Energy Choice Matters
May 13, 2009

ESCOs Need Advance Notification of New Service Enrollments via Referral Programs, SCMC Says

The lack of advanced notification of new service ESCO enrollments through Orange & Rockland's expanded ESCO referral program was one of the areas of concern highlighted by the Small Customer Marketer Coalition in comments on O&R's proposal to offer the referral program to new service customers, though SCMC generally supported the expanded program and asked for expeditious implementation (07-E-0949).

Under O&R's proposal to allow customers initiating new utility service to participate in the PowerSwitch referral program, EDI enrollment notification would not be sent to the ESCO, "until the day of enrollment, so no advanced notice of the customer's enrollment with the ESCO through PowerSwitch will be provided to the ESCO."

"This is problematical as the ESCO requires some advance notice in order the make the requisite arrangements to acquire commodity supply for the customer and arrange for its timely delivery," SCMC said. SCMC suggested that notification could be made in a manner other than EDI, such as e-mail or telephone, but stressed that some notice is necessary for the ESCO to be ready to provide service.

Due to the operation of the gas system infrastructure, new service PowerSwitch gas enrollments would not occur until the first day of the next month, or the first day of the following month, based on the date that the new service order is processed. Accordingly, the customer's initial bill will reflect some LDC commodity supply and some ESCO supply. While SCMC did not object to the enrollment date due to operational requirements, SCMC stressed that customers must be properly informed

Continued P. 7

Multiple Intervenors Oppose Adjustment to NYSEG/RG&E Bypassable Charges

NYSEG and Rochester Gas & Electric's petition to modify their nonbypassable charges twice in 2009 should be rejected, Multiple Intervenors said, arguing that the projected shortfalls may not materialize if market prices increase during the summer (09-E-0228 et. al., Matters, 3/9/09).

The nonbypassable charges were originally established as fixed for 2009, with a reconciliation in 2010. NYSEG and RG&E have said that the market price projections upon which the fixed nonbypassable charges were calculated are much higher than actual market prices, resulting in an existing and projected future shortfall in recovery of the nonbypassable charges.

However, citing data presented at a recent technical conference, Multiple Intervenors noted that while the total projected shortfall is expected to be $221 million, the vast majority ($161 million) is based on forecasts for future months. The shortfall from January through March was $60 million across both utilities.

"[I]f market prices increase - as they often do during the peak summer months - the projected shortfalls may never materialize, or be much less than the Utilities' current, revised projection," Multiple Intervenors said. NYSEG/RG&E might even over-recover if prices rise high enough, potentially offsetting some or all of the existing shortfall through March, the industrials group added.

Based on discussions at the technical conference, the increase in nonbypassable charges could

Continued P. 7

Ameren Reports Rates for Period Beginning June 1

Ameren posted retail rates resulting from the blend of the recent Illinois Power Agency procurement and legacy supplies:

AmerenIP Retail Purchased Electricity Charges, June 2009 - May 2010 (¢/kWh)

	BGS-1 SH	BGS-1 NSH	BGS-2			BGS-3				BGS-5
	Secondary	Secondary	Secondary	Primary	High Voltage	Secondary	Primary	High Voltage	100 kV & above	Secondary
Summer	5.540	5.540								4.445
0-2,000 kWh			7.968	7.761	7.651					
>2,000 kWh			7.968	7.761	7.651					
On-Peak						7.969	7.695	7.549	7.467	
Off-Peak						4.287	4.140	4.061	4.017	
Non-Summer										5.206
0-800 kWh	6.903	6.903								
>800 kWh	0.888	4.877								
0-2,000 kWh			9.530	9.314	9.199					
>2,000 kWh			4.681	4.465	4.350					
On-Peak						7.867	7.597	7.453	7.372	
Off-Peak						4.908	4.740	4.650	4.599	

AmerenCIPS Retail Purchased Electricity Charges, June 2009 - May 2010 (¢/kWh)

