Energy Choice Matters

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ComEd Files Tariff to Implement POR, Utility Consolidated Billing

Commonwealth Edison filed with the Illinois Commerce Commission tariff revisions to implement utility consolidated billing and purchase of receivables, in a filing that has been anticipated since 2007 legislation required the major utilities to implement both programs. ComEd proposed that its POR and utility consolidated billing programs would commence December 1, 2010; however, the tariffs will likely be suspended by the ICC and subject to hearings.

ComEd would discount supplier receivables at a customer group-specific discount percentage based on Rider UF (ComEd's bundled supply uncollectible rider), plus a flat discount of 50¢ for each utility consolidated bill issued for a supplier, to recover implementation and administrative costs related to both POR and utility consolidated billing. Such implementation costs would be amortized over a 10-year period.

As migration to competitive supply in the mass market may not initially be robust enough to recover all implementation and administrative costs at start-up, ComEd would concurrently charge all customers a rider to recover both costs, with such costs refunded to customers as suppliers serve more load on competitive supply and ComEd collects more funds under the discount rate.

ComEd would remit discounted receivables, that are not subject to a dispute, to the supplier no later than 32 calendar days after the utility consolidated bill is issued to the customer.

The ComEd tariff would impose an all-in/all-out requirement on supplier use of POR with respect to the residential class. Additionally, if a supplier participating in residential POR elected to move all of its residential customers off of POR, it could not place residential customers onto POR again for 12 months. Participation in POR by suppliers for their non-residential customers would not be subject to an all-in/all-out requirement.

Per statute, POR and utility consolidated billing would be available to customers under 400 kW. Purchased receivables will only include electric power and energy supply service, though the term

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Christie N.J. BPU Transition Plan Emphasizes Need for New Baseload Generation In-State

The New Jersey BPU should look to build new baseload capacity, specifically in-state gas-fired generation, to lower electricity costs, and should also "consider" regulated utility investments in renewable generation technologies that are desirable for state development purposes, but which are not yet competitively priced, says a report on the BPU from Gov. Chris Christie's transition team.

"New power plants would cut peak demand spikes, thus lowering overall electricity prices," the report says in advocating the construction of strategic power generation. The report is not explicit in recommending how such generation would be built, who would own such generation, or how costs would be recovered.

The report does specifically recommend, however, that the state should consider regulated utility investments in renewable generation technologies, as well as an RPS carve-out for offshore wind, and REC compliance bonuses for in-state renewable generation or renewable generation that relies on in-state manufacturing.

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dPi Energy Files for Amendment to REP Certificate to Reflect Sale to Amvensys Telecom Holding

dPi Energy sought an amendment to its Texas REP certificate to reflect a "proposed" sale that would result in the transfer of ownership of the shares of dPi Teleconnect LLC (dPi Energy's parent) from Rent A Center, Inc., to Amvensys Telecom Holding LLC (37917).

A December news release had previously described the acquisition of dPi Energy by Amvensys Technologies as complete (see exclusive story in Matters, 12/11/09). Although in several parts of the application the sale is described as "proposed," elsewhere dPi writes that, "[i]ts parent company, dPi Teleconnect, L.L.C., has recently undergone a change in ownership which is the subject of this amendment."

dPi confirmed, as reported by *Matters*, that Z. Ed Lateef, as a principal of Amvensys Telecom Holding LLC, would become a principal of dPi Energy under the sale. dPi confirmed that Lateef, "was a minority shareholder in Sure Electric LLC d/b/a Riverway Power, an REP that had a mass transition to the POLR in June of 2008." dPi said, however, that Lateef, "was not one of the company's executives and was not involved in the day to day operations of the company: the managerial team of that REP was headed up by CEO Dwight Berry, who resigned in the midst of the crisis that saw so many REPs go out of business in the second quarter of 2008." Lateef, dPi added, "helped to wind down the business of Riverway Power after Mr. Berry left the company upon its insolvency." Given these circumstances, dPi said that none of its principals ever worked in a "managerial position" for a REP that experienced a mass transition.

dPi further stressed that although the proposed sale would result in a change of the shareholders (and consequently, directors) of the parent company, "the officers and key operational personnel of dPi Energy will continue in their established positions and there are no plans to change pricing, business plans, names, or any other aspect of the business."

dPi did not report, at least in the non-confidential portion of its application, what ownership stake, if any, Lateef would have in dPi Energy as a result of the sale.

