

Energy Choice Matters

March 23, 2009

OSBA Objects to Citizens'/Wellsboro Petition to Buy 7x24 Block Beyond 2011

A joint petition from Citizens' Electric Company and Wellsboro Electric Company to amend their joint default service plan to procure a 25 MW, 7x24 block of power potentially lasting into 2014 fails to show that the procurement would produce the prudent, least cost product mix, the Office of Small Business Advocate (OSBA) said in a preliminary objection at the Pennsylvania PUC.

The two electric distribution companies (EDCs) have applied for authority to enter into a 25 MW, 7x24 block of power to cover their base load, starting either January 1, 2010, or June 1, 2010. Depending on the start date for that block, the EDCs also applied to use monthly purchases to fill 25 MW of their base load for the period January 1, 2010, through May 31, 2010, which is the current end of their approved default service plan.

Citizens' and Wellsboro currently use a portfolio management approach in procuring default service supplies, including an annual 7x24 25-MW block, monthly 5x16 blocks, and spot purchases (or sales in cases of excess supplies).

Citing currently favorable market conditions, the EDCs applied to purchase a 25-MW, 7x24 MW block starting either January 1 or June 1, 2010, and lasting multiple years, possibly through May 31, 2014. Such a contract would promote rate stability, the EDCs said.

The EDCs' current default service plan prohibits them from entering into a procurement which extends beyond May 31, 2010.

OSBA objected to the petition, arguing that the filing was not an amendment to the current default service plan, but rather a petition to institute a new default service plan in a piecemeal

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CMP, IECG Fund Additional Study of Maine-Only RTO

Central Maine Power and the Industrial Energy Consumer Group have agreed to use \$193,000 remaining from a fund established in 2008 to study alternatives to ISO New England to fund an additional study of a Maine-only RTO.

In January, the Maine PUC directed CMP and Bangor Hydro-Electric to pursue reforms at ISO New England, including on issues such as transmission cost allocation and cost containment (Matters, 1/19/09). The Commission held consideration of ISO-NE alternatives, including an "a la carte" ISO-NE option or an expanded Northern Maine Independent System Administrator model, in abeyance pending further progress in negotiations of the utilities' agreements with ISO-NE.

However, in a partial dissent, Commissioner Jack Cashman said development of ISO-NE alternatives should be pursued concurrent to ISO-NE negotiations, specifically noting that the NMISA operation in northern Maine, "has proven itself to be cost conscious and to have an ability to contract for a la carte services from the [New Brunswick System Operator]." Cashman suggested either expanding NMISA, or creating two Maine RTOs, with either the New Brunswick System Operator (NBSO) or ISO-NE providing any additional services needed. Cashman

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CL&P Reports February 2009 Shopping Data

3rd Party Supplier Accounts	Feb.' 09 Residential	Feb.' 09 Commercial/ Industrial	Feb.' 09 Total	Jan. '09 Total
CLEARVIEW ELECTRIC	1	0	1	1
CONSOLIDATED EDISON SOLUTIONS	1,803	1,295	3,098	2,746
CONSTELLATION NEWENERGY, INC.	793	8,247	9,040	9,157
DIRECT ENERGY BUSINESS LLC	110	1,499	1,609	1,599
DIRECT ENERGY SERVICES LLC	13,758	3,597	17,355	17,235
DISCOUNT POWER INC	0	0	0	0
DOMINION RETAIL INC	41,699	2,282	43,981	43,561
GEXA ENERGY CONNECTICUT, LLC	7	316	323	240
GLACIAL ENERGY OF NEW ENGLAND	279	1,364	1,643	1,493
HESS CORPORATION	312	401	713	704
HORIZON POWER AND LIGHT LLC	0	0	0	0
INTEGRYS ENERGY SERVICES	387	3,232	3,619	3,585
LIBERTY POWER HOLDINGS LLC	0	109	109	112
MXENERGY ELECTRIC INC	1,729	3,083	4,812	4,931
PEPCO ENERGY SERVICES, INC.	0	0	0	0
PUBLIC POWER & UTILITY, INC	8,329	1,925	10,254	9,676
ROYAL BANK OF SCOTLAND	0	0	0	0
SEMPRA ENERGY SOLUTIONS LLC	6	1,025	1,031	1,010
SUEZ ENERGY RESOURCES NA	9	561	570	509
TRANSCANADA POWER MARKETING	27	2,260	2,287	2,206
WHOLE FOODS MARKET GROUP INC	0	4	4	4
WORLD ENERGY	0	0	0	0
STRATEGIC ENERGY LLC	0	2	2	1
Total All 3rd Party Suppliers	69,249	31,202	100,451	98,770

Aggregate Data

Total All CL&P		%	C&I SS-CL&P		%
TL # ALL ACCTS	1,211,997		TL # ALL Accts	121,798	
TL ALL MWWhs	1,759,085.975		TL ALL MWWhs	558,260.496	
TL 3rd Party Accts	100,451	8.3%	TL 3rd Party Accts	30,231	24.8%
TL 3rd Party MWWhs	706,250.363	40.1%	TL 3rd Party MWWhs	286,635.712	51.3%

