Energy Choice Matters

May 21, 2009

Smitherman Would Limit Estimated Reads to Residential Switches During Transition Period

TDUs would only be allowed to estimate residential meter reads during a transition period to a new ERCOT switching timeline, under a revised proposal offered by PUCT Chairman Barry Smitherman in advance of today's open meeting (36536, Matters, 5/20/09).

The accelerated switching timeline would rely on the use of out-of-cycle meter reads, or expedited reads, to complete switches more quickly.

Smitherman's draft would provide for a transition period lasting until December 1, 2009, to allow TDUs to obtain personnel and equipment to meet the new meter reading requirements under the rule, which would greatly expand the number of out-of-cycle reads performed. During the transition period, TDUs would be allowed to conduct estimated reads for only residential customers

After the transition period, TDUs would be required to conduct actual meter reads for switches for 80% of the requests in any given month, and at least 95% of standard meter read requests in any calendar year, exclusive of remote meter reads using advanced meters. A REP would be able to request an adjustment to the estimate upon an agreement with the TDU that the estimate was not reasonable. TDUs would also be required to report on meeting the percentage goals for the meter read requests.

Smitherman's proposal would also shield customers and REPs from any inadvertent gains or costs associated with customers cancelling their switch during the three-day rescission period. The new compressed switching timeframe, with switches completed within seven days, may mean that the customer switch occurs before a timely cancellation request.

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Smitherman Would Deny AEP Oklaunion Appeal, Though Troubled by ERCOT Process

PUCT Chairman Barry Smitherman would deny AEP Energy Partners' appeal of the placement of its Oklaunion plant in the West zone, though Smitherman would direct ERCOT to revisit the Protocols to clarify future designations, the Chairman said in a memo in advance of today's open meeting (36416, Matters, 5/5/09).

"While there were several disconcerting issues raised in this docket," Smitherman believes that ERCOT staff is ultimately responsible for reliable grid operations, and inherent in that responsibility must be the authority and flexibility to address operational concerns.

ERCOT preferred Scenario 3i, which kept Oklaunion in the West zone, over Scenario 3h, which would have moved Oklaunion to the North zone, because Scenario 3i gave ERCOT the ability to more effectively manage the West zone export stability limit using zonal balancing energy rather than local techniques with uplifted costs.

Although ERCOT has provided substantive justification for adoption Scenario 3i, Smitherman remains "troubled" by the procedural aspects of the scenario's consideration through the stakeholder process.

"The Protocols are critical, and it is imperative that the right steps be taken in the right order," Smitherman said.

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Connecticut Light & Power Reports April 2009 Shopping Data

3rd Party Supplier Accounts	Residential April '09	Commercial/ Industrial April '09	Total April '09	Total March '09	Difference
CLEARVIEW ELECTRIC	24	17	41	8	33
CONSOLIDATED EDISON SOLUTIONS	2,217	1,382	3,599	3,320	279
CONSTELLATION NEWENERGY, INC	822	8,471	9,293	9,053	240
DIRECT ENERGY BUSINESS LLC	112	1,545	1,657	1,620	37
DIRECT ENERGY SERVICES LLC	15,296	3,787	19,083	17,566	1,517
DISCOUNT POWER INC	0	0	0	0	0
DOMINION RETAIL INC	48,745	6,983	55,728	47,555	8,173
ENERGY PLUS HOLDINGS LLC	2	0	2	0	2
GEXA ENERGY CONNECTICUT, LLC	12	578	590	431	159
GLACIAL ENERGY OF NEW ENGLAND	368	1,510	1,878	1,743	135
HESS CORPORATION	313	396	709	712	-3
HORIZON POWER AND LIGHT LLC	0	0	0	0	0
INTEGRYS ENERGY SERVICES	124	3,216	3,340	3,595	-255
LIBERTY POWER HOLDINGS LLC	0	109	109	109	0
MXENERGY ELECTRIC INC	1,724	2,660	4,384	4,628	-244
PEPCO ENERGY SERVICES, INC	0	1	1	1	0
PUBLIC POWER & UTILITY, INC	14,117	2,967	17,084	13,266	3,818
SEMPRA ENERGY SOLUTIONS LLC	1	1,013	1,014	1,014	0
SUEZ ENERGY RESOURCES NA	8	587	595	586	9
TRANSCANADA POWER MARKETING	27	2,241	2,268	2,265	3
WHOLE FOODS MARKET GROUP INC	0	4	4	4	0
WORLD ENERGY	0	1	1	1	0
STRATEGIC ENERGY LLC	0	2	2	2	0
Total All 3rd Party Suppliers	83,912	37,470	121,382	107,479	13,903