ALJ Recommends Continuation of Managed Default Service Portfolio at Citizens'/Wellsboro

A Pennsylvania ALJ has recommended approval of the main tenets of Citizens' Electric Company and Wellsboro Electric Company's proposed joint default service plan for the period June 1, 2010 through May 31, 2013, which would continue the current managed portfolio approach (Only in Matters, 6/2/09).

Under the recommended decision, the companies could continue the existing stratified procurement plan which allows the companies to procure a portion of their required default energy supply for a given month of service over the four quarters preceding that given month. The companies would purchase annual 7x24 products totaling at least 20 MW, with the remainder of the companies' combined monthly load requirements procured through 5x16 or on-peak products purchased during the four quarters prior to the month of delivery (in blocks of at least 5 MW). Residual requirements would be procured on the spot market.

The ALJ dismissed concerns regarding the portfolio approach raised by the Office of Small Business Advocate, noting that such concerns were addressed by the Commission in approving the previous portfolio process for Citizens'/Wellsboro, and finding that providing the utilities with discretion in procurement will allow them to avoid purchases during unexpected price spikes.

The recommended decision would approve the companies' proposal to procure financial products in addition to only physical products, as done currently. "[T]he use of financial products will result in more potential parties and therefore more liquidity, particularly for small lot purchases. This is particularly relevant to the Companies, since they purchase amounts that are less than the standard 50 MW wholesale block," the ALJ said.

While the plan generally includes annual contracts, the companies also proposed that they be permitted to enter two-, three-, or four-year contracts if favorable market conditions warranted such action. Such procurement would not constitute an amendment to the default service plan, and would be subject to expeditious review by the PUC, the companies proposed.

The ALJ would deny the companies' request for the PUC to expeditiously approve any multi-year contracts resulting from the companies' procurements, as the ALJ agreed with OSBA that the proposed 30-day review period, with no hearing and only a 10-day comment period, denies parties due process.

The ALJ would also deny, as unsupported, OSBA's recommendation that Citizens'/ Wellsboro be required to investigate combining their default service procurements into that of PPL or Penelec.

ICC Defers Small Volume Choice Issues at North Shore, Peoples to Workshops

In a final order on their rate cases, the Illinois Commerce Commission deferred consideration of all small volume customer choice issues at North Shore Gas and Peoples Gas to a workshop process, due to the lack of a complete record in the proceeding (09-0166 et. al, Only in Matters, 11/10/09).

As only reported in *Matters*, several retail suppliers petitioned for changes in the allocation of administrative costs, the enrollment window, and single billing logistics at the LDCs (Only in Matters, 6/12/09).

While the ICC agreed that suppliers had shown "compelling evidence" that the Choices for You (CFY) program is not functioning as well as it could, the Commission said that the record did not contain enough evidence to determine the appropriate changes. The ICC thus ordered workshops on various issues, refusing to find that programs in place at Nicor should be adopted at Peoples/North Shore, or that the workshops should only address implementation of the Nicor programs at Peoples/North Shore.

However, while the Commission did not adopt the Nicor policies in total, it did adopt the basic Nicor framework with respect to LDC asset allocation. The Commission's final order clarified that, "it has already ruled that the CFY program must include the key aspects of the Nicor program identified by the Commission Staff," specifically relating to recommendations for:

1. Daily injection and withdrawal rights based on the methods suggested by suppliers
2. Monthly targets for injections and withdrawals based on the method suggested by suppliers, and
3. Daily delivery targets provided by the LDCs based on the best estimate of the customer's daily usage with a daily tolerance of ±10% as suggested by suppliers

"[T]he only Allocation of and Access to Company-owned Assets issues to be discussed at the workshops will be how to implement these changes, and not whether they should be implemented," the Commission stressed.

