Energy Choice Matters
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Draft PUCT Order Would Set Internet Broadcast Fee at $18,000 for Five Largest REPs

Five Texas REPs with at least 250,000 customers would each be charged $18,000 to fund free public online broadcasting of all PUCT public meetings, under a draft order.

New PURA § 12.204 requires the Commission to broadcast via the internet all public hearings and meetings free of charge. Statute authorizes the Commission to recover costs through an assessment on a REP that serves more than 250,000 customers, a power generation company owning more than 5,000 MW of installed capacity in Texas, public utilities, and river authority corporations as defined in PURA § 32.053.

PUCT Staff said that it is in negotiations with a vendor to provide broadcasting services, and said that the total amount of the contract will be $300,000 annually. Because the majority of the Commission's meetings relate to electric matters, Staff recommended assessing ninety percent of costs ($270,000) to the various categories of electric entities lists above. Each category of electric businesses would be allocated $90,000 (combining river authorities with the utilities), with the total then divided among the companies within that category. The remaining 10% would be paid by certain telecommunication companies.

Under the draft order, CPL Retail Energy, Direct Energy, Reliant Energy Retail Services, Stream Energy, and TXU Energy Retail Company would each be assessed $18,000.

The generation category would be weighted by installed capacity, with Luminant assessed a fee of about $36,800. NRG Energy would pay $24,900, Calpine would pay $16,900, and FPL Energy (NextEra) would pay $11,500.

NEM Recommends Demand Response Load Profiles for NYISO Settlement

The New York PSC should order Consolidated Edison to develop demand response load profiles for residential and small commercial customers to facilitate demand response offerings by ESCOs, the National Energy Marketers Association said in comments on a proceeding to examine cost-effective demand response measures in Zone J (09-E-0115, Matters, 2/13/09).

A pilot program creating demand response load profiles, which would replace standard load profiles used for NYISO settlement, would be a low-cost way to permit consumers to increase their participation in demand response behavior prior to the implementation of smart meters that would precisely measure a specific customer's demand and obviate the need for load profiling, NEM said. A first generation transitional demand response load profile for residential and small businesses would establish load-shifting goals as differentiated from current standard load profiles, NEM explained.

"Simply stated, the Commission cannot rely solely on pre-existing load profiles to enable smart grid technologies and the competitive marketplace to deliver meaningful demand response. Specifically, without a new first generation demand response load profile marketers would only be in the position to offer consumers a volumetric benefit, not a price benefit, for reducing demand," NEM added.

Continued P. 7

J.D. Power Says 20% of Texas Customers Are Unlikely to Continue with Current REP

Nearly 20% of Texas customers say that they are unlikely to continue using their current REP, J.D. Power and Associates said as part of its 2009 Texas Residential Retail Electric Provider Customer Satisfaction Study.

According to J.D. Power's survey of more than 6,800 residential customers between October 2008 and June 2009, nearly 60% of customers said that they selected their current provider because of low prices. Other commonly cited reasons for selecting a provider were: the customer moved to a new location (16%); the customer received an incentive for signing up (13%); and the provider offered flexible terms and conditions (13%).

For enrollment, J.D. Power said that customers most often use the internet and phone calls. However, those customers who enroll by mail are slightly more satisfied overall than customers who enroll through other methods, J.D. Power reported. Among customers who contacted their REP for service, those using the REP's website were considerably more satisfied with their service experience than customers using an automated phone system or who spoke with a customer service representative.

When gathering information about providers, customers are most likely to turn to the Power to Choose website, in addition to using referrals from friends or family, and individual REP websites.

J.D. Power's survey also ranked REPs on a 1,000-point scale covering categories including billing, cost, communications, and customer service. The rankings are based on numerical scores, and not necessarily on statistical significance.

