

Energy Choice

Matters

March 24, 2010

FirstEnergy Utilities File Stipulation for Ohio Electric Security Plan in Place of MRO

The FirstEnergy Ohio utilities filed a stipulation supported by PUCO Staff, industrials, and suppliers that would rely on an electric security plan, using a competitive bidding process, to set generation rates for the period June 1, 2011 through May 31, 2014, rather than the utilities' originally filed Market Rate Offer. The electric security plan is not surprising given the Public Utilities Commission of Ohio's disinterest in an MRO, as it has encouraged parties to reach a stipulated electric security plan and has been sitting on the MRO docket since post-hearing briefs were concluded in late January. Staff had advocated for an electric security plan in its earlier testimony (Only in Matters, 11/26/09).

Under the stipulation, Ohio Edison, Cleveland Electric Illuminating, and Toledo Edison would utilize a series of staggered descending clock auctions to procure slice-of-system, "full requirements" supply, including energy and capacity, resource adequacy requirements, market-based transmission service, and market-based transmission ancillaries, for Standard Service Offer customers and special contract load. The full requirements product would not include attributes for renewable energy compliance, and would also exclude "non-market based" services, such as Network Integration Transmission Service (NITS, discussed further below).

Rider GCR, which reconciles generation supply costs with actual revenues, would be bypassable except under certain circumstances under the stipulation. Under the proposed MRO, Rider GCR would have been nonbypassable.

Per the stipulation, Rider GCR shall be avoidable by customers during the period that the customer purchases retail electric generation service from a competitive provider subject to the

Continued P. 4

Cirro Affiliate Offering Water/Sewer Line Protection Product to Texans

A Cirro Energy affiliate has launched several water/sewer line protection products in Texas, bringing a product offered for over a decade by parent Dominion Retail to Texas.

Cirro Home Guard will offer three programs that provide water line replacement, sewer line repair, and related landscaping restoration for homeowners in Texas, initially focusing on North Texas. Licensed through the Texas Real Estate Commission, Cirro Home Guard said that it is the first REP-affiliated company to offer the line guard products in Texas.

"Until problems arise, few families are aware of the costly risks associated with the water and sewer lines connected to their homes. So we're going to offer Texans protection for unexpected problems with their water and sewer lines at very affordable prices," said Mike Rose, managing director of Cirro Energy.

Cirro Home Guard will offer water line protection at a cost of \$3.95 per month (for lines up to 125 feet in length), and sewer line protection for \$4.95 per month. Protection for water lines 126 feet to 250 feet is \$5.45/month, and \$6.95/month for lines 251 feet to 500 feet.

Cirro said that water lines can cost up to \$2,000 to replace and sewer lines up to \$3,000 to repair. There is no limit on Cirro Home Guard's water line protection. However, the sewer line protection is

Continued P. 6

National Grid Files Updated Basic Service Rates

National Grid filed with the Massachusetts DPU updated basic service rates for the period starting May 1, 2010.

	R-1, R-2		G-2, G-3			S-1, S-2, S-3
	R-4, E	G-1	SEMA	WCMA	NEMA	S-5, S-6, S-20
Fixed Price Option:	8.108¢	8.100¢	7.494¢	7.567¢	7.282¢	8.100¢
Variable Price Option:						
May 2010	7.964¢	7.891¢	7.341¢	7.367¢	7.385¢	7.891¢
June 2010	7.958¢	7.912¢	7.350¢	7.361¢	7.349¢	7.912¢
July 2010	8.104¢	8.247¢	7.740¢	7.904¢	7.144¢	8.247¢
August 2010	8.280¢	8.331¢	n/a	n/a	n/a	8.331¢
September 2010	8.041¢	7.958¢	n/a	n/a	n/a	7.958¢
October 2010	8.250¢	8.153¢	n/a	n/a	n/a	8.153¢

The Fixed Price Option for the Residential and Commercial customer groups (R-1, R-2, R-4, E, G-1, S-1, S-2, S-3, S-5, S-6, S-20) is effective for the period May 1, 2010 through October 31, 2010. The Fixed Price Option for the Industrial customer group (G-2, G-3) is effective for the period May 1, 2010 through July 31, 2010.