Regarding other small volume choice issues, the Commission made no such specific findings. During the case, suppliers had recommended changes to: cost recovery for administrative costs of choice; the proper implementation of the rescission period; the limitation preventing choice at the initiation of new service; and various Single Billing Option issues. Each of these issues will be addressed in the workshops.

For large customer transportation service, the Commission accepted a compromise that will see the LDCs implement changes to allow suppliers to reduce or avoid penalty charges on Critical Days, somewhat analogous to Constellation NewEnergy's super pooling proposal. Under the compromise, the LDCs will allow suppliers to reallocate, after the fact, gas that the supplier delivered to one or more of its Rider SST pools on a Critical Day to another one or more of its Rider SST pools. The ICC also accepted several other uncontested changes related to transportation service, as detailed in our 7/14/09 story.

The ICC affirmed that uncollectible costs may be apportioned through the use of different customer charges for transportation and sales customers, with a lower charge for transportation customers. The Attorney General had argued that the LDC should implement the same customer charge for transportation and sales customers, but the ICC rejected the proposal.

RESA Cites PPL Success in Cautioning Md. Against Ratebased Generation

The Maryland PSC should not expose customers to the risk of new cost-based generation or long-term SOS supply contracts, the Retail Energy Supply Association said in comments to the PSC contrasting the Maryland mass market with the success of the PPL market (Cases 9117, 9214).

RESA was responding to the latest recommendation from Gov. Martin O'Malley to move to a managed portfolio for SOS procurement, featuring the use of regulated generation and long-term contracts (Only in Matters, 12/21/09).

While O'Malley cited reliability concerns among the reasons to build new regulated generation in Maryland, RESA, citing decreased PJM load forecasts which have delayed the need for several transmission projects, responded that, "[t]here is no electricity reliability crisis in Maryland or, for that matter, PJM."

In fact, building or contracting for new supplies given the absence of a reliability need could expose customers to higher costs, RESA said, considering that the Trans-Allegheny Interstate Line is on schedule for a June 1, 2011 in-service date. RESA noted that the PSC's consultants recognized in 2008 that projects such as TrAIL, "are likely to materially improve transfer capabilities into the import-constrained regions, thereby reducing prices in BGE, PEPCO, and DPL." The PSC itself said that, "[t]he expectation is that this [TrAIL] line will import electricity from low-cost baseload generators in the Midwest to Maryland."

"Thus, if the Commission requires its utilities to build generation or enter into long-term contracts to purchase generation, only to see TrAIL (and possibly other transmission projects in the future) come on line, Maryland ratepayers risk getting locked into paying for that new generation or long-term contracts that are above market prices. In other words, rate-based generation as well as the use of utility long-term contracts can result in stranded costs, to the detriment of customers who will be stuck paying them," RESA said.

RESA cited the above-market costs that customers have paid due to the Warrior Run contract as the, "prime example of the potential consequences of long-term commitments where other market-based and planning alternatives are superior."

RESA further said that, "[t]he Commission can do more to promote customer choice."

"For all intents and purposes, Maryland has stood still while other states have implemented (1) referral programs offering up-front discounts to customers and which educate and encourage customers to at least speak with retail suppliers, (2) well-designed purchase of receivables programs, (3) programs by which the utilities provide customer-related information to retail suppliers so that retail suppliers can identify customers and present tailored products and services that fit their desires, and (4) public service outreach intended to educate customers about retail market offerings and electricity in general," RESA noted.

"These market enhancement programs work. As an example, in the PPL (Pennsylvania) service territory, approximately 247,700 customers (17.7%, including approximately 206,000 or 16.9 % of residential customers) have switched to retail suppliers since October 1, 2009," RESA noted.