J.D. Power.com Power Circle Ratings For Consumers^

	Customer Satisfaction Index Ranking*	Overall Satisfaction	Billing	Cost	Communications	Customer Service
StarTex Power	714	5	5	5	4	5
Green Mountain Energy	694	4	5	4	5	5
Amigo Energy	681	4	4	4	4	4
Dynowatt	674	4	4	4	3	4
Texas Power	673	4	4	4	4	5
Stream Energy	670	4	4	4	4	3
Spark Energy	667	4	4	4	2	4
Ambit Energy	650	4	3	4	3	3
Cirro Energy	645	4	3	4	3	3
Direct Energy	630	3	3	3	3	3
Reliant Energy Retail	629	3	3	3	3	3
Industry Average	629	N/A	N/A	N/A	N/A	N/A
Gexa Energy	628	3	3	4	2	3
TXU Energy Company	612	3	3	3	3	3
First Choice Power	597	2	2	2	3	2
CPL Retail Energy	562	2	2	2	2	2

Source: J.D. Power and Associates 2009 Texas Residential Retail Electric Provider Customer Satisfaction Study

* Based on a 1,000-point scale

^ Power Circle Ratings Legend:
5: Among the best
4: Better than most
3: About average
2: The rest

Included in the study, but not ranked due to small sample size are:
Affordable Energy, Champion Energy, Commerce Energy, Hudson Energy, Nueces Electric, Simple Power, Tara Energy, U.S. Energy Savings, WTU Energy and YEP Energy.

StarTex Power topped the rankings and was named an award recipient by J.D. Power with a score of 714, scoring "particularly well" in the price factor. Green Mountain Energy (last year's highest-ranked REP) was second at 694, followed by Amigo Energy (681). Complete rankings are on the prior page.

For what it's worth, Amigo, Dynowatt and Texas Power, which rank highly in J.D. Power's scoring, are also among the REPs with the highest complaint rates per the PUCT's rolling six-month average statistics. Conversely, CPL Retail and Reliant Energy are among the REPs with the lowest complaint rate but do not fare as well in J.D. Power's rankings.

Undoubtedly reflecting the lagged nature of the study, J.D. Power said that overall satisfaction among residential customers decreased "notably" in 2009 to 629 on a 1,000-point scale - down by nine points from 2008. Driving the overall decline, per J.D. Power, "is decreased satisfaction with pricing, which averages 601 in 2009, down from 614 in 2008." As previously mentioned, survey responses date back as far as October 2008.

J.D. Power also said customers on fixed-price programs are, "considerably more satisfied than customers on variable programs -- by a difference of nearly 100 points."

CMP Files Terms to Govern Competitive Green Power Billing Inserts

Central Maine Power filed with the Maine PUC consensus terms and conditions and a standard contract to govern a utility bill insert program that will allow competitive providers to promote green supply and REC products through CMP's bill (Only in Matters, 4/15/09).

Under the program, green providers will be charged a fee of (i) $0.125 per insert for the costs of inserting and mailing bill inserts (automatically adjusted if mailing costs change), plus (ii) a fixed fee of $750 per billing cycle to cover programming and other costs. Additional fees will apply to providers desiring a non-standard insert mailing (such as targeting specific groups of customers). CMP is under no obligation to grant such non-standard requests.

Providers must notify CMP via e-mail at least sixty days prior to the proposed start date for the insertion of a particular insert. Such notification shall include a general description of content, size and weight of the proposed insert. CMP will prioritize supplier requests based upon date and time upon which requests are made, so that the earlier request is accommodated first, up to a maximum of three bill inserts in a single month.

Inserts are subject to CMP's approval of copy, paper, and manufacturing quality. CMP has the right to reject inserts that do not conform to CMP's insert specifications or are otherwise unacceptable to CMP for any reason, as determined in CMP's sole discretion.

Inserts will not be provided to customers who receive electronic or summary bills from CMP.

ConEd Energy Seeks Contingent Bidding in Md. SOS Procurements

Consolidated Edison Energy asked the Maryland PSC to allow contingent bidding in utility-specific SOS procurements, arguing that contingent bidding holds the potential to increase the number of lower bids, and thus lower prices. The proposal, discussed in the annual SOS Procurement Improvement Process (PIP), did not receive unanimous support to be included in the PIP report (9056).