Texas Smart Meter Portal Officially Launched for Customers

The Texas advanced meter web portal for customers (www.SmartMeterTexas.com) has officially been launched after a soft opening several weeks ago.

"SmartMeterTexas.com gives Texans more control over their electricity use," said PUCT Chairman Barry Smitherman. "Smart meters increase reliability, enhance customer choice and enable demand response," Smitherman added.

More than one million customers with advanced meters from Oncor and CenterPoint Energy can utilize the secure website's features, including access to electricity usage in 15-minute intervals. The portal will also let customers register Home Area Network devices that are compatible with Zigbee Smart Energy Profile version 1.0.

The web portal also allows retail electric providers to access their smart meter customers' usage information to support retail offerings such as energy analysis tools, time-of-use rates, and prepaid service.

PUCT Staff Recommends Oncor Share Info from In-Home Devices

PUCT Staff said that Oncor should be ordered to share certain information from the in-home energy use monitors Oncor proposes to provide to up to 500 customers, in recommending that the Commission grant necessary waivers to facilitate Oncor's distribution of the devices (38036).

As only reported by *Matters*, TXU Energy asked that such data be shared with REPs (Only in *Matters*, 3/23/10). "Staff agrees that valuable information regarding the installation, provisioning, messaging and operation of these devices should be shared. Staff recommends that Oncor be ordered disclose aggregated information collected from the in-home energy use monitors that does not reveal information on individuals, and disclose information on individuals only with those individuals' clear, written consent. Staff further recommends that Oncor be ordered to provide the Commission with the collected information and to work with Staff throughout the implementation and testing process until completion," Staff said.

Staff also recommended, as requested by TXU, that Oncor be ordered to clarify if, and by what method, it intends to seek cost recovery for the in-home devices and free smart meter tests.

FERC Rejects PJM Compliance Filing on Opportunity Costs

FERC rejected PJM's compliance filing containing tariff revisions meant to include opportunity costs for energy and environmental limitations in mitigated offer prices, per FERC's prior order, as the Commission said that PJM's tariff provided insufficient detail regarding its methodology for including opportunity costs in mitigated rates.

FERC had previously found PJM's existing tariff to be unjust and unreasonable because it does not recognize opportunity costs in determining mitigated prices (ER08-47, Matters, 5/29/09).

PJM's revised compliance tariff, "provides only for inclusion of a resource's unit-specific opportunity costs, 'in accordance with the procedures prescribed in the PJM Manuals,'" FERC noted.

"But PJM's Tariff does not describe the methodology for calculating opportunity costs, and the Manuals were not completed at the time of the filing. While relying on Manuals to develop implementation details and mechanics of implementation may be acceptable, the methodology to be applied in determining the relevant opportunity costs needs to be sufficiently described in the tariff," FERC said, in directing PJM to submit additional information within 30 days.

The Commission also agreed with several generators that PJM needs to try to include a mechanism covering opportunity costs for all types of resources, and not just energy and environmentally limited resources as PJM proposed in its tariff. However, citing the difficulty in determining a measure for opportunity costs for resources beyond energy and environmentally limited resources, FERC provided PJM until July 1, 2010, to file proposals for including other such "legitimate and verifiable" opportunity costs in the mitigated bids for all resources.

Briefly:

BlueStar Energy Services Seeks Ohio, New Jersey, Delaware Electric Licenses

BlueStar Energy Services has applied for an Ohio competitive retail electric service provider license to serve all customer classes, including residential customers, in all service territories. BlueStar said that it also has pending electric license applications in New Jersey and Delaware. BlueStar said that it serves over 3,000 commercial and residential customers with annual electric usage in excess of 2.5 million MWh.

