbia Gas.

PUCT Directs ERCOT to Update Nodal Cost-Benefit Analysis, Refrain from New Schedule Until Update Complete

PUCT Chairman Barry Smitherman directed ERCOT yesterday to update its nodal cost-benefit analysis, since the most recent analysis is now several years old. An updated review would be beneficial given the passage of time, and since the agency has two new Commissioners, Smitherman said. Smitherman instructed ERCOT to not develop a new timeline for nodal implementation until the updated analysis is finished, which Smitherman asked to be completed in 60-90 days.

PPL Proposes Year-Round Time-of-Use Pilot

PPL filed with the Pennsylvania PUC an expanded Time-of-Use pricing pilot that would give customers time-based pricing on a year-round basis. The goal is to make time-based pricing an option for all customers by 2010. The pilot would include a peak (11 a.m. to 6 p.m.) generation rate of 8.3¢/kWh from June through September, and an off-peak rate of 4.2¢/kWh during those months. During non-summer months, the peak rate would be 7.5¢ and in effect from 6 p.m. to 8 p.m. The off-peak rate for winter months would be 4.6¢. The pilot would include 1,200 residential customers. A separate summer-only program, in existence since 2002, will continue as well.

Nicor Seeks Hearing on Progressive Energy Group AGS Application

Nicor Gas asked the Illinois Commerce Commission to hold hearings on the alternative gas supplier license application of Progressive Energy Group, which an ALJ has recommended approving (Matters, 9/11/08). Nicor reiterated its previously raised concerns, including questions regarding PEG's potential use of trade names "The Electric Company" and "The Gas Company" which PEG has registered (Matters, 9/2/08).

Calif. PUC Staff Recommends Opposing Prop. 7

The California PUC Staff recommended that the Commission oppose Proposition 7, the Solar and Clean Energy Act of 2008, on grounds the ballot initiative would hinder renewable development. Staff noted that the measure, opposed by several green groups including NRDC, "will establish an excessively rigid, and potentially dysfunctional, structure," and, "appears to exclude all renewable resources smaller than 30 megawatts." Staff also noted Prop 7's RPS cost cap changes could encourage generators to bid at the cap, or 10% above their market price, since such above-market bids would not require a finding of reasonableness. Prop 7 would raise RPS targets to 40% by 2020 and 50% by 2025.

Hanger Pushes for Managed SOS Portfolio

Newly minted Pennsylvania Acting Dept. of Environmental Protection Secretary John Hanger came out carrying water for the administration's preferred managed portfolio approach to default service supply yesterday. "While the commission has consistently refused to move toward a managed portfolio approach, we continue to believe that it is the best and most-flexible approach to minimizing the cost of retail electricity," Hanger said. Hanger argued that while the PUC has rejected a managed portfolio as too risky, the Commission has used the approach in the natural gas industry. "The fact is that intelligently managed procurement can save money for consumers," Hanger said.

PUCT OKs REP REC Settlements

The PUCT approved settlements with Glacial Energy, Dynowatt and Mega Energy regarding compliance with REC retirement rules. Under the various settlements, Glacial would pay $34,050, Dynowatt would pay $550, and Mega would pay $200 to settle their REC shortfalls.

D.C. PSC Upholds Full Retail Rate for Excess Distributed Generation

The District of Columbia PSC denied the Office of People's Counsel motion for reconsideration of its decision to pay net metering customers the full retail rate, including distribution charges, for excess generation (FC 945, Matters, 7/29/08).

Disconnects ... *from 1*

Smitherman, however, stressed that REPs should not have to make customers say a specific word to get information about measures to help customers avoid being disconnected, whether it be a moratorium, deferral or other program. Customer service reps should be able to recognize customers needing assistance and inform them of what programs the REP offers, whatever they may be, regardless of whether the customer says a particular word.

Stream believed customers reaching reps unfamiliar with its deferral program may have reached one of its overflow call centers, one of which wasn't trained on the program due to an oversight. Stream reported that it has enrolled some 6,400 customers in a deferral plan since late August.

Reliant Energy noted that while it trained its customer service reps on its moratorium, customers reaching sales staff may not have been informed, as Reliant has focused on the program relating to customer service. However, Smitherman pointed out that the Commission has encouraged customers seeking additional disconnect protections to seek one of the REPs offering such service, and thus sales staff need to be informed of the programs since customers are seeking them in the marketplace.

Green Mountain reported just the opposite; its sales staff was familiar with the programs, but its customer service reps are focused on billing problems and weren't trained to handle general inquiries on service offerings.

Pa. Gas Market *... from 1*

Price to Compare would assist in creating a competitive market, POR programs also remove such billing and debt-related cost redundancy, and have a greater potential to immediately increase supplier participation in the market, the PUC said.

Thus the PUC encouraged all LDCs who lack POR programs to file voluntary POR proposals by the end of the year. LDCs failing to file such plans would be required to include, in their next base rate case or next gas cost proceeding, fully allocated cost of service data by which the Commission could investigate the unbundling of natural gas procurement costs from base rates.

Mandatory POR, however, may currently be prohibited by statute, which prohibits mandatory pre-payment to entities that use LDC billing services. In any event, any mandatory POR program would involve costs and risks that should be apportioned fairly between the LDCs and suppliers, the PUC noted, so a rulemaking on mandatory POR is needed. The rulemaking is to address the appropriateness of a discount on receivables and parameters for its calculation, the effect of a POR program on the LDCs' uncollectible expense, and the use of a bad debt tracker. The overall goal is to establish reasonable and fair parameters for POR programs on a statewide basis.

A rulemaking will also be established to examine re-tooling the Price to Compare to consider its cost composition as well as adjustments and reconciliations. While moving to a full market index rate or eliminating the reconciliation of gas cost rates for SOLR service, favored by suppliers, would seem to be simple solutions that would immediately improve market opportunities for suppliers, both solutions could subject consumers to higher rates and increased market volatility, the PUC observed.

The PUC wants to create a reconciliation and adjustment mechanism to the Price to Compare that will re-set the price at regular intervals to account for changes in gas costs. The calculation of the market Price to Compare should be standardized to eliminate inconsistency between LDC territories, the PUC added.

The Commission will also open a rulemaking addressing security requirements related to supplier licensing, including a review of using supplier receivables in POR programs as a means of posting security. A rulemaking will also consider supplier coordination tariffs which will examine reforms to:

- Nomination rules and delivery requirements;
- Wider tolerance bandwidths;
- Cash-out rules and penalties;
- Best practices related to information exchange and data transfer, including NAESB practices; and
- Standardization of Electronic Bulletin Boards

Modifying the current mandatory capacity assignment requirement will require legislative changes, the PUC noted. Staff is to prepare a recommendation to lawmakers that would lessen the control that an LDC has over capacity on its system while preserving reliability. In the interim, a rulemaking is to ensure that implementation of current capacity release codes occur on a nondiscriminatory basis. LDCs are to hold workshops on capacity release as well.

A rulemaking is to consider LDCs' recovery of costs related to promoting competition, including creation of a customer surcharge. A customer surcharge will also be studied to collect regulatory assessments, rather than charging suppliers based on their commodity sales