

# Energy Choice

## Matters

June 18, 2009

### **Conn. DPUC Issues Draft Order for Procedure to Review Long-Term Standard Service Contracts**

The Connecticut DPUC issued a draft procedural order that would establish parameters for the review of long-term default service supply contracts submitted for the Department's approval (06-01-08RE03, Only in Matters, 4/9/09).

Last year, the DPUC gave distribution utilities the discretion to supply up to 20% of Standard Service via long-term bilateral contract. However, unlike recent procurements that were required by statute, the DPUC noted that procurement of long-term bilateral contracts for Standard Service is, "entirely permissive."

"Moreover, the Department found in Docket No. 08-07-01, DPUC Review of the Integrated Resource Plan, that there was no need for additional capacity in the near future," the Department added in its draft procedural order (Only in Matters, 2/20/09).

After issuing a Notice of Interest for bilateral supplies last year (Matters, 8/6/08), Connecticut Light and Power and United Illuminating requested guidance from the DPUC with respect to the timing of the approval process that would be used to approve any proposed contracts. As opposed to the typical full requirements Standard Service procurements, bids received in the long-term contract solicitation may be non-uniform, which can lend complexity to the required analysis, the DPUC's draft notes.

"Therefore, the Department cannot commit to any particular timeline for any such non-uniform procurement. However, the EDCs have indicated that they may seek a product benchmarked against forward prices in the capacity market, and have requested consideration of any procurement in a one to two week timeframe from the time of submittal," the draft says.

"The Department emphasizes that it will take the time it deems necessary to conduct a thorough

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### **SCMC Says PSC Should Not Stray from Oct. '08 KeySpan Billing Services Agreement**

The New York PSC should direct KeySpan Long Island to only use the Billing Services, Purchase of Accounts Receivables and Assignment Agreement dated October 1, 2008 submitted on behalf of both KeySpan New York and KeySpan Long Island (with appropriate adjustments to resolve parties' prior comments on the document), instead of using a materially different agreement, the Small Customer Marketer Coalition said in comments to the Commission.

SCMC noted that a Staff-prepared overview of the KeySpan Long Island Billing Services Agreement is inconsistent with part of the October 1, 2008 Billing Services Agreement, and SCMC urged the Commission not to reject the accord reached by most stakeholders.

SCMC argued that the October 1 Billing Services Agreement, "represented the fruits of many months of negotiations and collaboration between the utility, Staff and the ESCO community which resulted in a document that in large measure was acceptable to all concerned. It makes little sense to adopt a new BSA that is not the product of that vigorous and comprehensive collaborative process, and is inconsistent with the parties' understanding that the October 1, 2008 BSA would be used for

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## Connecticut Light & Power Reports May Migration Statistics

Electric Supplier Accounts	May '09 Residential	May '09 Business	May '09 Total	Change From April '09	May '09 % of Migrated Customers
CLEARVIEW ELECTRIC	230	55	285	244	0.2%
CONSOLIDATED EDISON SOLUTIONS, INC.	2,371	1,399	3,770	171	2.8%
CONSTELLATION NEWENERGY, INC.	868	8,688	9,556	263	7.1%
DIRECT ENERGY BUSINESS LLC	112	1,565	1,677	20	1.2%
DIRECT ENERGY SERVICES LLC	19,769	4,440	24,206	5,123	18.0%
DISCOUNT POWER INC	0	0	0	0	
DOMINION RETAIL INC	50,554	9,863	60,417	4,689	45.0%
GEXA ENERGY CONNECTICUT, LLC	13	745	758	168	0.6%
GLACIAL ENERGY OF NEW ENGLAND INC	411	1,627	2,038	160	1.5%
HESS CORPORATION	312	400	712	3	0.5%
HORIZON POWER AND LIGHT LLC	0	0	0	0	
INTEGRYS ENERGY SERVICES	37	3,191	3,228	(112)	2.4%
LIBERTY POWER HOLDINGS LLC	0	111	111	2	0.1%
MXENERGY ELECTRIC INC	1,903	2,435	4,338	(46)	3.2%
PEPCO ENERGY SERVICES, INC.	0	3	3	2	0.0%
PUBLIC POWER & UTILITY, INC	15,885	3,283	19,168	2,084	14.3%
ROYAL BANK OF SCOTLAND	0	0	0	0	
SEMPRA ENERGY SOLUTIONS LLC	2	1,017	1,019	5	0.8%
SUEZ ENERGY RESOURCES NA	8	646	654	59	0.5%
TRANSCANADA POWER MARKETING LTD.	27	2,278	2,305	37	1.7%
WHOLE FOODS MARKET GROUP INC	0	4	4	0	0.0%
WORLD ENERGY	0	2	2	1	0.0%
ENERGY PLUS HOLDINGS LLC	1		3	1	0.0%
SELECT ENERGY INC			1	1	0.0%
Total	92,503	41,752	134,255	12,875	

