Energy Choice Matters

March 21, 2010

BlueStar Energy Services Seeks Temporary Waiver of Pa. Budget Billing Requirement

BlueStar Energy Services, pursuant to 52 Pa. Code §§ 5.43 and 56.222, has requested a temporary waiver of the Pennsylvania PUC's rules and regulations to the extent that they require an electric generation supplier to provide budget billing calculations for its residential customers.

As first reported by *Matters*, BlueStar said that it intends to begin serving residential and small business customers in the PPL territory in April. BlueStar will solicit these customers through controlled, direct marketing channels and online enrollment.

BlueStar said that its current billing system is designed to provide supplier consolidated bills to residential customers. However, no statewide standard has been adopted for supplier consolidated billing in Pennsylvania. A statewide standard, BlueStar said, would clarify, among other issues, how an electric distribution company (EDC) provides budget billing charges to the electric generation supplier (EGS), and what payments are due to the utility from the supplier each month. PPL's billing system also does not yet fully support a supplier consolidated billing option, BlueStar added.

The Commission's Chapter 56 regulations require that a gas, electric, or steam heating utility rendering bills, "shall provide its residential ratepayers with an optional billing procedure which averages estimated utility service costs on a 10-month, 11-month or 12-month period to eliminate, to the extent possible, seasonal fluctuations in utility bills."

In 1998, the Commission explicitly held that electric generation suppliers "who provide billing services" are subject to the Chapter 56 budget billing regulations, and must provide budget billing.

Additionally, in 1999, because four rate ready utilities informed the Commission that their billing

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AEP Ohio Utilities Seek to Place Conditions on SSO Customer Demand Response

Ohio Power and Columbus Southern Power have petitioned the Public Utilities Commission of Ohio to prohibit Standard Service Offer customers from participating in demand response programs offered by PJM except where customers agree to commit their load reductions to the companies' Peak Demand Reduction benchmarks required by Ohio law (10-343-EL-ATA).

The prohibition would not impact the ability of customers taking competitive supply to participate in PJM demand response programs.

Under the AEP companies' proposal, retail customers served by tariffs GS-2, GS-TOD, GS-3 and GS-4 (all of which are exclusively bundled tariffs) would be permitted to participate in PJM demand response programs if the customers: (i) commit their demand response load registered with PJM toward the utilities' compliance with the Peak Demand Reduction benchmarks; and (ii) agree to report curtailment information to AEP Ohio and cooperate in documenting related peak demand reductions and capabilities. Additionally, the AEP companies would only agree to allow customers to participate in the RTO demand response programs if PUCO approves the companies' ability to count the customers' committed peak demand reduction capability toward their compliance with statutory demand reduction targets, and if PUCO also approves timely recovery of prudently incurred

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Connecticut Light & Power Reports February Migration Data

Supplier Accounts as of 2/28/10	Feb. '10 Residential	Feb. '10 Business	Feb. '10 Total	% of Migrated Customers	Change vs. Jan. '10 Total
Clearview Electric	10,606	517	11,123	4.5%	1,047
ConEdison Solutions	5,258	2,376	7,634	3.1%	(93)
Constellation NewEnergy	1,220	8,004	9,224	3.7%	92
Direct Energy Business	127	3,191	3,318	1.3%	1,258
Direct Energy Services	55,746	7,057	62,803	25.5%	(397)
Discount Power Inc	434	86	520	0.2%	520
Dominion Retail	54,781	10,325	65,106	26.4%	(95)
Energy Plus Holdings LLC	10,628	1,218	11,846	4.8%	4,267
Gexa Energy	281	1,557	1,838	0.7%	103
Glacial Energy of New England	1,811	2,336	4,147	1.7%	(17)
Hess Corporation	287	1,647	1,934	0.8%	(493)
Integrys Energy Services	42	3,126	3,168	1.3%	(133)
Liberty Power Holdings	335	247	582	0.2%	41
MXenergy Electric	5,511	1,632	7,143	2.9%	1,177
North American Power and Gas LLC	0	0	0		0
Pepco Energy Services	0	9	9	0.0%	(1)
Public Power & Utility, Inc	26,361	4,200	30,561	12.4%	1,980
Rescom Energy, LLC	2,503	737	3,240	1.3%	3,239
Sempra Energy Solutions	5	1,086	1,091	0.4%	(6)
South Jersey Energy Company	0	3	3	0.0%	0
Starion Energy Inc	0	0	0		0
Suez Energy Resources NA	12	647	659	0.3%	(99)
Transcanada Power Marketing	28	2,527	2,555	1.0%	(195)
Verde Energy Savings	4,864	132	4,996	2.0%	3,909
Viridian Energy	11,814	1,122	12,936	5.2%	2,805
Whole Foods Market Group	0	1	1	0.0%	(1)
Total All Suppliers	**192,654**	**53,783**	**246,437**	100.0%	18,908