Last Resort Service-CL&P		%	Residential SS-CL&P		%
TL # ALL Accts	1,207		TL # ALL Accts	1,088,992	
TL ALL MWWhs	400,019.207		TL ALL MWWhs	800,806.272	
TL 3rd Party Accts	971	80.4%	TL 3rd Party Accts	69,249	6.4%
TL 3rd Party MWWhs	351,389.438	87.8%	TL 3rd Party MWWhs	68,225.213	8.5%

National Grid Files Mass. Basic Service Rates

National Grid filed its updated basic service rates with the Massachusetts DPU:

Summary of National Grid Proposed Default Service Charges
Including Default Service Cost Reclassification Adjustment Factor
May 2009 through October 2009

	<u>Zonal Default Service Charges</u>					
	Residential (R-1, R-2, R-4, E)	Commercial (G-1)	<u>NEMA</u> Industrial (G-2, G-3)	<u>SEMA</u> Industrial (G-2, G-3)	<u>WCMA</u> Industrial (G-2, G-3)	Commercial (Streetlights)
Variable Default Service Charges, ¢/kWh						
May 2009	9.210	9.053	7.000	7.803	6.834	9.053
June 2009	9.505	9.495	7.348	7.937	7.160	9.495
July 2009	9.939	10.197	7.753	8.401	7.714	10.197
August 2009	10.128	10.246	--	--	--	10.246
September 2009	9.593	9.583	--	--	--	9.583
October 2009	9.715	9.679	--	--	--	9.679
Fixed Default Service Charge, ¢/kWh						
May-October 2009	9.714	9.734	--	--	--	9.734
May-July 2009	--	--	7.383	8.059	7.254	--

MISO to Revise Tariff to Ensure Collection Rights After Uplift

The Midwest ISO has submitted tariff revisions at FERC to ensure that amounts which are deemed uncollectible and uplifted to market participants can still be collected if the amount is later deemed to be collectable.

It has come to the attention of MISO that the current tariff is silent as to the extent to which MISO may pursue collection of a past due amount after it has been deemed an uncollectible obligation. Until recently, MISO had not experienced any defaults in its Energy and Operating Reserve Markets, which has precluded the need for the Midwest ISO to employ uplift procedures under its tariff. However, MISO noted it has encountered several defaults in recent weeks (see related story), and has been forced to consider the potential for declaring such default amounts to be uncollectible obligations.

Because a default may potentially have an adverse impact on other market participants through uplift, MISO said it must ensure that it has the right to continue collection of a past due amount after it has been declared to be an uncollectible obligation.

The new language would explicitly state that neither the declaration of a past due amount as an uncollectible obligation, nor the uplift of the uncollectible obligation, shall operate as a release of the past due amount or prevent MISO from continuing to attempt collection of the past due amount from the defaulting market participant.

Dartmouth Power Associates Files Complaint Against ISO-NE over Withheld ICAP Payment

Dartmouth Power Associates filed a complaint at FERC against ISO New England regarding whether an ICAP Resource must notify the ISO before a forced outage occurs in order to qualify for ICAP payments.

Dartmouth Power owns a 74.1 MW natural gas-fired, combined-cycle cogeneration facility located in Dartmouth, Massachusetts. In June 2008, the plant was conducting shadow maintenance which it believed could be completed before the next available time which the plant could be dispatched by the ISO. However, during repairs a weld bead did not hold, prompting more extensive repairs and a forced outage.

While Dartmouth was assessing the situation to determine when the facility would be back online so it could report the forced outage and expected duration to the ISO, ISO-NE called to dispatch the facility some 37 minutes after the forced outage occurred, at which time Dartmouth informed ISO-NE of the forced outage.

ISO-NE revoked Dartmouth's June 2008 ICAP payments in the amount of \$231,952.50 for what ISO-NE said was failure to notify ISO-NE of an unscheduled outage within a reasonable period of time. According to Dartmouth, ISO-NE stated that "[n]otifying the ISO of the unavailability of the resource after the repair had been commenced does not constitute timely reporting of a forced outage in compliance with the requirements of Section 8.3.1 of Market Rule 1 and relevant provisions of Manual 20."

Notification should have occurred prior to commencing repairs, the ISO said.

However, Dartmouth claimed that neither of the cited provisions expressly requires an ICAP Resource to notify the ISO before a forced outage occurs in order to qualify for ICAP payments. Since Dartmouth expected its shadow maintenance to be complete before being called for dispatch, such maintenance did not constitute a forced outage, Dartmouth said. It was only the unanticipated weld bead failure which caused the forced outage.

By their nature, forced outages are not predictable, and the ISO-NE operating procedures recognize this fact, Dartmouth argued, by providing that forced outages be reported, "as soon as practicable." Contending that the tariff does not require prior notification of forced outages, Dartmouth is seeking its withheld ICAP payment plus interest.

The Dartmouth facility is indirectly wholly-owned by Morris Energy Group, which contracts out bidding and fuel management to Consolidated Edison Energy.