Contingent bidding, used in other jurisdictions such as Massachusetts, allows wholesale suppliers to specify constraints at the time of bid submission, such as a detailed matrix listing the number of bids the supplier is submitting versus the maximum number of blocks the supplier wishes to serve. The supplier, ConEd Energy said, may wish to limit the tranches served at a particular utility for creditworthiness reasons, or because of a desire to diversify its position.

ConEd Energy said it initially desired for contingent bidding to be permitted across all utility solicitations, but due to various logistic concerns raised by utilities, revised its proposal to only allow contingent bidding within a specific utility solicitation. In such a case, a supplier may wish to reduce the amount of Type II blocks it serves based on the Type I tranches it is awarded. For example, a supplier may be willing to serve (and thus wish to bid on) 10 Type II tranches if it wins zero residential/Type I blocks. However, if the supplier first wins two residential/Type I blocks, it may desire to only serve six Type II blocks.

Such a constraint could be accomplished under contingent bidding, but not under the current Maryland SOS process. Without contingent bidding, the supplier must limit the total tranches contested in order to eliminate the risk of winning too many tranches. In the above example, the supplier would either submit 10 Type II bids with no residential/Type I bids, or only six Type II bids and two residential/Type I bids. The supplier will make its choice based on which tranches it thinks that it is most likely to win. However, at the end of the auction, the supplier may be left in a position where it does not win those particular tranches, meaning the supplier would have been able to serve tranches for which it did not bid, resulting in less competition per tranche.

Again using the above example, the supplier may believe that its best opportunity to win load is by submitting six Type II bids and two residential/Type I bids. However, if it fails to win the two residential/Type I bids, the supplier could have submitted four additional Type II bids, perhaps at a lower price than the price awarded absent those additional bids.

N.Y. PSC Initiates Fourth Main Tier RPS Solicitation, Limits Participation to New Projects

The New York PSC authorized NYSERDA to spend approximately $95 million on a fourth main tier RPS solicitation, but limited participation to renewable generation facilities that commence commercial operation on or subsequent to the effective date of the PSC's order.

The required in-service dates for the solicitation shall be on or before July 1, 2011 for all facilities, except biomass and biogas facilities which will be required to be in-service on or before July 1, 2012. The dates reflect federal eligibility requirements for projects to receive certain stimulus funds, and the Commission said it believes by limiting the solicitation to projects eligible for stimulus funds, prices in the auction may potentially be lower.

Chairman Garry Brown stressed that the changes will only apply to the instant solicitation, noting the Commission has an ongoing comprehensive review of the RPS, including vintaging requirements.

A published order was not available, but the PSC said that the selection of winning bids will "primarily" be based on a weighted combined score with price comprising 70 percent and projected incremental economic development benefits at 30 percent. While a Commission press release said that the solicitation would allow the state to "leverage" federal stimulus funds, it made no mention of whether projects “taking advantage” of stimulus funds would be given priority consideration in the solicitation, a possibility raised in an earlier public notice (Matters, 7/21/09). Although the vintaging issue was discussed at yesterday’s Commission meeting as it relates to the stimulus, Commissioners did not address the proposed “taking advantage” language.

Proposals will be requested using a sealed, pay-as-bid auction procedure. A price will be determined above which bids will not be considered, but such price will not be revealed to bidders.

Contract awards will be for a 10-year term. The 10-year contracts with fuel-based renewable energy generators shall have an escape clause actionable every two and one-half years so that the generator may drop out of the program if it is unable to secure a continuous fuel supply at a price that supports its contract with NYSERDA.

Briefly:

Md. PSC Takes BGE Customer List Proposal Under Advisement

The Maryland PSC took Baltimore Gas & Electric's proposal to make customer lists available to suppliers under advisement at this week's administrative meeting, and did not issue an immediate order. During the administrative meeting, Chairman Douglas Nazarian, similar to his questioning of POR compliance filings, demanded why suppliers needed another "subsidy" in the form of customer lists, especially given the currently large headroom for mass market customers. BGE gave what suppliers termed an "exceptional" presentation in defense of its proposal, noting that many residential customers are still not aware that they can save 10-15% off their supply costs today by switching. BGE said that customer lists were the top market improvement cited by suppliers after POR that could make more offers available to customers. Suppliers told the Commission that Maryland is in competition for supplier capital and participation with other states, particularly Pennsylvania which is implementing numerous measures to reduce barriers to competition including both POR and customer lists, as well as New York with its long-standing programs.