Aggregate Data

Customer Load - Suppliers and CL&P (MWh)

	Residential - SS		Business - SS		Business - LRS		Total CL&P Territory	
	MWh	% of Class	MWh	% of Class	MWh	% of Class	MWh	% of Total
Suppliers	184,531	20.5%	396,730	69.3%	332,330	87.3%	913,590	49.3%
CL&P	715,021	79.5%	175,733	30.7%	48,562	12.7%	939,316	50.7%
Total	899,552		572,463		380,892		1,852,907	

Customer Count - Suppliers and CL&P

	Residential - SS		Business - SS		Business - LRS		Total CL&P Territory	
	Customers	% of Class	Customers	% of Class	Customers	% of Class	Customers	% of Total
Suppliers	192,654	17.5%	53,005	45%	778	82.3%	246,437	20.2%
CL&P	909,865	82.5%	66,060	55%	167	17.7%	976,092	79.8%
Total	1,102,519		119,065		945		1,222,529	

SS: Standard Service LRS: Last Resort Service **Data as reported by CL&P**

Briefly:

Md. PSC Fines Clean Currents, Grants Gas Broker License

The Maryland PSC fined Clean Currents, LLC $100 for brokering natural gas service without a license, and granted Clean Currents a natural gas broker license to serve commercial and industrial customers.

Md. PSC Fines The Eric Ryan Corporation, Grants Gas Broker License

The Maryland PSC fined The Eric Ryan Corporation $100 for brokering natural gas service prior to licensure, and granted the firm a natural gas broker license to serve commercial and industrial customers at Baltimore Gas & Electric, Washington Gas Light, and Columbia Gas.

Unified Energy Services Receives Md. Broker License

The Maryland PSC granted Unified Energy Services, LLC an electric broker license to serve commercial and industrial customers at the four investor-owned utilities, Choptank Electric Cooperative, and the Southern Maryland Electric Cooperative (Only in Matters, 11/4/09).

Early Bird Power Receives Md. Broker License

The Maryland PSC granted Early Bird Power, LLC an electric broker license to serve commercial and industrial customers at the four investor-owned utilities, Choptank Electric Cooperative, and the Southern Maryland Electric Cooperative.

The Lock Group Receives Md. Broker License

The Maryland PSC granted The Lock Group (legally organized as MABLock Consulting) an electric broker license to serve commercial and industrial customers.

U.S. Harvest Postal Protection Services Receives Md. Broker License

The Maryland PSC granted U.S. Harvest Postal Protection Services (d/b/a United States Ethane Gas Corporation) a natural gas broker license to serve commercial and industrial customers.

DPUC Opens Docket on CL&P Metering Charges

The Connecticut DPUC has opened docket 98-01-02RE04 to address Connecticut Light & Power's filing of updated charges for several metering and billing services. Aside from several decreased charges, CL&P sought to raise the Pulse Output metering option fee to $387.99 from $329.23. The Phone Automatic Meter Reading (AMR) without Pulse Output fee would increase to $586.91 from $534.25, and the Phone AMR with Pulse Output fee would increase to $717.99 from $656.66. The residential off-cycle or special meter read fee would be raised to $19.93 from the current $16.20. The higher charges are due to an increase in hourly labor rates, and for the Pulse/Phone AMR metering options, higher costs of technology hardware.