### Aggregate Data

#### Customer Load - Suppliers and CL&P (MWh)

	Residential - SS		Business - SS		Business - Last Resort		Total CL&P Territory	
	MWh	%	MWh	%	MWh	%	MWh	%
Suppliers	64,271	11.4%	250,403	61.8%	283,383	83.8%	598,057	45.8%
CL&P	498,643	88.6%	154,564	38.2%	54,979	16.2%	708,186	54.2%
Total	562,914		404,967		338,361		1,306,243	

#### Customer Count - Suppliers and CL&P

	Residential - SS		Business - SS		Business - Last Resort		Total CL&P Territory	
	Customers	%	Customers	%	Customers	%	Customers	%
Suppliers	92,443	8.4%	40,722	32%	947	83.2%	134,112	10.9%
CL&P	1,006,076	91.6%	84,695	68%	191	16.8%	1,090,962	89.1%
Total	1,098,519		125,417		1,138		1,225,074	

SS = Standard Service

*Data, including inconsistent total migrated accounts under the supplier table and the aggregate table, are as reported by CL&P*

## **MISO Says Consideration of Capacity Price Stabilization Factors Premature**

Evaluating the potential need for "stabilization factors" to dampen price volatility in the Midwest ISO's Module E capacity construct is "premature" at this point, MISO said in a compliance filing at FERC (ER08-394).

In an April order, FERC directed MISO to address the concerns of Duke Energy, which noted that the ISO's market monitoring plan could result in volatile prices for capacity, which in turn could prevent resources needed for reliability from recovering adequate revenues to remain in the market. (Matters, 4/17/09). FERC pointed out that it appears that PJM, the New York ISO and ISO New England have all modified their capacity markets in part to incorporate "stabilization factors," such as a demand curve and/or forward procurement.

However, MISO said that "stable" capacity prices in the spot market are not required to provide planning resources with sufficient revenues, particularly when most investors will receive those revenues from long-term bilateral contracts.

"There is no credible evidence, to date, that Module E will not be expected to 'provide sufficient revenues for resources needed to maintain reliability,'" MISO said.

MISO noted that the revisions to Module E have only been in full effect for two months with substantial capacity surpluses prevailing in the Midwest ISO region. "It is simply premature to predict what the long-term dynamics of the Capacity market will be when the Capacity surplus dissipates and new investment is needed," MISO said.

The ISO also countered the notion that price stability is a goal in competitive markets, stating that price stability is a hallmark of non-competitive markets. "In a market where the marginal cost of selling Capacity is close to zero (with the exception of opportunity costs), but the market 'value of Capacity' during shortages is close to \$80,000/MW-month, volatile prices are to be expected," MISO said.

The long-run equilibrium envisioned by Duke will be achieved as long-term bilateral prices move to reflect expected spot capacity prices,

MISO argued. As the system moves toward a capacity shortage, the frequency with which very high capacity prices occur will increase along with longer-term prices in the bilateral market. These longer-term bilaterals should support investment in new resources and achieve a long-term equilibrium, MISO said.

As part of its compliance filing, MISO also submitted detailed market monitoring plans for the voluntary capacity auction, with such measures contained in the tariff itself as required by FERC's order. Among other things, MISO added language to give "clear guidance" to market participants on thresholds that will be used to identify physical withholding.

The initial Physical Withholding Threshold Quantity will be 500 MW, as holding above that limit may warrant mitigation. The tariff allows the market monitor to modify the megawatt quantity with Commission approval, should the initial threshold prove to be ineffective.

