Energy Choice Matters

April 2, 2009

Maryland Senate Approves Re-regulation Bill

The Maryland Senate last evening approved re-regulation bill SB 844, by a vote of 27-19. The bill now moves to the House, where action on it this year is questionable after leadership expressed concerns about the complex nature of the electric industry and the short time remaining in session.

House Economic Matters Committee Chair Dereck Davis has conveyed reservations on trying to complete work on a re-regulation bill by the April 13 end of session, but also committed to try and get something done. Still, he sees an uphill battle for re-regulation proponents.

During the third reading debate in the Senate, opponents noted that the PSC already has authority to direct the building of new generation or require long-term contracting, without the need to end mass market retail choice. Opponents pointed to the non-event which was Allegheny Power's move to market-based residential pricing this January, and even some proponents admitted that had the PSC instituted a similar tiered rolloff of rate caps at Baltimore Gas and Electric in 2006, the chamber likely would not be addressing electricity regulation today.

A Senator from the Delmarva territory who supported the bill noted the intense lobbying effort (and attendant spending) by retail suppliers against SB 844, and suggested that, had that money been used to offer residential choices to consumers, the Senate might not be closing choice to small customers.

Opponents noted even the PSC has said the bill will do nothing to lower electricity costs in the near future.

SB 844 ends retail choice for residential and small commercial customers. Large customers,

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Ameren Offers to Include REC Costs in Purchased Receivables

The Ameren Illinois utilities have agreed to include the cost of RECs in purchased receivables, "if that is, in fact, a requirement under Illinois laws and regulations," Ameren said in rebuttal testimony at the Illinois Commerce Commission (08-0619 et. al.).

Retail suppliers had objected to Ameren's initial proposal to limit the purchased receivables to "Power and Energy Services," which were defined as, "only those components the [retail supplier] is obligated to procure to meet its Customers' instantaneous electric power and energy requirements and may also include charges for Transmission Services and related Ancillary Transmission Services." Ameren said RECs, as a purely financial product, did not fit that definition (Matters, 3/25/09).

ICC Staff argued that RECs are a permissible form of meeting RPS requirements for retail suppliers, and thus said that REC costs should be included in the POR program. Ameren has agreed to that suggestion, and updated the definition of Power and Energy Services to state that, "Power and Energy Service may include supply products that utilize renewable energy credits in meeting load requirements."

As before, receivables purchased would not include retail supplier charges for early termination or value added services.

Oncor Ready for Interim HAN Functionality

Oncor notified REPs that its advanced metering system is ready to support interim Home Area Network (HAN) functionality, which will allow the end-use customer's electric usage information from Oncor's advanced meter to be received by one "in-home" display or monitor, provided the device is enabled with the ZigBee Smart Energy Profile v1.0.

Oncor expects full functionality of the HAN, including communications between the REP and in-home devices (such as pricing signals and control messaging through Oncor's advanced metering system) to be provided within 12 months of completion of the HAN requirements in PUCT Project No. 34610 (anticipated by May 1, 2009).

Oncor said that Tendril, Landis+Gyr, LS Research and Comverge are among the manufacturers that are developing and testing devices that will meet ZigBee Smart Energy Profile v1.0 requirements, and that will soon have production models available.

"It is strongly suggested that a device manufacturer or vendor work with Landis+Gyr, Oncor's advanced meter manufacturer, to ensure successful interoperability between their device and Oncor's advanced meter. Landis+Gyr may charge for this effort, but Oncor believes it will be a worthwhile investment to ensure a successful customer experience," Oncor said.

OEB to Update Standard Service Rules to Reflect New RPP Opt-Out Provisions

The Ontario Energy Board issued a notice that it is proposing amendments to the Standard Supply Service Code to (1) reflect changes in the classes of consumers and determination of rates and (2) to address inconsistencies in the application of the seasonal changes in the tier threshold for condominiums.

The provincial government has filed Ontario Regulation 115/09, which amends current Regulation 95/05 (customer classes and determination of rates) by:

1. Extending eligibility for the Regulated Price Plan (RPP) for all low volume and designated consumers until November 1, 2009; and
2. Enabling those consumers that will cease to be eligible for the RPP on November 1, 2009 to opt out of the RPP in the interim period regardless of whether or not they have an interval meter.

The current Standard Supply Service Code, however, contemplates that only those RPP consumers with interval or other eligible time-of-use meters may opt out of the RPP, thus requiring a change.

Under the Standard Supply Service Code, the commodity price payable by a non-RPP consumer that has a conventional meter is the weighted average hourly spot market price. The Board proposed extending such pricing to “electing spot consumers” that do not have an interval meter and that are now permitted to opt out of the RPP.

Additionally, OEB is seeking to add clarity to the Standard Supply Service Code regarding the application of rate tier thresholds for condominiums on the RPP. The rate tier sets a higher rate for usage above a specific level.

The code establishes that the tier threshold for residential RPP customers changes seasonally, with a higher threshold (1,000 kWh/month) applicable for the winter months (November 1 to April 30) and a lower threshold (600 kWh/month) applicable for the summer months (May 1 to October 31). The tier threshold for non-residential RPP customers is constant at 750 kWh throughout the year.