Dynegy Power Marketing Seeks Maine Retail License to Self-Supply

Dynegy Power Marketing Inc. applied for a Maine competitive electricity provider license for the sole purpose of self-supplying its affiliate generator, Casco Bay Energy.

Gexa Informs Pa. PUC of Intention to Serve Limited Residential Meters of Commercial Customers

Gexa Energy informed the Pennsylvania PUC that it may, in certain instances, provide electric service to commercial customers whose load includes residential accounts (e.g. multi-family dwellings). Gexa said that it does not intend, at this time, to generally enter the residential market.

FERC Notifies MBR Sellers of Intent to Revoke Authority

FERC notified the following sellers it intends to revoke their market-based rate authority for failure to file Electric Quarterly Reports, unless the seller submits the report within 15 days: G&G Energy, Inc.; NCSU Energy, Inc.; Primary Power Marketing L.L.C.; and WASP Energy, LLC.

Affiliate Analysis Faults AEP Ohio Utilities' Categorization of Shared Employees

An analysis of the AEP Ohio utilities' corporate separation plan faulted the companies for not maintaining a listing of shared employees and shared consultants and independent contractors. The analysis was conducted by Baker Tilly Virchow Krause, LLP, and focused on the time period of June through November 2009.

Baker Tilly said that, in response to its request for a list of shared employees, Ohio Power and Columbus Southern Power informed Baker Tilly that the companies did not then have an affiliate which is a competitive retail service provider. The companies further said that their affiliate which provides non-electric products or services to customers (AEP T&D Services, LLC) does not have any employees, and therefore there are no shared employees as referenced in the cost allocation manual.

However, Baker Tilly noted that AEP T&D Services LLC, in lieu of its own employees, relies on employees from the operating companies and occasionally on contractors. Baker Tilly also noted that AEP T&D Services LLC used a contractor that was also used by Ohio Power in 2009.

Thus Baker Tilly recommended that to the extent that the non-utility AEP companies rely on the services of AEP Ohio employees other than for emergency purposes, AEP should categorize such employees as "shared employees," and maintain a list of these employees. Additionally, to the extent a consultant or independent contractor contracted by AEP Ohio is also contracted by the non-utility AEP companies, Baker Tilly recommended that a listing be maintained as well.

As noted, the analysis covered June through November 2009, prior to the application and certification AEP Retail Energy Partners LLC as a competitive retail electric supplier in Ohio. Baker Tilly made note of the competitive supplier's subsequent creation, but otherwise did not address, in light of the supplier's formation, whether any of the shared employee lists had been updated.

Baker Tilly also alleged that the allocation methodology subject to the Affiliate Transactions Agreement (dated December 31, 1996) was modified without proper amendment to the agreement. Per the Affiliate Transactions Agreement, Baker Tilly said that legal services should be allocated on kilowatt-hour sales. "However, the sample transaction tested shows that the allocation was based on total assets. With regard to using total assets to allocate legal services, in general, Baker Tilly notes that this practice may favor non-regulated companies over regulated companies, as regulated companies typically carry more assets," Baker Tilly said.

Baker Tilly also observed that AEP companies with no employees may not receive their fair share of corporate cost allocations if costs are allocated based on the number of employees.

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systems were technologically incapable of performing budget billing for competitive supplier charges through utility consolidated billing, a PUC Secretarial Letter held that, "even when the [supplier] is not providing billing services, it is not necessarily relieved of the obligation to furnish the monthly budget bill amount to the [utility]." The Secretarial Letter further directed that, on an interim basis, suppliers were required to set the initial amount of the budget for generation services, monitor usage, make periodic adjustments as necessary, and handle the reconciliation.