The Midwest ISO believes that the following Market Participants with excess capacity can refuse to submit offers into the voluntary auction without being subject to referral to the Commission by the market monitor:

1. Suppliers that sell their capacity bilaterally before the auction.
2. Suppliers that sell their capacity bilaterally after the auction.
3. Suppliers that designate their capacity to satisfy their own capacity requirements.
4. Suppliers that export their capacity to another area at a price that is comparable to or higher than the expected Midwest ISO capacity price.
5. Suppliers whose capacity is not economic to sell in the Midwest ISO.
6. Suppliers whose withholding would not raise prices (i.e., suppliers that do not have market power).
7. Suppliers that have a de minimis amount of unoffered Capacity below a stated quantity threshold.

## **DPUC Revokes Levco Aggregator License as Firm Wishes to Market for Suppliers**

The Connecticut DPUC revoked Levco Tech's electric aggregation license after Levco said it

wishes to market on behalf of retail suppliers, which the Department has held an aggregator cannot do.

As only reported by *Matters*, the case originally stems from Dominion Retail's renewal of its supplier license (*Matters*, 12/4/08). During the renewal review, the DPUC became aware that Levco's business relationship with Dominion Retail might conflict with Levco's business relationship with its customers, as various agreements name Levco as both the customer's exclusive agent for supply procurement, and Dominion's exclusive marketing agent in Connecticut.

The Department concluded that electric aggregators in Connecticut must act solely as the customer's agent, due to the statutory requirement that aggregators pool customers for purposes of, "negotiating the purchase of electric generation services from an electric supplier,"

In response, Levco asked that the Department "suspend" its aggregator license, as Levco wished to market electricity for one or more electric suppliers (*Matters*, 4/1/09).

However, the DPUC ruled that it, "will not hold Levco's electric aggregator certificate of registration in suspension for an indefinite period of time while Levco works as a marketer for electric suppliers," with the Department instead revoking the license.

The DPUC noted that the application process for registering as an aggregator is not an onerous undertaking, and said that Levco may file for a new license if or when it wishes to operate as an electric aggregator again.

## **Exelon Wins Load in PECO, Allegheny Auctions**

Exelon Generation said it has won more than 7 million megawatt-hours of default service load at West Penn Power (Allegheny) and PECO Energy, for the period January 1, 2011, through May 31, 2013.

On June 17, Exelon Generation was awarded 17 month and 29 month residential full requirements contracts in PECO Energy's default service procurement. Using PECO Energy's residential retail generation conversion model as posted on its procurement website,

Exelon Generation's winning offer yields an estimate of the residential retail generation price for PECO Energy of approximately \$100-\$102/MWh, for January 1, 2011, through May 31, 2013. Included in the estimate are energy, capacity, load shaping, Pennsylvania gross receipts tax, transmission and distribution losses, renewable energy requirements, ancillary services, and other components. The solicitation was the first of six for residential and small commercial customers.

Exelon Generation also said it was awarded 17 month and 29 month contracts in West Penn Power's recently concluded solicitation.

## **Competitively Neutral Settlement Reached in PPL Mitigation Plan**

Several parties have reached a settlement that would institute a competitively neutral rate mitigation plan at PPL, that would limit rate increases upon the expiration of rate caps to an average of 25% in 2010 and 25% in 2011. Settling parties include PPL, PUC Trial Staff, the Office of Consumer Advocate, the Office of Small Business Advocate, the Retail Energy Supply Association and Direct Energy Services, Constellation NewEnergy, and PennFuture.

Under the stipulation, the opt-in program will be open to residential and small commercial and industrial customers, provided that customers are not in arrears.

The plan is open to customers of competitive suppliers, and enrollment in the mitigation plan will not affect a customer's ability to switch to a competitive supplier.

The mitigation credit will appear as a line-item on bills, and not affect the price to compare.

The mitigation plan would be administered through nonbypassable credits and charges, with recovery completed by December 31, 2012 (or earlier for some rate classes).

The deadline for enrolling in the plan would be December 15, 2009. Customers may not participate in both the current rate stabilization plan (a pre-payment program) and the mitigation plan.

## PUCO Rejects Several Renewable Compliance Changes Requested by Retailers

The Public Utilities Commission of Ohio issued a rehearing order regarding rules for the state's new alternative energy portfolio standard, denying several requested changes from competitive suppliers, including in the areas of REC deliverability, planning horizon, and the cost cap (Only in Matters, 5/19/09).

"The Commission continues to believe that it is inappropriate to offer a blanket presumption of deliverability for any and all facilities within PJM or MISO," PUCO said in declining to strike a deliverability test required for both renewable energy and RECs from states not contiguous to Ohio. PUCO said that the rule strikes a "reasonable balance" and does not necessarily limit access to certain resources that may be competitively priced.

