Energy Choice Matters

April 28, 2009

NEM Opposes Limits on Availability of Remote Account Number Access in N.Y. Proposals

New York utility proposals to provide customers with remote access to their account numbers, to facilitate enrollment onto competitive supply at malls or event kiosks, provide a "good foundation," but must be tailored to ensure they provide all types of customers with such remote access, the National Energy Marketers Association said in comments to the PSC.

The utility compliance filings date back to Accent Energy's 2006 petition to allow marketers to obtain customer account numbers from utilities on a real-time basis through a secure look-up table, after having obtained the customer's authorization. The PSC declined that petition, but directed the utilities to devise ways to provide customers with remote access to their account numbers, to allow them to enroll for ESCO supply even if they do not have their utility bill handy.

The utilities submitted various proposals, ranging from relying on a dedicated Interactive Voice Response (IVR) facility for customers seeking to identify their account number, to creating a secure website which customers could visit for the info, using remote terminals provided at ESCO kiosks.

But one distinguishing feature of the proposals is the range of customers that would have access to their account numbers remotely, NEM said. In particular, National Fuel Gas Distribution's 2006 filing called for a web-based mechanism that would only permit customers with

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Nstar Says Basic Service Adjustment Has "No Impact" on Retail Competition

The basic service adjustment mechanism used in Massachusetts, "has no impact on the competitive retail electric market," Nstar said in reply comments in a DPU review of the mechanism.

In initial comments (Matters, 4/7/09), competitive suppliers argued the adjustment mechanism, which reconciles pass-through costs incurred by the utilities to serve basic service load that are not included in wholesale supply bids, damages the retail market because it masks the true cost of power; creates customer confusion, and is collected from all delivery customers, not only basic service customers. Such pass-throughs can include various uplift and capacity charges.

However, Nstar contended that the level of success of retail choice in Massachusetts is unrelated to the basic service adjustment mechanism, and is dependent on class-specific factors. Nstar pointed to the higher (over 80%) shopping rates among large non-residential customers in most service areas, while small customer shopping lags at 25% or below (with single digits for residential customers), depending on service area.

"[I]f the existing Basic Service Adjustment were a meaningful impediment to retail competition, retailers would not be enjoying their consistent success in serving large industrial load," Nstar said.

Additionally, Nstar reported that over the past five years, if the basic service adjustment had been applied only to basic service rates (rather than delivery rates), it would have reduced the

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MidAmerican to Join MISO as Transmission Owner

MidAmerican Energy Company announced its intention to fully integrate into the Midwest ISO as a transmission-owning member on Sept. 1, adding some 7,000 MW of generation to the RTO.

The move comes after FERC denied MISO's Market Services proposal, which would have extended the benefits of MISO's energy markets to transmission owners who did not wish to cede functional control of their assets to MISO. MidAmerican had previously been weary of joining MISO as a full transmission-owning member due to cost allocations for regional planning transmission projects, but FERC said the Market Services proposal was at odds with Order No. 2000 as it could have encouraged current transmission-owning members to withdraw from the Midwest ISO Transmission Owners Agreement to take Market Service (Matters, 2/20/09).

MISO currently provides MidAmerican with reliability coordination services, but the full integration will allow MidAmerican to access energy, capacity and ancillary service markets.

"Joining the Midwest ISO makes good business sense for our customers because it provides access to the ancillary services market to support our leadership position in wind generation and helps ensure the company has a wider opportunity to buy and sell electric power," said Bill Fehrman, president of MidAmerican Energy Company.

Fehrman added that MidAmerican expects to continue building wind generation to maintain its leadership position among regulated utilities.

MidAmerican Energy is the largest utility in Iowa and provides service to more than 722,000 electric customers in a 10,600-square-mile area from Sioux Falls, S.D., to the Quad Cities area of Iowa and Illinois.

Allegheny Posts Md. Type II Rates

Allegheny Power posted its Maryland Type II rates for the three-month period beginning June 1, 2009, after the bid results were approved by the PSC (Matters, 4/27/09).