Community Power & Utility Seeks Conn. Electric License

Start-up Community Power & Utility LLC applied for a Connecticut electric supplier license to serve all customer classes. Community Power & Utility is led by partners Bill Keeler and Frank Germinaro, who have over 41 years of experience in the electrical contractor, sales, and service industries. Both are principals at Keeler Electric, an electrical contractor serving Connecticut and New York whose services include solar panels and other generators, home automation and entertainment systems, and data & telecommunications systems, in addition to code wiring and related electrical services. Community Power & Utility will contract with Energy Services Group for EDI, billing and customer information systems, forecasting, scheduling, and settlement services.

Power Management Company LLC Seeks Ohio Electric, Gas Broker Licenses

Power Management Company LLC filed for Ohio electric and gas broker licenses to serve non-residential customers at all distribution companies. Power Management Company currently serves approximately 5,300 electric customers and 4,200 natural gas customers in 13 states including Connecticut, Delaware, Illinois, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Texas. These customers represent 1.1 billion kWh and 5.4 million dth annually.

Evolving Energy Systems Seeks Md. Broker License

Evolving Energy Systems LLC applied for a Maryland natural gas broker/aggregator license to serve commercial and industrial customers at all LDCs. Evolving Energy Systems is active in Texas, Massachusetts, and New York, with a pending Illinois license.

Conn. Draft Would Grant Utility Exchange Aggregator License

A draft Connecticut DPUC decision would grant Utility Exchange, LLC an electric aggregator certificate to serve residential, commercial and industrial customers (Only in Matters, 1/6/10).

DPUC Draft Order Would Review Liberty Power Holdings' License Status

The Connecticut DPUC issued a draft decision yesterday which would reopen the licensing docket of Liberty Power Holdings LLC for the purpose of considering (a) the Department's collection on Liberty Power Holdings' bond; (b) imposition of a civil penalty for failure to comply with Conn. Gen. Stat. §16-245 (relating to bonding) and Department orders; and (c) suspension of Liberty Power's electric supplier license for noncompliance with Conn. Gen. Stat. §16-245 and Department orders. The Department noted that Liberty Power Holdings reported in November that its gross receipts in Connecticut for the previous 12 months were \$5.45 million, and that Liberty Power Holdings expected to serve approximately 260,000 MWh of electric generation load in Connecticut in the next 12 months. Conn. Gen. Stat. §16-245(c) requires a supplier to maintain security in the amount of \$250,000, or five percent of its estimated gross receipts. However, Liberty Power Holdings' bond on file with the DPUC is for the amount of \$75,000 (5% of Liberty Power Holdings' gross receipts would be about \$272,000). A Liberty spokesperson said yesterday that Liberty would rectify the situation and file with the DPUC an updated bond for the proper amount within 48 hours, if not sooner.

Energy Curtailment Specialists Surpasses 1,000 MW of Load in PJM

Energy Curtailment Specialists said that it has increased the amount of load it has contracted

in PJM for its PowerPay demand response program to over 1,000 MW.

NERA Announces ComEd RFPs

NERA Economic Consulting announced an RFP, under the direction of the Illinois Power Agency, for standard block products to supply Commonwealth Edison default service for the period June 1, 2010 through May 31, 2012. The RFP will procure 21 monthly on-peak and 17 monthly off-peak standard block forward products. NERA is also conducting an RFP for RECs for ComEd (www.comed-energyrfp.com).

FirstEnergy ... from 1

following conditions:

a) If the allowed balance of Rider GCR reaches 5% of the generation expense, then this balance would shift to recovery through a non-avoidable charge in Rider GCR

b) In the event of a winning SSO bidder default, the utilities may convert Rider GCR to a non-avoidable charge if they believe that the bidder default will cause the GCR balance to exceed the 5% threshold

The FirstEnergy companies would hold four competitive procurements, in July 2010, October 2010, July 2011 and July 2012. The 2010 procurements would procure 12-, 24-, and 36-months contracts; the 2011 procurement would procure 24-month contracts, and the 2012 procurement would procure 12-month contracts. The procurement timeline is designed to take advantage of the current lows in energy prices.