PUCO clarified that the required load flow study and/or deliverability study required of facilities in noncontiguous states, "is expected to be part of a one-time review." Accordingly, the Commission revised its definition of "deliverable into this state" as follows, with the strikethrough denoting deleted text:

"Deliverable into this state" means that the electricity originates from a facility within a state contiguous to Ohio. It may also include electricity originating from other locations, pending a demonstration ~~by an electric utility or electric services company~~ that the electricity could be physically delivered to the state."

The Commission declined to adjust the requirement that RECs are only eligible if created no earlier than July 31, 2008. Also unchanged is the Commission's rule that half of the energy used to meet new alternative energy mandates must be sourced from in-state.

Furthermore, PUCO did not adjust the definition of a REC, which requires it to be "fully aggregated." The Commission said it was not ruling on the merits of allowing NOx set aside allowances allocated to renewable facilities as part of the state's NOx Budget Trading Program to be separated from the REC at this time, and said any party may seek a waiver of the Commission rule that will be decided on a case-by-case basis. With respect to disaggregating

the potential carbon offsets from a REC, the Commission said it will revisit the rule in the event that state or federal carbon mandates are enacted.

In rehearing requests, suppliers again argued that the 3% cost cap, which limits the compliance costs of meeting the new portfolio standards, must recognize the unique nature of competitive service, by allowing suppliers to benchmark their costs to public market data. PUCO refused to grant that request, reiterating that suppliers may petition the Commission for a finding that they have reached the cost cap, and may file information that the supplier believes is relevant for the Commission's consideration.

While suppliers asked for the 10-year planning horizon to be shortened to one-year for retail marketers, PUCO maintained the 10-year requirement in its rehearing order.

The final version of O.A.C. 4901:1-40-04(C) holds that mercantile customer-sited resources may be used to meet the utilities' annual, renewable- or advanced-energy resource benchmarks so long as no double counting occurs. Suppliers asked that retailers also be permitted to use such mercantile resources for compliance in a similar manner. PUCO refused that request, but said that Rule 40-04(D)(1) provides a mechanism by which competitive suppliers can use RECs from mercantile customer-sited resources, since mercantile customer-sited resources that are not committed to a utility efficiency plan are eligible producers of RECs.

PUCO declined to modify its rule which holds all alternative energy compliance costs shall be bypassable to customers on competitive supply. Dayton Power & Light had requested that PUCO amend the language to reflect potential nonbypassable surcharges under electric security plans, relating to new, dedicated-to-load generation (which may happen to be renewable). But PUCO said such generation costs would not be compliance costs, and their collection do not need to be cited in the alternative energy rules.

Utilities which previously offered voluntary green tariffs to customers may not use the associated RECs purchased by customers to comply with the new alternative energy standards. "It would be deceptive to these customers who voluntarily purchased green

pricing blocks monthly under the green pricing programs to have these RECs also diverted to support electric utility compliance with the AEPS," PUCO said.

However, if utilities purchased a supply of RECs for their program, and have some RECs that have not been subscribed and sold to customers, such excess RECs may be used in compliance.

The Commission also amended its rules to reflect the passage of HB 2 this spring, which allows certain Ohio generation facilities that commit to convert to biomass to generate more than one REC per megawatt-hour (based on a formula), and also allows certain renewable generation created before January 1, 1998 to qualify under the portfolio standard if such generation undergoes a retrofit.

## Mitigation Remains Vital to Constrained ISO-NE Regions

Mitigation measures for constrained areas remain vital to prevent suppliers with market power from using such power to raise prices, ISO New England's internal market monitor said in a 2008 annual report which broadly found the markets to be competitive.

Among other measures, the internal monitor calculated the Residual Supply Index to evaluate the competitiveness of the market. The Residual Supply Index measures the percentage of demand (in MW) that can be met without the largest supplier, and indicates the potential ability of individual bidders to influence the market-clearing price. If the index exceeds 100%, other suppliers have sufficient capacity to meet demand without any generation from the largest supplier. If the index is below 100%, a portion of the largest supplier's capacity is required to meet market demand, and the supplier is pivotal.