Aggregate Data

Last Resort Service-CL&P		%
Total # ALL Accts	1,197	
Total ALL MWhs	336,750.774	
Total 3rd Party Accts	987	82.5%
Total 3rd Party MWhs	291,462.349	86.6%
C&I Standard Service-CL&P		%
Total # ALL Accts	125,394	
Total ALL MWhs	558,175.169	
Total 3rd Party Accts	36,483	29.1%
Total 3rd Party MWhs	288,078.411	51.6%
Residential Standard Service-CL&P		%
Total # ALL Accts	1,115,924	
Total ALL MWhs	687,704.470	
Total 3rd Party Accts	83,912	7.5%
Total 3rd Party MWhs	66,521.005	9.7%

Total All CL&P		%
Total # ALL Accts	1,242,515	
Total ALL MWhs	1,582,630.413	
Total 3rd Party Accts	121,382	10%
Total 3rd Party MWhs	646,061.765	41%

Clean Energy Options Data

CT Clean Energy Options Accounts	Residential	C&I	Total
Community Energy 50%	1,532	15	1,547
Community Energy 100%	7,949	258	8,207
Sterling Planet 50%	1,705	21	1,726
Sterling Planet 100%	5,664	179	5,843
Total All CTClean EnergyOptions Suppliers	16,850	473	17,323

WGL Seeks Expanded, Permanent Hedging Authority in D.C.

Washington Gas Light has applied at the District of Columbia PSC for a permanent hedging program, which would combine two current storage and winter baseload hedging programs as well as expand to 36 months the time for which WGL may hedge (GT01-1). WGL made a similar application in Maryland (Matters, 2/2/09).

WGL said its proposed measures will give it flexibility to take advantage of favorable market conditions and reduce customer price volatility.

The LDC currently operates two pilot hedging programs, a physical winter baseload hedging program and a financial summer storage injection program. The time period for the hedged transactions is limited to the season immediately preceding the period for which supply is being hedged (e.g. the summer immediately prior to the following winter).

WGL sought to expand its hedging horizon to cover up to three years, to take advantage of favorable market opportunities for a longer period of time, and to avoid single-year price spikes which its current hedging program remains susceptible to. WGL recommended limiting hedges three-years out to 33% of volumes, and hedges two-years out to 67% of volumes.

Using financial hedges such as options for winter supply, rather than physical hedges, may be more advantageous in some situations in order to allow the LDC to take advantage of potential price declines, WGL said, in seeking to expand its winter hedging program from a purely physical program. Financial hedging would also allow WGL to hedge at more liquid hubs, rather than the less-liquid Leidy delivery point for physical transactions.

Comments on WGL's proposal are due by May 30.

Maine PUC Orders CMP, MPS to Change Allocation of Partial Payments

The use of a limited number of vintage buckets for categorizing past-due payments at Central Maine Power and Maine Public Service is contrary to the plain language of Commission rules regarding partial payments, the Maine PUC held in an order yesterday, directing the utilities to make changes to their billing systems to be effective July 1, 2009 (2008-351, Matters, 4/15/09).

Commission rules require that partial payments first be allocated to past due transmission and distribution (T&D) charges and Standard Offer charges, with the oldest charges paid first. In the event that T&D and Standard Offer charges are of the same vintage, then the T&D charges are paid first.

Payments to Standard Offer suppliers include an uncollectible adder which discounts their receivables by a fixed amount for the bid period. While Standard Offer providers do not bear any uncollectible risk above this fixed discount, higher uncollectibles among Standard Offer receivables may increase the discount in subsequent years.

CMP currently uses a vintaging system with four buckets (current; 30-day; 60-day; and 90 or more days), which treats all past due amounts beyond 90 days as the same age. For arrearages beyond 90 days, the system allows newer T&D arrearages to "leapfrog" older Standard Offer charges, since the system treats them as the same age, in which case T&D charges must be paid first. MPS uses a similar system.

At CMP, the current vintaging system has created a significant increase in Standard Offer uncollectibles in the residential and small commercial class, while T&D uncollectibles have remained relatively stable.

Such results, "are inconsistent with the basic intent of the partial payment allocation rules in that the proportion of arrearages in the standard offer and T&D service categories do not mirror relative revenues from the two services," the PUC said.

"[W]e conclude that vintage buckets, as used by CMP and MPS, are inconsistent with both the language and intent of the partial payment allocation rule," because partial payments are not allocated based on the age of the charge, the Commission concluded.

In order to ensure that the oldest of either T&D or Standard Offer uncollectibles are paid first, the PUC directed utilities to either:

- Allocate partial payments to the oldest balance first with no limit on the number of vintage buckets;

• Allocate partial payments to the oldest balance first with a sufficiently large, but not unlimited, number of buckets; or

• Retain the existing buckets, and for amounts in a given vintage bucket, allocate on a pro rata basis between Standard Offer and T&D service.