Furthermore, RESA said that the PPL success story is not the result of market enhancements alone, citing the move, in 2011, to quarterly adjustments to residential default service rates. "As the Pennsylvania Commission has recognized, for competition to develop, the SOS structure must allow for SOS rates that reflect the underlying wholesale electricity market. In other words, as RESA has stated for years, the SOS rate must be 'market reflective' in that the SOS rate should not be allowed to become disconnected from wholesale market prices for extended periods of time," RESA said.

"The call for long-term SOS procurement contracts is simply inconsistent with Maryland customers having access to competitive alternatives," RESA added.

RESA further cited legislative and regulatory uncertainty as hindering Maryland mass market choice. "Certain members of the Maryland General Assembly propose, on practically an annual basis, to re-regulate the electric industry. Moreover, this Commission continues to review whether to direct utilities or third parties to build generation, require utilities to enter into long-term generation contracts, and whether to alter the current SOS procurement structure, among other issues. These constant legislative and regulatory proposals and reviews, as opposed to an unambiguous commitment to further the goals of the Electric Choice Act, make investment in the Maryland mass market a risky decision for many retail suppliers. This is especially true when other states have exhibited a true commitment to creating retail competition by adopting SOS structures and related market rules and programs that encourage competition and which are benefitting ratepayers," RESA said.

Briefly:

WGL Withdraws Request for Quarterly Imbalance Reconciliation

Washington Gas Light has withdrawn its request from the Maryland PSC to reconcile a competitive supplier's imbalances between the supplier's deliveries and actual consumption by its customers on a quarterly basis (Only in Matters, 11/4/09). Imbalances will continue to be reconciled annually.

Mich. PSC Allows Current Demand Response Contracts to Continue Pending Investigation

On rehearing, the Michigan PSC said that its September order temporarily restricting end-user participation in RTO markets pending a Commission investigation should be applied prospectively, and should not apply to contracts between customers and curtailment service providers existing on September 29, 2009 (U-16020, Matters, 9/30/09). EnerNOC had sought rehearing because it has existing demand response contracts with customers at Indiana Michigan Power (Only in Matters, 11/23/09). The Commission stressed, however, that it, "has authority to temporarily restrict existing contracts during the course of an investigation," though it agreed that such action is not required in this case.

ERCOT to Seek Additional CRE

ERCOT said that it will be requesting the addition of Temple Pecan Creek [3412] to Temple Switch [3414] 345kV as a 2010 Closely Related Element (CRE).

ERCOT TAC to Consider NPRR 091 (Scarcity Pricing and Mitigated Offer Cap)

The ERCOT Technical Advisory Committee informed stakeholders that, at its February 6 meeting, it will once again have the opportunity to consider Nodal Protocol Revision Request 091 (Scarcity Pricing and Mitigated Offer Cap During the Period Commencing on the Nodal Market Implementation Date and Continuing for a Total of 45 Days), as the Wholesale Market Subcommittee will report on some recent discussions regarding the NPRR. TAC noted that there have not been any market participant comments filed on the NPRR in almost two years, and sought additional stakeholder comments.

Just Energy Contracts with First Wind for Energy, Capacity, RECs

Just Energy said that it will enter into a five year contract to purchase electricity, capacity RECs from First Wind's Steel Winds I project in Lackawanna, N.Y. Just Energy will bid and schedule the energy output from Steel Winds I into the New York ISO power market. Just Energy said that the project has the rated capacity to generate over 50 million kWh of electric energy annually.

Champion Energy Services Names Additions to Management Team

Champion Energy Services announced three additions to its senior management team, including Allison Wall who has joined Champion Energy as vice president - residential. Wall was most recently COO at Potentia Energy, and previously held positions at Gexa and Reliant. Travis Andrews was named vice president of risk management and supply at Champion Energy, after holding director-level and managerial positions at Integrys Energy Services, Enron Energy Services, and Dynegy Energy Services. Brad Hudak was named Champion Energy chief information officer, after serving most recently as vice president of information systems and technology at NetVersant Solutions.