The internal monitor found that pivotal suppliers existed at the system level during a total of 51 hours during two months (June and July) in 2008, a decrease from 2007 when 115 hours were spread over five months (based on the number of hours with a Residual Supply Index below 100%). The slight improvement in the level of competition is likely due to lower loads throughout the year.

However, a review of the Residual Supply Indices for the local reserve zones, Connecticut (CT), Southwest Connecticut (SWCT), and Northeast Massachusetts/Boston (NEMA/Boston), during June and July 2008 indicated that the zones had pivotal suppliers during most days within those two months. The results show a concentrated local market indicating significant potential for the exercise of local market power. Accordingly, for those import-constrained load pockets, market mitigation rules are vital for preventing suppliers from exercising market power, the monitor said.

Transmission improvements in Southwest Connecticut and Northeastern Massachusetts have reduced the need to run generators out of merit by 35%. Other transmission improvements due this year are expected to reduce the need for out-of-merit generation in Southeastern Massachusetts.

The all-in cost of power in the ISO rose from \$81.49/MWh in 2007 to \$96.89/MWh in 2008, an increase of 19%. Of this \$15.40/MWh increase, 86% was the result of increased electric energy costs, which were driven by increases in fuel prices. The capacity costs prescribed by a settlement agreement for the Forward Capacity Market (FCM) accounted for 12% of the increase; transition payments prescribed by the FCM agreement increased from \$3.05/kW-month to \$3.75/kW-month on June 1, 2008. The remaining 2% was spread among the costs for daily reliability, Reliability Agreements, and ancillary services (e.g., regulation service and reserves).

The average real-time price of electric energy at the Hub rose 21% over 2007 levels to \$80.56/MWh, driven by a 25% increase in the cost of natural gas and a 42% increase in the cost of No. 6 oil.

After adjusting for fuel price fluctuations, the average wholesale electricity price in 2008 was about \$41/MWh, down eight percent from 2007's approximate \$45/MWh fuel-adjusted price.

Natural gas-fired plants set the wholesale clearing price in New England about 62% of the time. Gas-fired and gas- and oil-fired plants generated 41% of the region's electricity. Nationally, about 20% of electric energy is produced by gas-fired power plants

Recommendations regarding the Forward Capacity Market, also announced by the ISO yesterday, were previously detailed in an earlier ISO report (Matters, 6/10/09).

## **NRG Shares Tendered to Exelon Fall, Exelon Extends Deadline**

Exelon has extended the expiration of its exchange offer for NRG Energy shares to August 21, 2009, which some analysts attributed to a significant decline in tendered shares.

Exelon announced that 12% of NRG shares were tendered in response to the Exelon offer as of June 16, 2009, compared with 51% tendered on February 26, 2009.

NRG Energy seized upon the disclosure as showing a, "marked deterioration in overall support for the Exelon exchange offer by NRG stockholders and Exelon's decision to extend its exchange offer ahead of its scheduled expiration is recognition of this."

Exelon called the lower number of tendered shares expected and routine, stating investors typically withdraw tendered shares between expiration dates, and do not re-tender until very close to the next scheduled expiration date.

Exelon also said its decision to extend the offer was based on NRG's delay in its annual shareholder meeting, now set for July 21.

Exelon said its offer represents a premium of approximately 37 percent over the closing price of NRG common stock on October 17, 2008, the last trading day before its acquisition attempt was announced, but NRG countered that based on yesterday's closing price for both stocks, Exelon's offer represents a premium of only 3.6% to NRG stockholders.

## **Briefly:**

### **DPUC Grants UnitedEnergyPartners Aggregation License**

The Connecticut DPUC granted UnitedEnergyPartners an electric aggregator license to serve residential, commercial, industrial, municipal and governmental customers (Only in Matters, 5/1/09). UnitedEnergyPartners said it was established to broker reduced kilowatt-hour rates to energy consumers through a reverse auction platform

that joins two or more customers (excluding municipalities and political subdivisions) into a single purchasing unit to negotiate competitive rates. CEO Marckenson Joseph has been a director and manager at various sales agents/channels used by Direct Energy and MXenergy in Connecticut.