The PUC noted it may be possible to simulate the same result by accounting or other "after-the-fact" adjustments as either a permanent or interim solution.

The Commission will not require utilities to reallocate their current arrearage balances or take any other retroactive action.

Bangor Hydro-Electric's payment allocation system already applies partial payments to oldest of T&D or Standard Offer Charges first.

Direct Energy Reports Load Reductions from Ontario Pilot

Direct Energy said some participants in its Ontario Direct Energy Smart Home Energy Conservation Program pilot saw up to 44% energy savings during peak demand periods.

The pilot was conducted from July 2007 to September 2008 with 209 Milton Hydro households, to test technology and gain insights into consumer behavior. The pilot was a joint effort by Milton Hydro, Direct Energy and Bell Canada.

Participants were able to monitor energy usage, and remotely control their home's lighting and appliances with an easy-to-use web interface or a hand-held device like a Blackberry.

The portal and software, provided by Lixar SRS, provided the ability for two-way communication with the thermostat in real time versus the alternative one-way technologies.

Results from the pilot show that the top 10% of participants saved 16% off their electricity usage over 12 months and saved 18% off their consumption during peak periods. A select group of participants saw savings of 44% during provincial demand response periods. According to a study, consumers were motivated by dollar savings and environmental benefits, and larger homes saw the biggest impact on energy savings.

Briefly:

Eagle Energy Partners Subsidiary Acquires REP Certificate

Eagle Industrial Power Services, a subsidiary of wholesale power marketer and QSE Eagle Energy Partners I, LP, has acquired the REP certificate of TexRep2, which was previously owned by Energy Services Group for the purpose of completing an ERCOT test flight. Eagle Industrial Power Services' ultimate parent is EDF Trading Limited, and Eagle will rely on EDF's investment grade credit rating to meet financial standards. TriEagle Energy currently has the trade name “Eagle Energy” associated with its REP certificate.

GTC Energy Receives REP Certificate

The PUCT granted a REP certificate to GTC Energy. GTC Energy is an affiliate of competitive local exchange carrier GTC Global Telecom (Matters, 3/18/09). GTC has entered into a contract with Fulcrum Power Services for commodity risk management, per new requirements for REPs to have a certain level of expertise in commodity risk management for a substantial energy portfolio.

State Affairs Advances Texas RPS Carve-Out

The Texas House State Affairs committee has reported favorably without amendment SB 541, which would create a separate RPS carve-out for non-wind resources, and institute a REC trading program devoted to such tier 2 resources (Matters, 5/12/09). Specifically, tier 1 resources would include all currently eligible renewable resources, while tier 2 resources would be any tier 1 renewable energy technology excluding energy derived from wind with a capacity of more than 150 kilowatts. Up to 500 megawatts of renewable energy storage may qualify to meet the tier 2 mandate. Under the bill, the tier 2 requirement would gradually increase from 50 MW by January 1, 2011, to 100 MW by January 1, 2012, to 1,500 MW by January 1, 2020. As under the current system, the compliance obligation would fall on REPs.

The Texas Senate Business and Commerce committee reported favorably without amendment HB 1783, which would require free internet broadcasting of PUCT and

ERCOT meetings, and allow the PUCT to assess a fee on REPs with more than 250,000 customers, as well as on certain generators and public utilities, to recover such costs.

Legacy CMS Group Changes Name to Acclaim Energy

Houston-based broker Legacy CMS Group has changed its name to Acclaim Energy, due to a name conflict, it reported to the Connecticut DPUC in an interrogatory response regarding is pending electric aggregator application.

ICC Reports Results of Ameren REC Procurement

A May 18 procurement for RECs for the Ameren Illinois utilities' default service produced a winning average price of $16.66 per REC of Illinois wind. Some 540,000 RECs of Illinois wind were procured. The procurement purchased 180,000 Illinois non-wind RECs, at an average price of $13.46/REC. Winning suppliers included CE2 Environmental Opportunities, City of Peru Electric Department, Conectiv Energy Supply, EcoGrove Wind, Element Markets, FirstEnergy Solutions, Grey K Renewable Energy, Horizon Wind Energy, Integrys Energy Services, Invenergy Renewable, Nexant, NextEra Energy Power Marketing, Sterling Planet, and WM Renewable Energy.

ICC Allows ComEd to Start Collecting Rate Deferrals

The Illinois Commerce Commission granted Commonwealth Edison's request to accelerate its collection of deferrals under the residential rate stabilization program, which had provided for an extended transition from capped rates to market-based supply rates (Matters, 5/14/09). ComEd made the request because the latest deferral calculation actually produced a surcharge, rather than credit, given the new, lower retail rates to take effect June 1, and accelerating collection will be less confusing than applying a surcharge temporarily, then continuing with collection as scheduled in 2010.