	BGS-1-			BGS-2			BGS-3				BGS-5
	SH	NSH	ME								
	——-Secondary——-			Secondary	Primary	High Voltage	Secondary	Primary	High Voltage	100 kV & above	Secondary
Summer	5.578	5.578	5.578								4.516
0-2,000 kWh				8.252	8.045	7.935					
>2,000 kWh				7.803	7.597	7.486					
On-Peak							7.737	7.464	7.318	7.235	
Off-Peak							4.055	3.908	3.829	3.785	
Non-Summer											5.277
0-800 kWh	7.516	7.516	7.417								
>800 kWh	2.377	5.126	0.996								
0-2,000 kWh				9.582	9.366	9.251					
>2,000 kWh				4.546	4.331	4.216					
On-Peak							7.636	7.366	7.221	7.140	
Off-Peak							4.677	4.509	4.418	4.368	

SH: Space Heat Customer (not applicable to new customers)
NSH: Non-Space Heat Customer
ME: Metro East Customers

AmerenCILCO Retail Purchased Electricity Charges, June 2009 - May 2010 (¢/kWh)

	BGS-1	BGS-2			BGS-3			
	Secondary	Secondary	Primary	High Voltage	Secondary	Primary	High Voltage	100 kV & above
Summer	5.548							
0-2,000 kWh		7.761	7.555	7.445				
>2,000 kWh		7.761	7.555	7.445				
On-Peak					7.969	7.695	7.549	7.467
Off-Peak					4.287	4.140	4.061	4.017
Non-Summer								
0-800 kWh	7.512							
>800 kWh	2.344							
0-2,000 kWh		8.282	8.067	7.951				
>2,000 kWh		5.275	5.060	4.944				
On-Peak					7.867	7.597	7.453	7.372
Off-Peak					4.908	4.740	4.650	4.599

	BGS-5 (Secondary)
Summer	4.444
Non-Summer	5.206

Mich. PSC Sets Interim Rate Hike at Consumers

The Michigan PSC instituted a temporary delivery rate surcharge at Consumers Energy which applies a pending rate increase to customer classes according to percentages used in Consumers' original November filing, rather than applying equal percentages to all rate classes as is the default under last year's energy law, which allows interim rate increases while the Commission reviews a rate case. The surcharge is subject to refund based on the Commission's final decision in the case (U-15645, Matters, 4/23/09).

Additionally, the PSC ordered that Consumers shall credit $36 million of the outstanding Palisades sale proceeds to residential customers during Consumers' self-implementation of the interim rates. Accordingly, bundled service customers and retail access customers will pay the following delivery surcharges during the interim period:

Rate Schedule	Interim Surcharge ($/kWh)	Palisades Credit ($/kWh)	Combined ($/kWh)
Residential Service Secondary Rate RS	$0.011622	$(0.005648)	$0.005974
Residential Service Time-Of-Day Secondary Rate RT	0.011135	(0.005838)	0.005297
General Service Secondary Rate GS	0.005746	(0.000000)	0.005746
General Service Secondary Demand Rate GSD	0.002207	(0.000000)	0.002207
General Service Primary Rate GP	0.000187	(0.000000)	0.000187
General Service Primary Demand Rate GPD	(0.000342)	(0.000000)	(0.000342)
Economic Development Primary Rate E-1	NA	NA	NA
General Service Self Generation Rate GSG-1	0.005726	(0.000000)	0.005726
General Service Self Generation Rate GSG-2	0.005726	(0.000000)	0.005726
General Service Metered Lighting Rate GML	0.006842	(0.000000)	0.006842
General Service Unmetered Lighting Rate GUL	0.026487	(0.000000)	0.026487
General Service Unmetered Rate GU	0.007011	(0.000000)	0.007011
Retail Open Access Residential Secondary Rate ROA-R	0.011622	(0.005648)	0.005974
Retail Open Access Secondary Rate ROA-S	0.000512	(0.000000)	0.000512
Retail Open Access Primary Rate ROA-P	(0.000027)	(0.000000)	(0.000027)

The Commission said it ordered the increases above, rather than a flat percentage applicable to all classes, because an equal increase would run counter to legislative goals to end the residential rate subsidy within five years – especially since in its final decision, the PSC will likely adopt rate schedules to begin removing the subsidy, and an interim surcharge applied equally to all classes would only exacerbate the current disparity.