BlueStar said that, based on meetings with Commission Staff, it became aware of Staff's position that, "(i) EGSs must provide budget billing arrangements to their residential customers, and (ii) these arrangements must include both EGS and EDC budgeted charges."

Both the PUC's 1998 budget billing order and 1999 Secretarial Letter provide that suppliers may request a temporary exemption from the requirement if the supplier will experience unreasonable hardship as a result of complying with the budge billing requirements.

BlueStar said that until statewide standards regarding supplier consolidated billing, and the performance of budget billing thereunder, are developed, it does not have the needed clarity to implement budget billing under supplier consolidated billing.

Due to limitations in BlueStar's current billing system software, BlueStar said that it is unable at present to make the "necessary, substantial and costly" programming changes to permit BlueStar to calculate budget bill amounts, for a utility consolidated bill, for its residential customers in PPL's service territory. BlueStar said that it is working on changes that will permit it to perform budget bill calculations and reconciliations, which are expected to be completed by the end of October 2010. BlueStar thus asked for a temporary waiver of the budget billing requirements until the later of the billing period beginning in November 2010 or the implementation of PPL's supplier consolidated billing system.

BlueStar said that it is informing prospective residential customers in the PPL service area that it is unable to provide budget billing for its charges until billing periods beginning in November 2010. Thus, prospective customers are being provided with information to permit them to make a fully informed choice of BlueStar as their supplier notwithstanding the temporary budget billing situation and waiver request, BlueStar said.

"BlueStar notes during the February 4, 2010 CHARGE conference call, Penn Power informed the meeting participants that its billing system could not provide budget bill amounts for EGS charges on Penn Power's consolidated bill. The inability of Penn Power's billing system to budget bill EGS charges was the subject of the March 31, 1999 Secretarial Letter," BlueStar noted.

"BlueStar's temporary inability to provide budget bill calculations for its charges on PPLEU's consolidated bill presents a less significant situation that Penn Power's continuing inability to provide for EGS budget billing," BlueStar said.

Energy Plus Holdings LLC had previously asked for a temporary waiver of the budget billing requirements due to limitations of PPL's utility consolidated billing system in calculating supplier budget bill charges. The PUC has not yet addressed Energy Plus Holdings' petition (Only in Matters, 2/18/10).

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implementation costs through the nonbypassable EE/PDR Rider.

Allowing retail participation in the PJM demand response programs outside the context of a utility program, "would encourage mercantile customers to export Ohio's limited demand response resources to the East Coast by allowing them to leverage payments associated with the PJM DR programs against SB 221's design for operation of the innovative mercantile provisions," the AEP companies said.

The AEP utilities further argued that customers which do voluntarily commit their PJM-registered curtailed load toward AEP Ohio's peak demand reduction goals are already receiving full market payment for their demand response load and should not receive an additional payment from AEP Ohio, nor should they receive a corresponding exemption from the EE/PDR Rider. The AEP companies noted that such payments would be funded by other customers, and also cited the costs imposed on other customers resulting from the participation of certain customers in the PJM demand response programs, rather than the utilities' tariffed curtailment programs (due to the operation of the Fixed Resource Requirement, under which load registered in the PJM programs is still treated as firm).

PUCO has the authority to restrict participation in RTO demand response programs under FERC Order 719, the AEP companies noted. The companies requested that the restrictions take effect for the 2010-2011 PJM planning year.

Additionally, the AEP companies proposed changes to their Emergency Curtailable Service program that are designed to make the program more competitive with the PJM demand response programs. Under the revised curtailable program, subject to performance and participation conditions, the customer would receive: (i) an energy credit based on a negotiated amount of not less than 80% of the AEP East Load Zone hourly Real-Time LMP, including congestion and marginal losses, and (ii) a demand credit based on a negotiated amount of not less than 80% of the RPM auction price established by PJM in its Base Residual Capacity Auction for the current delivery year.