PUCO Approves Broker License for Premier Power Solutions

The Public Utilities Commission of Ohio approved an electric aggregator-broker certificate for Premier Power Solutions (Matters, 4/21/09).

TPS Power Holdings Seeks REP Certificate

Start-up TPS Power Holdings sought a REP certificate from the PUCT, and applied to use the trade names Budget Power, Budget Energy, Budget Resources, and Budget Power & Light. President Thomas Schiano is presently manager of power projects and technical support for ExxonMobil Gas & Power Marketing in Houston. In his current position he also provides "back-up" supervision for ExxonMobil Power and Gas Services, ExxonMobil's Option 2 REP. Stephen Schugart, head of business development for ePsolutions, is also listed as a member of TPS Power Holdings. TPS Power Holdings would meet the financial standards in place on the day of its application via unused cash resources of $100,000. New PUCT REP certification requirements take effect today. Tenaska Power Services uses the trade name "TPS I" and similar names for its Option 2 REP.

Schugart and other principals from ePsolutions also filed for two additional REP certificates for new entities Nova Power, LLC and Endless Power, LLC. Texpo Power currently has the similar trade name Nova Electric Co. as a registered d/b/a on its REP certificate.

Texas Solaro Energy Applies for REP Certificate

Texas Solaro Energy LLC sought a REP certificate from the PUCT. Principal Alonzo Williams II has unsuccessfully sought a REP certificate twice before, with each application dismissed for deficient filings. Williams is president of wholesale power marketer Solaro Energy Marketing. Texas Solaro Energy would meet financial standards in place on the day of its application via unused cash resources of $100,000.

PECO Signs REC Contracts with Iberdrola, Exelon

PECO has signed five-year contracts for RECs totaling 412,000 MWh with Iberdrola Renewables and Exelon Generation, after a competitive RFP. Under the purchase, PECO's aggregate supply of RECs has a weighted average price of $20.42 per credit. PECO is also seeking approval from the Pennsylvania PUC to purchase 8,000 solar renewable energy credits annually under ten-year agreements.

N.Y. PSC Sets Smart Grid Technical Conference

The New York PSC set a technical conference for June 11 in Albany to explore issues associated with the development and deployment of smart grid technologies, including the current status of technology; communication networks and facilities; standards and protocols; and technology obsolescence.

Expedited Reads ... *from 1*

Costs of inadvertent gains or related cancellation costs would be recoverable by TDUs in their cost recovery mechanisms. TDUs would be given the option of using an advanced metering surcharge (where present) or a regulatory asset to recover the cost of new expedited meter reads as well as inadvertent gains, where such costs are not already in base rates.

Smitherman's draft would allow TDUs to use an actual meter read for the purpose of a switch for both the four days after the first available switch date as determined by ERCOT, and the three days prior to this determination, to reduce the need for an out-of-cycle read.

Oklaunion ... *from 1*

Smitherman noted that the Protocols dictate that the appropriate ERCOT Technical Advisory Committee (TAC) subcommittee, which is the Wholesale Market Subcommittee, shall "review the results and the process followed" to determine the list of constraints and the congestion zones to be recommended for approval to the TAC and the Board. WMS was not given the opportunity to review Scenario 3i before it was presented to TAC in September, and the subsequent joint WMS/TAC meeting on October 8 did not fully cure this defect, Smitherman said.

The untimely presentation of information concerning Scenario 3i also concerns Smitherman, as, "ERCOT staff's failure to timely present material to WMS renders participation at this level moot and may serve as a disincentive for stakeholders to participate at this subcommittee level in the future."

"Equally disturbing is the fact that ERCOT provided this new critical Scenario 3i information just two business days before TAC action," Smitherman added.

Smitherman said that timely receipt of information is critical for stakeholders to intelligently participate, and encouraged ERCOT to strive to provide substantive documents, not just agenda headings, at least one week prior to meetings in the future.

Testimony at the hearing made it clear that ERCOT's discussions with stakeholders about the scenarios were in the normal and necessary course of business, and that the one unscheduled "impromptu" conference call was not an attempt to improperly collude to the detriment of AEP, Smitherman said.

"That said, however, it is certainly not a good business practice to avoid direct discussions with the one entity most negatively affected by a late modification," the Chairman added.

"While I do not believe that the substantive and procedural anomalies rise to the level of violations requiring Commission intervention, there is enough ambiguity from the lack of direction in the Protocols that I believe TAC should immediately clarify these for future applications," Smitherman concluded.

Specifically, Smitherman suggested that §7.2.1 should be clarified regarding the procedures for using a limiting element as the Commercially Significant Constraint, and that §7.2.2 should specifically address non-discriminatory application of a post-contingency clustering analysis, and identify any economic factors that will be considered.