The stipulation provides that the average total rate overall percentage increase projected for the period 12 months ending May 2012 (rates to be effective commencing June 1, 2011) compared to 12 months ending May 2011 resulting from the rates derived from the competitive bid process for customers on Private Outdoor Lighting, Traffic Lighting, Street Lighting, and Rate GT rates shall not exceed a percentage in excess of one and one-half times the system average overall percentage rate increase (the cap), by distribution company. If the average percent change by a company is negative, then no cap shall be applied. This cap calculation shall be performed prior to June 1 each year. Recovery of any revenue over the

cap shall be recovered under nonbypassable Rider EDR.

Renewable energy resource requirements for the period June 1, 2011 through May 31, 2014 (including over-purchasing RECs in one year for banking into the next year) will be met using a separate competitive RFP process to obtain RECs. The RFP will seek to procure the FirstEnergy companies' renewable energy requirements for solar, Ohio-sited solar, renewables, and Ohio-sited renewables. No energy or capacity will be purchased under the RFP. If the Companies are unable to acquire the required number of RECs through the RFP process, the utilities may acquire the remaining needed RECs through bilateral contracts.

The costs related to the procurement of all RECs, including any costs associated with administering the RFP, will be included in bypassable Rider AER for recovery in the year in which the RECs are utilized to meet the utilities' renewable energy requirements, with any reconciliation between actual and forecasted information being recognized through Rider AER in the subsequent quarter.

NITS and other non-market-based FERC/RTO charges will be paid by utilities for all shopping and non-shopping load, and the amount shall be recovered through the proposed nonbypassable Rider NMB. Under Rider NMB, applicable costs will be allocated to the distribution companies and to each tariff schedule for each company based on the average of the coincident peaks, including distribution losses, for the months of June through September of the prior year. Winning wholesale bidders and retail suppliers would remain responsible for all other FERC/RTO imposed or related charges such as congestion, market based ancillary services, and losses, which would be bypassable as part of Rider GEN.

Aside from costs assigned prior to June 1, 2011, PJM Reliability Transmission and Expansion Planning costs will be recovered under Rider NMB. It is intended that shopping and SSO customers shall be treated in the same manner under Rider NMB. In the event that competitive providers or other load serving entities (LSEs), in their capacity in supplying retail customers in the FirstEnergy companies'

service territories, receive an invoice from PJM that contains charges or fees associated with RTEP charges that conflicts with this provision, the FirstEnergy companies agree to cooperate with competitive providers or other LSEs to dispute any such invoices through the applicable PJM dispute resolution process.

Percentage of Income Payment Plan (PIPP) load will not be included in the descending clock auctions, and instead will be procured bilaterally from FirstEnergy Solutions, with the rate priced at a 6% discount to the price to compare. As contemplated under Commission rule, PIPP customer load and usage is non-shoppable except as provided for in R.C. § 4928.54 if a better price is obtained.

There shall be no minimum default service rider or standby charges. Additionally, there will be no rate stabilization charges (RSC), and no shopping credit caps.

Furthermore, there shall be no minimum stay for residential and small commercial non-aggregation customers.

Time differentiated pricing as approved by the Commission in Case No. 09-541-EL-ATA shall continue in effect through the term of the electric security plan. In addition, the auction bidding rules will not prohibit any new time differentiated pricing concepts from being developed during the term of the electric security plan. As previously reported, generation cost recovery shortfalls due to such time-based rates (since all generation is purchased on a flat kWh basis) are recovered through Rider GCR, which would now be bypassable outside of certain instances, as discussed above.

The stipulation would adopt the seasonality factors as proposed in the FirstEnergy companies' MRO application.