Schedule C

Energy Charge ($/kWh)	
First block (0-350 kWh)	$0.12156
Second block (next 350 kWh)	$0.11929
Third block (over 700 kWh)	$0.04674

Schedule G

Capacity Charge ($/kW)	
All kilowatts in excess of 7.5 measured as set forth under “Determination of Capacity”	$7.68
Energy Charge ($/kWh)	
First block (0-700 kWh).	$0.10091
Second block (over 700 kWh)	$0.04672

Schedule C-A^

Energy Charge ($/kWh)	
First block (0-350 kWh)	$0.13453
Second block (next 350 kWh)	$0.11704
Third block (over 700 kWh)	$0.06164

^Rates not applicable to certain schools/churches

Schedule PH

Capacity Charge ($/kW)	
First block (0-500 kW)	$14.48
Second block (over 500 kW)	$14.11
Energy Charge ($/kWh)	
First block (0-100,000 kWh)	$0.03246
Second block (> 100,000 kWh)	$0.02931

Energy Plus Receives Connecticut License

The Connecticut DPUC granted Energy Plus Holdings' application for an electric supplier license (Only in Matters, 1/28/09).

Energy Plus said its standard Connecticut product would be a variable monthly rate for full requirements service, including energy, capacity, reserves, congestion, reliability must-run contracts, and other generation-related charges. The retailer told the DPUC its overall pricing strategy is to take as little commodity risk as possible, and that the marketer brings value to customers by offering a month-to-month product with supplemental benefits made possible through programs offered by Energy Plus. With senior executives that hail from the credit card and merchant services industry, Energy Plus has focused on developing affinity and reward programs with several companies, including various airlines and hotels. Additionally, it has signed several affinity programs with numerous professional organizations and trade associations in New York.

Customer solicitations will typically be done through distribution of mass marketing materials via direct mail and email, managed in-house, Energy Plus said. Energy Plus has acquired over two-thirds of its New York customer base through such channels. In time, Energy Plus said it will consider telemarketing as well.

Energy Plus listed its expected customer count for its first year of Connecticut operations as 4,000 (3,400 residential, 600 commercial), and projected first-year sales of 23,000 MWh (14,000 MWh residential, 9,000 MWh commercial).

The Utilities Group Seeks License in Hopes of Duke Energy Market Growth

The Utilities Group applied for an electric aggregator-broker license in Ohio, on the hopes that competitive supply in the Duke Energy Ohio territory, "will be resurrected in light of Duke's approved [electric security plan]."

The broker said it will focus mostly on Duke's territory in Southwest Ohio, but sought a license for all customer classes at all utilities, and said service will be offered to customers at the other utilities as well.

From 2000 until 2007, The Utilities Group was charged with marketing and executing two large electric aggregation purchases under a Memorandum of Agreement with Procter & Gamble in the Duke (CG&E) territory. The agreement was terminated in 2007 due to the lack of viable alternative electricity supplies and savings in the Duke service territory.

The Utilities Group said it provides services for a portfolio of gas meters that total more than 2 Bcf of natural gas consumption annually.

SEMCO Seeks Tariff Changes Regarding Curtailments

SEMCO Energy Gas petitioned the Michigan PSC to institute several tariff changes relating to curtailment of gas service, modification of transportation balancing, and associated pipeline penalties.

SEMCO said the changes are necessary to recognize capacity constraints which can occur either on the Company's facilities or those of upstream pipelines or storage providers, and to clarify how SEMCO is to effectively and fairly address such capacity deficiencies with its natural gas customers.

Specifically, SEMCO sought to clarify its rules governing Curtailment of Gas Service by adding Rule C5.13 to its Tariffs so that in situations involving a capacity deficiency, SEMCO Gas may apply its curtailment rules, as set forth in Rule C3.2 F, to customers behind an affected receipt or delivery facility.

During such instances, Shippers affected by the curtailment may be removed from their respective balancing pool and may be required to balance as an individual Shipper, SEMCO said.

Additionally, SEMCO proposed tariff language providing that when an upstream pipeline levies charges or penalties to SEMCO for actions attributable to one or more Shippers, SEMCO may directly assess those charges or penalties to the Shipper(s).

Briefly:

Smart Choice Energy Seeks Md. Broker Licenses

Smart Choice Energy Services submitted applications to the Maryland PSC to broker electric and natural gas service, for all customer classes in all service territories. President Iterny Joseph most recently was at

North American Power Partners, focusing on demand response programs for large commercial customers.