Sempra Energy Trading to Acquire Small Stake in MXenergy, Supply Commodities and Financing

Sempra Energy Trading LLC is to acquire approximately 7.37% of the common stock of MXenergy Holdings Inc. under a pending transaction, subsidiary MXenergy Electric Inc. said in a FERC filing. Sempra Energy Trading would also appoint a director to MXenergy Holdings' board under the transaction. Under the contemplated transaction, MXenergy and Sempra Energy Trading will also enter into certain agreements under which Sempra Energy Trading will supply natural gas and electricity to MXenergy. An SEC filing also says MXenergy has developed proposed commodity supply and financing arrangements with Sempra Energy Trading.

Maine PUC Announces CMP, BHE Standard Offer Providers

The Maine PUC reported that Dominion Retail won 100% of the Standard Offer load at Bangor-Hydro Electric for the large non-residential class and medium non-residential class, and 100% of the Standard Offer load at Central Maine Power for the large non-residential class, for the six-month period beginning September 1. Dominion Retail also won 80% of Central Maine Power's medium non-residential Standard Offer load, with TransCanada Power Marketing winning the other 20%.

Family Energy Services Seeking Pa. License

New York ESCO Family Energy Services applied for a Pennsylvania natural gas supplier license to serve residential customers and commercial customers using less than 6,000 Mcf annually at Columbia Gas. Family Energy is also in the process of seeking licenses in Illinois and Michigan.

Md. Grants Avalon Energy Services Broker License

The Maryland PSC granted start-up Avalon Energy Services an electric broker license for non-residential customers at the four investor-owned utilities as well as Choptank Electric Cooperative and Southern Maryland Electric Cooperative (Only in Matters, 7/13/09). Elisa McDonnell, previously an engineer at Oklahoma Natural Gas and an entrepreneur, is president of Avalon Energy Services. James McDonnell, former CFO and senior vice president at Pepco Energy Services, is COO at Avalon.

Muirfield Energy Receives Ohio Broker Licenses

The Public Utilities Commission Of Ohio granted Muirfield Energy both electric and natural gas aggregation/broker licenses to serve non-residential customers in all applicable electric utility and LDC territories (Only in Matters, 7/23/09). Muirfield President Perry Oman spent four years as senior manager for Direct Energy Business in Ohio and also managed Direct's New York commercial and industrial efforts in 2007 and 2008.

The Legacy Energy Group Receives Md. Broker Licenses, Fined for Prior Activity

Virginia-based The Legacy Energy Group, LLC, was granted Maryland electric and natural gas broker licenses and ordered to pay back Commission assessments for its unlicensed activities dating back to January 2003 (Only in Matters, 7/13/09). The Legacy Group was ordered to pay $266.35 for its prior electric brokering and $100 (the minimum penalty regardless of the size of the revenue-based assessment) for its gas brokering. The Legacy Group received authority to broker non-residential electric customers at the four investor-owned utilities, and non-residential gas customers at Baltimore Gas & Electric, Washington Gas Light and Columbia Gas.

Texas TSPs Seek FERC Disclaimer of Jurisdiction for CREZ Lines

Cross Texas Transmission, Sharyland Utilities, and several renewable developers filed for a declaratory order from FERC disclaiming federal Commission jurisdiction over transmission lines connecting the Texas Panhandle Competitive Renewable Energy Zones to ERCOT. Although the Panhandle is geographically located within the Southwest Power Pool, the CREZ lines will only interconnect with ERCOT, and will transmit electric energy generated and consumed solely within Texas. As no energy transmitted over the CREZ Panhandle lines will be commingled with energy transmitted in interstate commerce, the petitioners requested that FERC disclaim jurisdiction.