Briefly:

MISO Reports Two More Defaults

The Midwest ISO reported that Global Energy Investments Group and the AI Funds are in default for failure to cure total potential exposure violations. The defaults come after five previous defaults announced last week, and three in January, as MISO resettles Revenue Sufficiency Guarantee charges on virtual suppliers (Matters, 3/20/09).

PUCT Approves Withdrawal of Two Reliant REP Certificates

The PUCT approved the relinquishment of REP certificates for Reliant Energy subsidiaries Reliant Energy Solutions (10006) and StarEn Power (10012). Reliant Energy Solutions is now a trade name under the Reliant Energy Retail Services entity (10007), with its customers served under that entity under the Solutions trade name. StarEn Power had not been serving load.

PUCT Approves New Name for Catalyst Energy

The PUCT approved Catalyst Energy USA's amendment to its REP certificate to recognize a reorganization into an LLC stemming from the bankruptcy of its former parent, Catalyst Energy Group, and a name change to Nations Power (Matters, 2/23/09). As a result of its bankruptcy filing, Catalyst Energy Group sold all of its stock interest in Catalyst Energy USA to a new LLC owned by former Catalyst Energy Group CEO Fernando de Agüero, and Ronald Sewell, founder EnergyComNetwork, which offers prepaid metering and other metering integration services.

ERCOT Requests Additional CREs Related to Singleton Project

ERCOT requested three additional new Closely Related Elements (CREs) as a result of the Singleton project. Currently, one of the Gibbons Creek to Singleton circuits is a CRE. ERCOT said there is a second circuit for Gibbons Creek to Singleton which needs to be added as a CRE. Roans Prairie to Kuykendahl is a current CRE; Roans Prairie will be connected to Singleton, therefore,

Singleton to Roans Prairie is requested for CRE status. Tomball to Kuykendahl is a current CRE; Tomball will be connected to Singleton, and ERCOT requested the addition of Singleton to Tomball as a CRE. ERCOT requested each new CRE become effective March 27, should TAC either approve the requests or not take any action on the proposed modifications.

NERC Expects Settlement on CECG Generator Operator Designation by April 30

NERC expects it and Constellation Energy Commodities Group will reach a settlement by April 30, 2009 regarding the registration of CECG as a generator operator on the NERC reliability registry (RC08-7). CECG had been designated as a generator operator since it acted as a QSE for a generator in ERCOT, a designation CECG appealed. FERC in November directed parties to develop a more complete record in the case (Matters, 11/21/08).

Georgia Catalyst Customers May Seek Refunds

Former Georgia customers of Catalyst Natural Gas, which filed bankruptcy in October, have until May 20 to file a claim with the Catalyst Trustee if they are owed a claim for any unused balance or credit, the Georgia PSC said Friday. Claims may arise from prepaid amounts or deposits, budget billing, overpayments resulting from billing errors, or automatic payments that continued to be paid to Catalyst rather than MXenergy after MXenergy acquired Catalyst's Georgia book. Some prepaid customers have already received their amounts back.

Citizens ... from 1:

fashion. The EDCs have not presented evidence that the proposed 25 MW block is the appropriate size, or that a possible 53-month block is the appropriate length, OSBA said.

Act 129 requires default service plans to include a prudent mix of short-term and long-term contracts, and spot purchases.

However, the application, which would cover the EDCs' base load, only represents one product, a 7x24 block, OSBA noted. The EDCs provide no details regarding how remaining power is to be procured, and whether the total procurement would represent a prudent mix, OSBA said. If the Commission were to take a look at the entirety of the EDCs' portfolio, it may conclude that shorter, smaller or layered purchased of 7x24 blocks would yield lower costs or less risk of supplier default, OSBA observed.

OSBA also questioned what the credit costs for the multi-year 7x24 block would be, noting such costs may be substantial.

Furthermore, OSBA noted that Act 129 requires competitive procurement, but the EDCs have not discussed the nature of the procurement for the 25 MW block of power, other than stating RFPs would be issued.

OSBA contrasted the Citizens'/Wellsboro petition from the Commission's approval of an accelerated procurement at West Penn Power, noting the West Penn case only involved accelerating procurements in an already approved plan, not instituting a new procurement for a length of time extending beyond the current plan's expiration date.

The Office of Consumer Advocate supports the Citizens'/Wellsboro proposal.

Maine RTO ... from 1:

suggested stakeholders develop a system design by June 15.

Earlier this month, the state Senate and House Chairmen of the Utilities and Energy Committee requested that the Maine PUC examine further alternatives to continued participation in ISO New England along the lines of the framework outlined by Cashman.

Accordingly, CMP and IECG agreed to use the remaining \$193,000 in funds to study creation of a Maine-only RTO, including an examination of what is needed for formation of such an RTO, and what opportunities would exist to share resources with either ISO-NE or NBSO. Time and funding permitting, the study will examine relative costs and benefits of the Maine RTO, including a comparison of prices to the status

quo of remaining in ISO New England.

The Brattle Group will serve as the principal economic and technical consultant for the study.

A report will be submitted to the PUC by May 12.