SMECO Officially Withdraws PJM Demand Response Prohibition

The Southern Maryland Electric Cooperative Board has officially rescinded its requirement that customer participation in PJM demand response programs must be expressly approved by the Board (Matters, 4/20/09). SMECO had previously announced its intent to withdraw the prohibition in light of its acknowledgment that the Maryland PSC, and not the cooperative's Board, is the relevant electric retail regulatory authority in the state, and that PSC has jurisdiction over end-user demand response participation under FERC Order 719. The PSC said that in light of the withdrawal of the Board's policy, it was taking no further action on its earlier show cause order to SMECO regarding the prohibition.

Usource Sales Margin Inches Higher

Broker Usource's sales margin inched higher to $1.1 million in the first quarter of 2009, versus $1.0 million in the year-ago period. Earnings at parent Unitil were $9.1 million, versus $3.3 million in the year-ago quarter.

FirstEnergy Solutions Enrolls "Hundreds" In First Year in Ameren Territory

FirstEnergy Solutions says it has signed supply contracts with "hundreds" of business customers in the Ameren territory in Illinois since beginning marketing there about a year ago. FirstEnergy Solutions reported the progress in announcing it had signed a supply agreement with mailing/distribution service provider In a Bind Assembly & Fulfillment in the Commonwealth Edison territory, one of "several" customers in the ComEd area FirstEnergy Solutions has signed since it started offering service in the ComEd territory in March.

NYISO Conference to Include Dynamic Retail Pricing Panel

The New York ISO is hosting a conference on infrastructure, innovation and investment on April 30 in Albany. One of the panels will focus on dynamic retail pricing.

Tag Energy Receives Texas Aggregation License

The PUCT granted Tag Energy an aggregator certificate (Matters, 4/6/09).

New Young Energy Trade Name Approved

The PUCT approved the additional trade name of Payless Energy on Young Energy's REP certificate (Matters, 4/15/09).

PUCT Opens New Docket on AEP Margin Refund Request

The PUCT has opened docket 36938 to address AEP Texas Central's request to use expected customer refunds from a FERC-mandated re-allocation of trading margins between AEP East and AEP West to mitigate its proposed advanced metering system surcharge (Matters, 4/20/09). TCC had originally made the request in docket 33536, but the Commission said a new docket is more appropriate as 33536 also contains other issues relating to refunding the fuel balance associated with TCC's final fuel reconciliation case.

Peña Named Compete Co-Chair

Former U.S. Secretary of Energy and Transportation Federico Peña was announced as the new co-chair of the Compete Coalition, replacing Ron Kirk who has accepted a trade position in the Obama administration.

Remote Access ***... from 1:***

existing Online Account Access to remotely retrieve their account numbers. Customers would only be able to use NFG's system if they had previously enrolled in the online access program, by providing their account number and zip code.

"NEM submits that this de facto limitation does not satisfy the spirit of the Order, nor does it attempt to materially improve the current process the utility has in place for a customer to obtain its account number," NEM said.

Additionally, several plans would require the customer to provide their Social Security Number as part of the remote account access. However, NEM noted the utilities may not have SSNs for all their customers. For example, Orange and Rockland said it had SSNs for 65% of its accounts. NYSEG/RG&E said that they have SSNs for 50% of their accounts, but have filed an amended plan which drops the use of SSNs.

"[G]iven that most of the utilities have premised their proposals on the customer SSN as the secure identifier, it should be incumbent upon the utilities to ensure they have a significant amount of SSNs in their system in order to ensure the effectiveness of the program," NEM argued. An alternate secure identifier may be needed to provide account numbers for consumers not otherwise identified by their SSN, NEM added.

Furthermore, some utilities proposed requiring supplemental information in addition to the SSN to grant remote customer access, such as last name, phone numbers or zip code. In most of those cases, the utility is not requesting the full SSN, but only the last six or four digits, and thus additional information would be needed for verification. However, National Grid would require the full SSN, zip code, and verification of the last name in a second step.