N.Y. PSC Adopts Corning Rate Joint Proposal

The New York PSC adopted a joint proposal in Corning Natural Gas' rate case that establishes a Merchant Function Charge applicable to Corning SC 1, Corning SC 2, Corning SC 5, Bath SC 1, Hammondsport SC 1, and Hammondsport SC 2 customers (08-G-1137). The PSC had previously stated its intention to adopt the settlement, upon the addition of an earnings sharing mechanism, and a full discussion of the MFCs can be found in our earlier coverage (Only in Matters, 7/17/09). The joint proposal also directs Corning to file a report by August 5, 2010, on the feasibility of Corning conducting a study regarding the purchase of ESCO receivables.

Ameren Utilities Launch Additional Rate Relief to Bundled Customers

The Ameren Illinois Utilities announced they are awarding further electric rate relief to small businesses, non-profits and other qualified organizations which have not been served on competitive supply since Jan. 1, 2008. The relief, up to $5,000 per customer, stems from 2007 rate relief legislation, and follows last year's program which was also not competitively neutral (Matters, 8/19/08). Eligible customers must apply and demonstrate financial hardship to receive relief. Eligible small businesses are bundled customers that have 50 or fewer employees and have their principal office in Illinois. Non-profit organizations also include senior centers, schools, churches and other religious institutions.

Calif. PUC Denies PG&E RFP for Post-2011 Demand Response Aggregation

The California PUC adopted a proposed decision on the utilities' demand response activities and budgets that, among other things, denies without prejudice Pacific Gas & Electric's request for authority to issue an RFP in late 2010 to replace existing third-party load response aggregation contracts scheduled to expire at the end of 2011 (Only in Matters, 7/1/09). The PUC said that there is too much uncertainty, particularly regarding how the Commission will address load response under the Market Redesign and Technology Upgrade, to warrant an RFP for post-2011 contracts at this time. Direct bidding of demand in the California ISO may make the utility aggregation contracts unnecessary, the PUC noted.

IDT Corp. Places ESCO in New Division

IDT Corporation said yesterday that it has consolidated its energy related businesses -- including its retail supplier IDT Energy -- into a new division, to be called Genie Energy. Aside from competitive supplier IDT Energy, Genie Energy will include various oil shale interests. Oil and gas entrepreneur Wes Perry will serve as Genie's Chairman of the Board. Geoffrey Rochwarger, currently Chairman and CEO of IDT Energy, will also serve as Genie Energy's President and Chief Executive Officer.

EPSA Further Rebuts APPA Deregulation Penalty Study

EPSA released another rebuttal to an APPA report which claimed consumers paid a $20 billion "deregulation penalty" in surplus costs to three PJM generating companies alone since 2001 (Matters, 7/9/09, 6/2/09). Citing a paper by Jonathan Lesser of Continental Economics, EPSA said that the APPA study, among other things, used corporate parent earnings data, instead of generating subsidiary data, thus grossly overstating cash flows for several competitive generating companies by as much as 300%. Other "obvious" accounting errors cited by Lesser were:

- Including the value of "goodwill" for the

competitive generating firms but excluding it for monopoly utilities, while adding back write-offs of "impaired" assets by competitive generating firms;
- Including "regulatory assets" to estimate monopoly utilities return on equity;
- Failing to include capital investments in free cash flow calculations; and
- Improperly treating as a variable operating expense the cost of nuclear fuel, which should be treated as a capital investment.

Load Profiles ... *from 1*

NEM said there should be no significant costs associated with providing a first generation demand response load profile, which would, "provide an excellent platform to transition consumers to become even more proactive with their energy usage decisions as smart grid technologies are implemented and fully available."

With demand response load profiles, ESCOs can develop more off-peak type product offerings for customers, and buy more energy in off-peak periods, supporting both reduced usage (volumetric benefit) and a lower commodity rate (price benefit), NEM noted. An ESCO would bear the risk that its customers will not conform to the demand response load profile until smart meters, smart thermostats, or a second more accurate generation of demand response load profiles become available. If an ESCO is not conforming to the demand response load profile, the "penalty" could be to revert them to the standard load profiles currently applicable to the existing service classes of its customers, NEM suggested.

The initial PSC proceeding is focused on Zone J, but NEM recommended that its load profile suggestion be applicable at all utilities.