Capacity costs that result from the PJM capacity auctions will be used to develop capacity costs for Rider GEN. The PJM capacity costs from the auctions for each year will be allocated to the distribution companies and to each tariff schedule for each company based on the average of the coincident peaks, including distribution losses, for the months of June through September of the prior year. The allocated capacity costs will be used to develop a kWh charge for each tariff schedule under the capacity charge section of Rider GEN. The PJM

capacity costs auction results at the wholesale level, converted to an energy basis, will be subtracted from the auction results to develop the non-capacity related energy charge for Rider GEN.

Rate schedule RS will have a flat rate structure per the stipulation.

A bypassable Generation Service Uncollectible Rider, Rider NDU, shall be continued to recover non-distribution related uncollectible costs associated with supply costs from the competitive bid process for SSO customers, and shall only apply to generation and transmission uncollectible costs arising from SSO customers, reconciled on a quarterly basis.

Under the stipulation, the FirstEnergy utilities would provide certain enhanced customer data and information and web-based access to such information to competitive suppliers by June 1, 2011, including customer sync lists. A web-based system would be implemented that provides electronic access to key customer usage and account data, updated quarterly, such as: account numbers, meter numbers, names, service addresses and billing addresses including zip codes, email addresses, meter read cycle dates, meter types, interval meter flags, rate code indicators, load profile group indicators, PLC values (capacity obligations), 24 months of consumption data in kWh by billing period including on-peak and off-peak data; 24 months of demand data (in kW) by billing period; 24 months of interval data; default service indicators (if on default service); minimum stay dates (if applicable); and identifiers of whether customers are participating in budget plans.

The competitive bidding plan under the electric security plan may, at the Public Utilities Commission of Ohio's discretion, include a load cap of no less than 80% on an aggregated load basis across all auction products for each auction date.

The stipulation provides that the FirstEnergy companies' corporate separation plan filed in June in Case No. 09-462-EL-UNC shall be approved as filed, though it shall be updated upon a completion of the Allegheny merger, or within 18 months, if the companies' corporate or operational structure has changed.

Certain domestic automaker facilities that used more than 45 million kWh annually at a

single site in 2009 will receive a 1.0¢/kWh to 1.2¢/kWh discount, on a nonbypassable basis, for usage in excess of established baselines. Recovery will occur through nonbypassable Rider EDR.

The FirstEnergy companies asked the Commission to approve the stipulation by May 5, 2010 so that the companies may implement the first scheduled procurement on July 13, 2010, and take advantage of current lows in wholesale prices.

The FirstEnergy companies said that, taken in the aggregate, the electric security plan is considerably more favorable to customers than the Market Rate Offer alternative. The electric security plan provides greater price certainty over the three-year period, settles pricing and service arrangements for the totality of electric service, not just generation (with several distribution-related provisions), and provides funding and support for energy efficiency, economic development and low-income customers.

The stipulation was signed by the FirstEnergy companies, PUCO Staff, Ohio Partners for Affordable Energy, Industrial Energy Users - Ohio, Ohio Energy Group, Nucor Steel Marion, Inc., Constellation NewEnergy, Morgan Stanley Capital Group, and FirstEnergy Solutions, among others. The Ohio Consumers' Counsel opposes the stipulation.

Cirro ... from 1

limited to \$5,000 per occurrence There are no service call fees, and a homeowner may cancel protection at any time without penalty.

Cirro said that in Dallas and Fort Worth, the homeowner, not the city utility, is responsible for the water and sewer lines that run between the customer's house and the street. As any problem with the line forces the homeowner to quickly find a licensed contractor, the Cirro Home Guard products include 24 hour service.

The Cirro Home Guard service line programs include site restoration; however, Cirro said that customers may desire more landscaping after a line repair covered by the products. Cirro Home Guard's Preferred Restoration add-on program provides up to \$1,000 in additional coverage for such landscaping, for \$1.50 per month per each

line guard product (\$3.00 if chosen as an add-on for both water and sewer).

Customers are not required to be Cirro Energy electric customers to purchase the line guard protections. The line guard services will be billed monthly with the customer's electric bill if the customer purchases electricity from Cirro. Otherwise, the line guard services will be billed annually if the customer is not a Cirro Energy electric customer.