While the code intends for the seasonal tiers to apply only to residential accounts, current sections 3.3.3 and 3.3.4 can be read as extending the application of the seasonal change to all condominiums, whether residential or non-residential, the Board noted. Such language has given rise to uncertainty in terms of the application of the seasonal change in tier thresholds to non-residential condominiums, OEB said.

The Board proposed explicitly stating in the code that seasonal tier thresholds for RPP consumers do not apply to non-residential condominiums. The proposed amendment is prospective only, and the Board does not expect distribution utilities to make retroactive adjustments to bills issued to condominiums prior to the new codes' effective date.

Md. Suppliers Report 2008 Retail Sales

Maryland electric suppliers filed annual RPS compliance reports with the PSC, and, in doing so, reported total retail sales in the state for 2008. Below is the currently available data; some filings are not available:

Total Retail Electricity Sales (MWh)	**2008**	**2007**
Allegheny Energy Supply Co.	21,836	N/A
ConEdison Solutions	459,230	716,249
Constellation Energy Products and Services	179,776	164,656
Constellation NewEnergy	4,166,531	4,896,313
Direct Energy Business (2007: Strategic)	1,366,768	847,601.388
Direct Energy Services	706,067	1,105,138
Dominion Retail	15,052	18,419
Gexa Energy Maryland	21,359	1,415.88
Horizon Power and Light	179,310	98,159
MidAmerican Energy Co.	232,013.32	206,366.943
Pepco Energy Services	7,453,961	7,918,476
Sempra Energy Solutions	848,141	600,462
Severstal Sparrows Point (self-supply)	1,169,143	1,162,489

D.C. Draft Would Reduce Rate Paid to Larger Distributed Generation

The District of Columbia PSC issued a NOPR regarding changes in net metering provisions applicable to competitive suppliers and the SOS Provider (currently Pepco), reducing the rate paid for excess generation for larger distributed generation systems.

Currently, all excess generation is credited on the customer's next bill at the full retail rate, which includes transmission and distribution charges. The proposed rule would maintain that framework for customers with distributed systems of 100 kW or less.

However, for customers with systems in excess of 100 kW, any excess generation carried to the next billing period would only be credited at the "generation rate" applicable during the billing period in which the excess generation occurred, rather than the full retail rate.

"Generation rate" is a defined term in the NOPR, and means, "the kilowatt-hour usage charge associated with the SOS generation service that is applicable to the customer-generator." Ostensibly, the definition would require competitive suppliers to credit excess generation at the applicable SOS rate, rather than their individual customer contract rates or current wholesale market price.

As under the current rules, competitive suppliers would not be compelled to offer a net metering option to customers.

The Commission also issued a separate NOPR to update its RPS codes to reflect the Clean and Affordable Energy Act of 2008, which, among other things, expands specific carve-outs for solar energy.

Under the proposed rules, electricity suppliers shall meet the solar requirement by obtaining the equivalent amount of renewable energy credits from solar energy systems interconnected to the distribution grid serving the District of Columbia. Only after an electricity supplier exhausts all opportunity to meet this requirement through district-interconnected solar could that supplier obtain RECs from jurisdictions outside the District of Columbia.

The compliance fee would also be

increased to $50 from $25 per REC for Tier One resources. For shortfalls in solar RECs, the compliance fee would increase from $300/REC to $500/REC for the period 2009 through 2018.

Both NOPRs are in Formal Case 945.

Direct Energy Dashboard to Present Usage Data on TV

Direct Energy announced more specifics regarding its new energy management "dashboard" for consumers and service providers aimed at reducing residential customer energy usage (Matters, 3/26/09).

The dashboard, developed in partnership with Exceptional Innovation, allows customers to view their energy consumption on their television. It runs as an application on the cable industry's tru2way common platform, through a set-top cable box.

Direct said the home energy management dashboard includes easy-to-understand graphics that display real-time use, cost, and ecological impact, along with selected appliance usage, current and projected utility bill costs, comparison charts, management tools, energy savings data and tips for consumers. The energy management dashboard data and services will ultimately be provided to consumers via remote access from any broadband-enabled and connected device such as smart phones or personal computers, Direct added.

Since the dashboard will allow service providers to connect the homeowner to the utility company and to other devices on the network through their television, it, "makes every broadband-capable home an immediate candidate for an energy information service versus consumers having to wait for devices to become available and integrated into their home environment," Direct said.

Direct Energy cited numerous benefits of bringing the dashboard to market through service providers, including a strong installation force, the installed base of existing subscribers, and secure networks that already connect the home to the web.

N.Y. Energy Plan Interim Update Has Few Details on Retail Market

New York State's Energy Coordinating Working Group released an interim update on the state's 2009 energy plan which contained few details relevant to the structure of competitive retail or wholesale energy markets. The term ESCO does not appear in the report, nor is there any direct discussion regarding retail generation or gas supply pricing.