Consumers' proposed application of equal percentage increases, "would require commercial and industrial customers to absorb millions of dollars in temporary rate hikes, with no apparent cost justification, at a time when Michigan's business climate is a matter of national focus," the PSC said.

Texas House Approves SWEPCO Competition Delay, Demand Ratchet Bill

The Texas House of Representatives passed SB 547 which would delay the transition to competition at AEP SWEPCO (Matters, 4/3/09). The bill requires that several benchmarks must be met before competition may be introduced, but does not require future legislative approval for a transition to competition. Among the requirements is that SWEPCO's qualifying power region develops a market for ancillary services and a market-based congestion management system. SWEPCO is currently in the Southwest Power Pool.

Previous PUCT orders had delayed competition in SWEPCO until 2011 at the earliest. The bill does not contain a specific date before which competition may not be introduced. The House bill is identical to the version passed by the Senate, and the bill moves to the governor.

The House also passed HB 230 which would prohibit the imposition of delivery service demand ratchets on public and private schools; nonprofit athletic and sports associations; municipally owned facilities; summer camps for youths; places of worship; and agricultural facilities or fairgrounds owned or operated by a nonprofit organization that is exempt from federal income taxation under Section 501 or 503, Internal Revenue Code of 1986. The bill moves to the Senate.

Also passing the House was HB 1182, which makes various changes to the system benefit fund, including in the priority for use of funds, placing customer education efforts last in priority, behind low-income rate reductions, bill payment assistance for ill or disabled low-income customers, and low-income energy efficiency program funding. The bill moves to the Senate.

RESA Says SEMCO Curtailment Proposal May Be Duplicative

The Michigan PSC withdrew consideration of SEMCO Energy Gas Company's proposed curtailment policy changes from yesterday's Commission meeting agenda, after the Retail Energy Supply Association asked for a hearing on the matter (U-15953).

As previously reported (Matters, 4/28/09), SEMCO Energy Gas has petitioned the PSC to institute several tariff changes relating to curtailment of gas service, modification of transportation balancing, and associated pipeline penalties. Among other things, the changes would allow SEMCO to remove shippers affected by a curtailment from their respective balancing pool, and require them to balance as an individual shipper. SEMCO also sought clarification in its tariff so that in situations involving a capacity deficiency, SEMCO may apply its curtailment rules, as set forth in Rule C3.2 F, to customers behind an affected receipt or delivery facility. SEMCO would also pass through to shippers any pipeline penalties caused by shippers.

In a motion for intervention, RESA said that certain charges or penalties proposed by SEMCO may be duplicative and therefore unjustified, based on a preliminary review.

RESA said that member Integrys Energy Services currently serves approximately 60 facilities on the SEMCO Energy system and 14 on the SEMCO Battle Creek system.

ERCOT Says Carbon Regulation Could Cost Residential Customers $324 Annually

The Waxman-Markey carbon regulation bill would raise residential bills in ERCOT by $27 a month, or $324 annually, under a reference case scenario studied by ERCOT in an analysis prepared at the request of PUCT Chairman

Barry Smitherman.

In the reference case, with $7/MMBtu natural gas prices, expected load levels and the existing and committed level of wind and other generation, carbon allowance costs must rise to between $40 and $60 per ton in order to reduce carbon emissions from electric generation in ERCOT to 2005 levels by 2013. This level of allowance costs would result in an annual increase in wholesale power costs of approximately $10 billion and would increase a typical consumer's monthly bill by $27, ERCOT said.