VoiceLog Joins NEM

The National Energy Marketers Association said that VoiceLog, a third party verification company, has been elected to NEM's Executive Committee.

Mich. PSC Denies Rehearing on Consumers Energy School Rates

The Michigan PSC denied Energy Michigan's request for rehearing on the implementation of the school discount rate and underlying cost of service study in Consumers Energy's most recent rate case, as the PSC said that such arguments should have been raised during the case and not on rehearing (U-15645). Energy Michigan had noted that the distribution per kilowatt-hour charge net of the education credit is higher for a retail access education customer than it is for a bundled education customer on the same rate (Only in Matters, 11/13/2009)

Mich. PSC Approves Detroit Edison PSCR Factor

The Michigan PSC approved a settlement authorizing Detroit Edison to implement its 2009 power supply cost recovery factor (PSCR). The settlement agreement found a maximum PSCR factor of 1.67 mills/kWh for residential PSCR customers and a maximum PSCR factor of 1.35 mills/kWh for commercial and industrial PSCR customers. The one-time use of two separate PSCR factors for the 2009 PSCR plan is due to the utility's over-collection from commercial and industrial customers. Separately, the PSC also authorized Detroit Edison to reconcile its 2007 power supply costs and its pension equalization mechanism. The PSC found that the utility under-recovered $38,235,587 in power supply costs in 2007. That amount reflects a disallowance of $2.7 million for the extension of the Harbor Beach 1 generating plant outage that occurred in 2007. The under-recovery is part of the ongoing 2008 reconciliation case. The PSC also directed the company to refund to customers $21,361,019, including interest, associated with its pension equalization mechanism in 2007.

Mich. PSC Approves Consumers Energy PSCR Factor

The Michigan PSC authorized Consumers Energy to implement a power supply cost recovery (PSCR) factor for 2009. The Commission approved a PSCR factor for 2009 of up to $0.02619 per kWh, updated to $0.00391 per kWh after new base rates were implemented in Case No. U-15645 in November.

CenterPoint Energy Granted Intervention in PRR 830 Appeal

CenterPoint Energy was granted intervention in the appeal of ERCOT Protocol Revision Request 830, over the initial objections of several wind generators (37817, Only in Matters, 1/18/10)

Duke to Purchase Texas Solar Plant from Juwi Solar

Duke Energy Generation Services said that it will purchase the 14-MW Blue Wing Solar Project under development in San Antonio, Texas, from Juwi Solar Inc. With the acquisition comes a 30-year PPA to sell all of the output from the solar farm and associated RECs to CPS Energy. Financial terms were not disclosed.

ComEd ... from 1

is not defined in ComEd's tariff.

As part of the tariff revisions, ComEd proposed a five calendar day rescission period. Customers under 100 kW would be permitted to rescind a contract by contacting ComEd. For larger customers, only the retail supplier could submit a rescission request, requiring the customer to request rescission from their supplier rather than ComEd.

N.J. ... from 1

New Jersey should also build a new industry around providing energy to New York City and further link the PJM and New York ISO markets (and discourage the current practice where generation is sited in New Jersey but interconnected to NYISO and not PJM), the report says.

The report faults the BPU for a lack of focus on its core mission, and recommends that the BPU emphasize its role in dealing with FERC and PJM. The report would transfer responsibility for the Office of Clean Energy to the Economic Development Authority.

The transition team further recommends reducing the number of BPU Commissioners from 5 to 3, and revamping the energy master plan to reflect the new administration's policies.

The report favors improved online access to BPU proceedings, noting that "even basic information is not available on-line." The BPU has spent five years trying to get a new Database & Infrastructure project off the ground and hasn't selected a vendor yet, the report notes.