### **DPUC Approves Direct Energy Services as Electric Efficiency Partner**

The Connecticut DPUC granted Direct Energy Services' application to become a General Partner and a Vendor Partner under the Connecticut Electric Efficiency Partners Program, which offers grants for gas-driven chillers and ice-based thermal storage to reduce peak electric demand (Only in Matters, 7/14/08). Direct Energy intends to market, sell, and install a product line of chillers with ice storage equipment under the efficiency program, and may also sell high-efficiency chillers and/or equipment allowing such chillers to be operated with natural gas at a later date. Direct intends to target customers with existing chillers ready for replacement, and where the use of its offered Smardt Chiller with Turbocor compressor technology (with or without ice storage equipment) as the replacement technology are most likely to meet the efficiency program's goals of reduced peak demand.

### **DPUC Bilaterals ... from 1**

review process of highly complex contracts and electric products. The Department anticipates conducting an expedited, yet full review of the evidentiary record, which includes hearings, late filed hearings, briefs, reply briefs and written exceptions. Upon receipt of the filings in this proceeding, the Department will establish an expedited schedule that corresponds to the comprehensiveness and complexity of the proposals submitted," the DPUC said in the draft.

Under the draft order, the Department would not require a comprehensive market analysis as part of an application for a long-term bilateral Standard Service contract, nor would it require an analysis to be performed with regard to Standard Service migration risk.

The draft states that the Department believes it is in the ratepayers' interest to provide the

maximum public disclosure possible, and disclosure of long-term bilaterals would be more extensive than disclosure under Standard Service bids.

For long-term contracts, "the Department will allow a description of the bids, except for the name of the bidder, to be disclosed to the public during the course of the proceeding. When the procurement has been completed, the Department will release the name(s) of the winning bidder(s), contract price and other terms and condition of the contract/project. The names of unsuccessful bidders and contracts/project details will not be released," the draft says.

Both distribution companies have indicated that they would not offer long-term contracts sponsored by their own respective companies or affiliates in the instant proceeding. However, the DPUC said it is aware that CL&P's parent, Northeast Utilities, is undertaking an effort to obtain long-term renewable contracts, including a joint effort with Nstar to obtain long-term supplies from Hydro Quebec.

"The Department emphasizes that all potential contracts should be evaluated side-by-side on a competitive basis in this or future proceedings. The Department encourages Northeast Utilities to offer into this proceeding any contract proposal that could be available in a timely manner," the draft says.

However, as the long-term contracting process was not envisioned by the current statutory Code of Conduct, the proposed procedural order would require additional measures to protect against affiliate abuse and prevent preferential treatment.

Under the draft, each electricity distribution company is required to establish a "buy team" to solicit long term contracts. If an affiliate forms a "sell team" to offer supplies in response to the solicitation, members of the buy team cannot become part of the sell team without prior Department approval. Furthermore, as set forth in the draft decision, communication between the buy team and any member of management that communicates with the sell team is strongly discouraged, and must be disclosed.

The proposed decision also, "encourages the submittal of renewable projects/contracts, which will be evaluated based on all of the benefits

they provide to ratepayers."

The DPUC is accepting comments on the draft procedural order through July 7.

## **KeySpan POR ... from 1** KEDNY and KEDLI."

Specifically, the Staff overview discussing the KeySpan Long Island Billing Services Agreement states that the, "Company may bill an ESCO any disputed customer charges that have not been resolved by the ESCO and the customer after 60 days."

However, SCMC noted that Section 5.2 of the October 1, 2008 Billing Services Agreement, which outlines procedures for disputed charges, differs markedly from Staff's overview. In particular, the October 1, 2008 agreement does not provide that the LDC may bill any ESCO for any disputed charges if they have not been resolved within 60 days. Rather, the LDC only has the right to assess a charge on the ESCO equal to the amount disputed by the customer if the LDC finds, in its sole discretion, that the ESCO is "not in compliance" with a series of procedures required for disputes under the Billing Services Agreement, including dialogue with the customer and possible Commission involvement. Section 5.2 of the October 1, 2008 Billing Services Agreement contains no time limit for this dispute resolution process, and LDCs are not granted a right to assess disputed amounts for temporal reasons alone; the ESCO must be found to have not complied with the dispute procedures.

Additionally, in connection with the credit and collection expenses, the Staff's overview indicates that the annual recovery of over/under collections of these expenditures, "will be separately reflected on the ESCOs' monthly imbalance bill." SCMC requested that the recovery be applied in a manner that does not place the ESCO at a disadvantage to full service customers.

"Thus, for example, if recovery of this annual charge from full service customers is spaced out over four months, or limited to a specific period, the same should apply to ESCOs," SCMC said.