Even if electric usage is reduced 10%, thus allowing emission mandates to be met a lower cost, the annual bill impact would still be $204.

Assuming normal energy usage but additional Competitive Renewable Energy Zone wind generation, the annual bill increase would still be $264.

Staff Says Md. Loads with Back-Up Generation Not Active in PJM Demand Response Programs

At least 400 MW of Maryland-sited emergency generation that currently does not participate in PJM emergency demand response programs could potentially participate in those programs, Maryland PSC Staff said in a report on distributed generation (Case 9149). Though the report was the outgrowth of a working group, Staff said a consensus report could not be developed, and its report only reflects Staff's views.

Staff reported that as of August 31, 2008 only 189 MW of the 646 MW of Maryland loads registered to participate in demand response activity at PJM was related to emergency generation. As of July 2008, Maryland had approved 247 CPCN exemptions for a total of approximately 638 MW of emergency generation.

The Maryland Department of the Environment has completed a rulemaking process that exempts emergency generation that participates in a PJM emergency demand response program from certain rules so it may operate for the duration of any PJM-declared emergency and as otherwise required (testing for example) by the PJM program. Prior to the information being shared in the working group, Staff said knowledge of the rule change was limited. However, because curtailment service providers learned of the rule through the working group (prior to the utility Gap RFPs), Staff said it was likely that the gap RFPs benefited from greater participation of loads with emergency generation, and other demand response programs should now see greater enrollment of these resources.

Staff also reported that, according to the American Council for an Energy-Efficient Economy, Combined Heat and Power (CHP) has the potential to provide 291 MW of demand reductions and 2,000 GWh of annual energy savings in Maryland, which is over 10 percent of the total statewide EmPower Maryland demand reductions and 17 percent of the energy savings required in 2015.

However, some utility standby service tariffs can act as barriers to otherwise economic CHP installations, Staff said, in recommending that the PSC institute a rulemaking governing standby service offerings.

Among other things, Staff suggested that customers be permitted to elect either firm or interruptible standby service. Firm standby service would require that the customer reimburse the utility for maintaining the availability of the electric delivery system that is reserved for use during periods when standby service is required, perhaps through a monthly reservation fee. Interruptible standby service would allow the utility to interrupt or curtail standby service when necessary for protection of the electric delivery system or when distribution customers are interrupted due to limitations of delivery system capacity. Since the utility is not under any obligation to provide distribution system capacity for the interruptible standby customer, no reservation charge should be applicable, and customers would pay for standby service, when used, based on the controlling delivery service schedule.

Briefly:

Md. PSC Opens Review of LDC Winter Supply Hedging

The Maryland PSC opened Case 9193 to investigate the policies and appropriate extent of LDC natural gas hedging for the 2009-10 winter heating season. The Commission said that the current low market price for gas compels a review of whether hedging should be employed to protect ratepayers against potential increases in natural gas prices, including consideration of a temporary hedging program mandated for all LDCs. The Commission previously directed LDCs to hedge summer storage injection supplies (Matters, 3/24/09). A hearing will be held May 27.

CCA Marin Energy Authority Seeks Supplies

The Marin Energy Authority, a California Community Choice Aggregator, issued an RFP for 170 MW of peak capacity and up to 900 GWh per year of full requirements renewable energy to serve the pool's retail customers from May 1, 2010 through April 30, 2015. The Marin Energy Authority, in Pacific Gas & Electric's territory, projects participation at 80,000 customers, with some 70,000 residential customers and over 9,000 commercial customers. Customers would have an option of a 100% renewable product or a 25% renewable product, or may opt-out onto PG&E service. Responses are due July 20. Draft contracts would be developed in the fall, with the authority intending to submit for final California PUC approval of its aggregation plan in February 2010.

UI Reports Default Service Suppliers for Period Starting July 1

PSEG Energy Resources & Trade won 100% of the load for United Illuminating's Last Resort Service for the three-month period starting July 1, UI reported. Constellation Energy Commodities Group and Sempra Energy Trading will be the wholesale suppliers for Standard Service for the second-half of 2009.