NEM, "question[s] whether it is necessary to require all of the additional information in addition to the SSN," and suggested that the other information be used as part of a back-up process utilities should offer should customers be unable to obtain their account number using the general process proposed by the utility. NEM noted that National Grid, Consolidated Edison and O&R specifically proposed that if their IVR process fails to produce an account number, the customer would be transferred to customer service.

Citing identity theft concerns, NYSEG and RG&E amended their remote access plan, which originally relied on a customer-accessible, web-based application using customers SSNs as unique identifiers, to instead use a web system only accessible by ESCOs, through the utilities' secured portion of their website. Instead of using SSNs, customers would provide ESCOs with their last name and ten-digit telephone number to allow ESCOs to access the customer's Point of Delivery Identification Number. NYSEG/RG&E said that they have about 90% of customers' telephone numbers, far above the percent of customer SSNs (50%) the companies have.

Several utilities applied to charge the costs of the remote access systems to ESCOs, but NEM said that the costs should be recovered in base rates since remote access is a customer service and outreach function, and such costs are typically recovered in base rates.

The New York State Energy Marketers Coalition urged the PSC to direct utilities, as part of their remote access mechanisms, to further educate customers about the role that the utility plays as the customer’s distribution and billing entity, and the role that ESCOs play in providing alternative sources of energy supply to consumers.

"Stated simply, we believe that the message of retail competition needs to be included in the description used to make this information available," NYSEMC said.

Basic Service *... from 1:*

price of basic service in the aggregate, which would not likely have encouraged competition, Nstar said. The "intermittent and extremely small" rate impact of the basic service adjustment mechanism is not to blame for low shopping levels among small customers, Nstar argued.

"Given the large variations in the magnitude of Basic Service rates over the past ten years, the addition or subtraction of one or two mills per kWh is not a material factor that will affect the ability of a retailer to compete," Nstar claimed.

Dominion Retail countered, however, that the reconciliations, which can reach millions of dollars, create distorted price signals that prevent customers from making informed decisions on their energy use and sources. The application of the basic service adjustment to all delivery rates, rather than basic service supply rates, also makes shopping customers pay for several generation-related components twice, Dominion Retail added. Competitive retailers must pay for their own capacity obligation, Net Commitment Period Compensation, reliability must-run and similar charges, and thus reflect such costs in their rates. But their customers also must pay for the reconciliation of such costs through the basic service adjustment in delivery rates, since those costs may be bought on a pass-through basis.

Nstar maintained that the lack of competitive offers for small customers stems from the fact that smaller customers cost more (on a per-kWh basis) for marketers to acquire, and do not have the load size to provide meaningful savings to customers to warrant a change in supplier.

Nstar also raised the specter of migration leaving fewer and fewer basic service customers to pay for the basic service adjustments.

"If the Department were to change the Basic Service Adjustment mechanism so that it were collected only from Basic Service customers, the shrinking customer base could result in increasingly large bill impacts. Essentially, the last customers on Basic Service, probably the smallest residential customers and those with poor credit (and therefore unattractive for a retail marketer), could be left to pay for the undercollection of costs for customers who have left Basic Service in favor of other alternatives," Nstar warned.

Nstar also attacked proposals from marketers to require distribution companies to solicit all-in bids for their basic service supply.

"The risk premium that would be built into 'all-in' contracts would unnecessarily inflate the price of Basic Service that largely serve [sic] residential, low-income and small commercial customers, who have few, if any, competitive alternatives," Nstar said.

However, the Retail Energy Supply Association noted that two of the charges most often procured on a pass-through basis in the past (capacity and Net Commitment Period Compensation) have become much more stable due to market changes. The Forward Capacity Market, and a SEMA Settlement Agreement (plus transmission upgrades) that have stabilized Net Commitment Period Compensation, make procurement of such service through fixed-price contracts appropriate, RESA said.

National Grid and Western Massachusetts Electric intend to procure energy, capacity, uplift, and ancillary services through "all-in" supplier bids, RESA noted.

Nstar insisted that wholesale market experience over the past 10 years shows that dependence on transmission upgrades, generation plants, or market rules such as the Forward Capacity Market, creates levels of uncertainty that are best dealt with through pass-through provisions.

"Marketers, for the few that serve the residential and small commercial sector, can include such provisions in their own contracts as specifically identified cost items of regulatory out clauses," Nstar suggested.