Most of the update focuses on energy efficiency, green energy, and infrastructure. With respect to energy efficiency, the update does state that the final energy plan will likely address the opportunities for providing energy use and cost information to consumers at key decisional moments, such as hours of peak electricity demand. The plan will also consider the growing role that electric and gas utilities play in providing energy efficiency services and hardware to their customers, the working group said.

The interim update further noted that the approaches to green energy being considered include those that would reduce price volatility and those that would contain or lower energy costs for citizens and businesses.

Restructuring of the wholesale electric market was only discussed with respect to its impact on transmission. While the working group said restructuring has worked well for maintaining reliability, restructuring has not worked as well in the area of expansion and modernization of the transmission system, the interim update said.

The current electricity market structure adds complexity in determining the primary beneficiaries of transmission projects -- particularly when considering cross-border transmission projects, which ultimately adds more uncertainty to the critical elements of cost allocation and cost recovery, the working group noted.

An acceptable cost allocation formula for cross-border transmission facilities, "will be the single most important feature" in making transmission projects which could produce economic benefits a reality.

The working group said the Draft 2009

State Energy Plan will be released on July 15, 2009.

Verisae, AREVA Offer Suite that Integrates Behind-the-Meter Data with RTO Transactions

Verisae and AREVA have partnered to develop a suite of software and services that manages and automates a variety of electricity transactions across multiple ISO, RTO and utility territories. The combined solution, called Virtual Grid Management, manages traditional electricity transactions, and also automates demand and price response programs, bidding, meter data, customer site automation and daily settlement of ISO, market participant and customer transactions.

"We see the marketplace evolving toward a marriage of commodity supply options with demand response and demand reduction opportunities that benefit end use customers, utilities, ISOs and energy service providers alike," said Verisae CEO Dan Johnson.

The Verisae-AREVA solution is meant to enable such product integration by allowing Verisae's behind the customer meter modules, such as meter data management and load controls (including measurement and verification, carbon management, rebate and incentives, and facility automation) to feed into AREVA's market solutions, including ISO interfaces, market bidding and settlement systems, as well as contract management, demand event management, scheduling, risk management, forecasting, and optimization.

Briefly:

Green Marketing Quadruples in ERCOT

Voluntary purchases of renewable energy more than quadrupled in ERCOT during 2008, the grid operator reported yesterday. ERCOT said in 2008 it issued more than 13 million RECs, including a record increase in voluntary REC retirements. REPs retired 6.74 million RECs in order to satisfy the annual mandate within the state's renewable portfolio standard, and retired 6.77 million RECs in the voluntary market to support marketed green products -- far surpassing last year's 1.6 million. ERCOT said REC prices ranged from $1 to about $5 each during the year with some going higher based on demand.

American PowerNet Management Receives Ohio Licenses

PUCO awarded a competitive retail electric service provider license to American PowerNet Management LP to serve as a power marketer for commercial, mercantile, and industrial customers, and also granted a CRES license as a power marketer to affiliate APN StarFirst LP. Both entities specialize in facilitating customers buying power at wholesale, with APN StarFirst created specifically to serve PPG.

Integrys Energy Services, JCPenney Mark Solar Installation

Integrys Energy Services, JCPenney, and SunPower announced the installation of SunPower solar power systems at five JCPenney stores in New Jersey, for an aggregate total of 2 MW. JCPenney anticipates that the solar power systems will generate the equivalent of 25% of each store's total energy demand. Integrys Energy Services provided financing for the project, and owns and operates each solar unit. Integrys Energy Services also owns the associated RECs.

True Electric Selects ePsolutions for Backoffice Needs

REP True Electric (d/b/a New Century Power) has selected ePsolutions' emPower software to automate all of its backoffice processes including EDI transactions, while supporting its entry into the commercial market. As noted previously (Matters, 2/10/08), True Electric was bought by oil and gas firm New Century Exploration, and recently received an amendment to its REP certificate reflecting the change in control.

Reliant Energy to Relinquish Channelview Certificate

Reliant Energy Services Channelview LLC applied at the PUCT to relinquish its REP certificate as the Option 2 REP has not served any customers since September 2008. The entity had served Equistar Chemicals, LP and the Reliant Energy Channelview cogen plant, but Reliant sold certain assets and assigned certain contracts to GIM Channelview, LLC in accordance with an asset purchase agreement (Matters, 6/13/08). Through that transaction, contracts related to service to Equistar Chemicals, LP were assigned to GIM Channelview, LLC.

NuEnergen Awarded 25 MW Federal Demand Response Contract

NuEnergen was awarded a 25 MW demand response services agreement from the Defense Energy Support Center for the Norfolk, VA based Mid-Atlantic Fleet facilities.

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though allowed to shop, would be faced with the prospects of paying a nonbypassable surcharge for new generation or bilateral contracts that the PSC orders utilities to build or procure for the purposes of meeting bundled service customer load. The final bill mandates the use of such a nonbypassable surcharge, removing the discretion from the PSC. The bill requires long-term integrated planning, and allows the condemnation of lands, including current generation or brownfield sites, for the purposes of building new ratebased generation.