EnergyConnect Reports Flat Quarterly Loss

Demand response provider EnergyConnect Group reported a net loss of $2.1 million for the quarter, flat with the year-ago loss. Gross profit was down at $568,000 versus $1.2 million a year ago, as lower economic activity and surplus generation reduced opportunities for economic demand resources. The 2008 quarter also included a high-margin transaction not repeated in 2009. Revenues from continuing operations were down sharply at $1.2 million from $5.7 million a year ago. Operating expenses were lower at $2.6 million from $3.1 million a year ago due to a reduction in headcount. EnergyConnect said it has increased its callable megawatts by 40% to 250 MW. EnergyConnect also said FERC has informed it that the Commission has closed a non-public inquiry into EnergyConnect and found EnergyConnect to be in compliance will applicable PJM tariffs.

PUCO Advances Review of Columbia SSO Auction Proposal

PUCO has set an intervention deadline of June 5 for Columbia Gas' proposal to institute a Standard Service Offer auction to procure default service gas supplies starting April 2010, in an application that has been sitting at the Commission since January. As previously reported by Matters, (Matters, 2/17/09), Columbia's filing is not a consensus proposal, and though Columbia said it hoped to develop a consensus proposal, it subsequently filed testimony supporting its originally filed proposal in March. In addition to the SSO auction, Columbia's testimony includes various changes to transportation-level service which may prove burdensome to marketers or large customers. A technical conference will be held May 20, with intervenor testimony due August 10. The SSO auction has been seen as a first step in any potential exit from the merchant function for several Ohio LDCs.

Md. PSC Sets Summer Reliability Conference

The Maryland PSC scheduled its annual summer reliability status conference for June 2.

Mich. PSC Accepts Nordic Electric License Withdrawal

The Michigan PSC accepted Nordic Marketing of Michigan's relinquishment of its alternative electric supplier license. Nordic has not had any Michigan electric customers as of December 31, 2005.

Consumers Energy May Use New Estimation Algorithms

The Michigan PSC approved Consumers Energy's application to use its new SAP meter reading estimation system for bill estimates.

O&R PowerSwitch ... from 1

that their enrollment with their ESCO will be delayed, and that their first bill will include utility supply. "Without such notification the customer may become confused and develop a cynicism for the program," SCMC said.

SCMC also said that allowing new delivery service customers to enroll onto ESCO service should not be limited to only customers in the referral program, though it called the PowerSwitch expansion a good first step. Still, customers may desire another option other than the referral product, and O&R should examine potential mechanisms that would allow customers to choose an ESCO at service initiation without entering the PowerSwitch program, SCMC suggested.

ESCOs should also be allowed to act as the customer's agent with respect to the enrollment process, after obtaining the requisite authorization from the customer, SCMC said.

O&R estimates that expansion of the PowerSwitch program to new service customers would entail first year implementation costs of $46,100 and ongoing maintenance costs of $4,100 annually. While O&R proposed that ESCOs bear such costs, SCMC said that deferred funds previously collected for retail access outreach and education should be applied to pay for the expansion. O&R has a deferred balance in excess of $400,000 in its retail access outreach and education account that was collected and went unspent in previous years.

The National Energy Marketers Association asked whether single fuel marketers will be assigned dual fuel customers. If not, NEM asked whether an accommodation should be made in the cost recovery mechanism for single-commodity marketers who will derive a different value from their participation.

NYSEG/RG&E ... from 1

reach 2¢/kWh, Multiple Intervenors said.

If the Commission deems a change is needed to ensure adequate cash flow for the utilities, Multiple Intervenors argued that any increase should only reflect actual, and not projected, shortfalls. Rather than set new nonbypassable charges based on projections for a three-month period, Multiple Intervenors suggested a monthly variable nonbypassable charge, to provide the utilities with adequate recovery while avoiding any potential over-recovery.