Energy Choice Matters

May 12, 2010

New Hampshire PUC Approves Unitil, National Grid Optional Renewable Products

The New Hampshire PUC approved a partial settlement that approves Unitil's application to offer a Renewable Source Option (RSO) to residential and small business default service customers (DE 09-224).

Unitil's program includes three levels of Renewable Source Option participation for eligible default service customers -- a 25 percent option, a 50 percent option, and a 100 percent option. For each option, Unitil will purchase and retire RECs to match that level of the customer's actual electricity consumption.

Unitil will bill participating customers for the Renewable Source Option on a cents per kilowatt-hour basis, and the customer bill will include a separate line for the charge.

Customers may enter and exit the Renewable Source Option on a billing cycle basis, provided that notice is provided two business days before the next scheduled meter read.

Unitil will offer the Renewable Source Option to default service customers on domestic service (Rate Class D) and regular general service (Rate Class G2). Unitil will not make the Renewable Source Option available to customers who are enrolled in its low-income electric assistance program or to customers approved to receive payment assistance through the fuel assistance program administered by a Community Action Agency, because of the limited funding in those programs.

Unitil also proposed not offering a Renewable Source Option to outdoor lighting (OL) and large

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Calif. Retail Suppliers, Customers Push for Shorter Notice Period for Taking Direct Access

The six-month notice requirement for California customers to take electric direct access is, "a vestige of a market structure that no longer exists, and is unnecessary as a tool to enable the IOUs to manage their procurement," the California Alliance for Choice in Energy Solutions and the Alliance for Retail Energy Markets said in comments on a scoping memo regarding the next phase of R.07-05-025.

CACES and AReM noted that, with the enactment of SB 695, utilities are provided with a known cap for their direct access load, which offers greater procurement certainty.

"The IOUs now know with a high degree of certainty what the upper bound of DA load will be. Given that certainty, the ability to manage their procurement portfolios to account for departing DA load becomes a more straightforward exercise," CACES and AReM said.

The resource adequacy true-up process adopted in D.10-03-022 addresses many of the utilities' concerns with regard to load fluctuation, CACES and AReM added, which obviates the need for the six-month notice requirement which was originally adopted to provide utilities with a level of certainty in their load.

CACES and AReM argued that there should be no change in the six-month notice requirement for returning to bundled utility service, noting that the new load eligible for direct access service represents a relatively small portion of each of the utilities' portfolios, involving less than 10 million

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Briefly:

Centrica Reports "Good Start" to Year for Direct Energy Supply Business

Direct Energy's residential and business energy supply segments have had a "good start" to the year, with underlying profitability above 2009 levels in the first quarter, Centrica said in an interim management statement. Centrica does not release quarterly results. Centrica attributed the positive results to improved customer retention in Texas, and its focus on improving the quality of the customer base. Centrica further said that Direct is beginning to see the benefits of improved operational efficiency, with a reduction in operating costs compared to the same period last year. Low gas and power prices across North America continue to impact the financial performance of Direct's gas production assets in Alberta and generation in Texas, Centrica said.

Oasis Power Receives Md. Electric License

The Maryland PSC granted Oasis Power (d/b/a Oasis Energy) an electric supplier license to serve all customer classes, including residential customers, at all of the investor-owned utilities (Only in Matters, 2/26/10).

Viridian Energy Receives Md. Electric License

The Maryland PSC granted Viridian Energy PA, LLC an electric supplier license to serve all customer classes, including residential customers, at Baltimore Gas & Electric (Only in Matters, 2/23/10).

BidURenergy Receives Md. Broker Licenses

The Maryland PSC granted BidURenergy both electric and natural gas broker licenses to serve all customer classes in all service areas (Only in Matters, 2/25/10).

America Approved Energy Services Direct Receives Md. Broker License

The Maryland PSC granted America Approved Energy Services Direct, LLC an electric broker license to serve all customer classes at all of the investor-owned utilities (Only in Matters, 2/24/10).

Select Energy Partners Receives Md. Broker License

The Maryland PSC granted Select Energy Partners, LLC an electric broker license to serve all customer classes in all service areas (Only in Matters, 3/17/10).

Standard Power of America Seeks Maine, Massachusetts Broker Licenses

Start-up Standard Power of America applied for a Maine broker/aggregator license to serve small, medium, and large non-residential customers at Central Maine Power and Bangor Hydro-Electric. As only reported in *Matters*, Standard Power of America recently registered as a New Hampshire aggregator, and has also applied for a Massachusetts electric broker license (Only in Matters, 5/4/10). Standard Power of America's principals include Matthew Rounds, formerly a business development manager for Glacial Energy, Richard Harding, a Glacial sales agent, and Patrick Joyce, who also worked in business development for Glacial.

HES Energy Seeks Pa. Broker License

HES Energy, LLC applied for a Pennsylvania electric supplier license as a broker/marketer serving its hospital clients throughout all of the state's service areas. HES Energy provides procurement consulting services for several member hospitals and group purchasing organizations.

Public Power & Utility Offering Free Electricity Via Video Contest

Public Power & Utility is offering dozens of customers free electricity through a YouTube contest. End users may enter the contest by filming a video explaining why they deserve free electricity, and uploading the video to Public Power's YouTube group. One Grand Prize winner will win a full year of electricity. Two First Place winners will be selected to win six months of free electricity. Two Second Place winners will be selected per month to receive three months of free electricity. Four Third Place winners will be selected per month to receive one month of free electricity. Winners will be compensated regardless of their current electric provider and home state. Public Power & Utility is currently active in Connecticut, Massachusetts, New York and Pennsylvania, and, as only reported in *Matters*, has pending license applications in several states.

CAISO to Draft Settlement on Default Loss Allocation

The California ISO is to produce a draft offer of settlement regarding a complaint concerning allocation of losses from defaults on or before June 18, 2010, a FERC ALJ reported in updating settlement discussions (EL09-62). "The parties appear to be committed to finalizing a settlement in this matter without resorting to litigation and have made substantial progress in this regard," the ALJ said. The case involves a complaint from several generators who argued that CAISO's default loss rule is unjust and unreasonable since such losses are entirely allocated to sellers, with no allocation to load serving entities (Matters, 7/2/09).

Ridgecrest Energy Advisors Receives Texas Aggregation License

The PUCT granted Ridgecrest Energy Advisors LLC an electric aggregator certificate (Only in Matters, 4/20/10).

Young Energy Adds Trade Name

The PUCT approved Young Energy's request to add the trade name Payless Power and relinquish the trade name Connect! Energy (Only in Matters, 4/26/10).

Md. POR Still Pending, June Implementation Looks More Doubtful

Although an order regarding electric Purchase of Receivables in Maryland may be imminent, eleven days have expired in May without any orders from the Maryland PSC, seriously jeopardizing any chance of POR being implemented prior to July 1, 2010. PSC Chairman Douglas Nazarian assured suppliers that electric utilities were expected to have POR in place for the "summer cooling season" -- an ambiguously defined term (Matters, 4/28/10). However, barring immediate action from the PSC, it appears POR will not be implemented by June 1, which may arguably be considered the start of the summer cooling season. Given that Baltimore Gas & Electric will require at least three weeks from the date of an order to implement POR, a POR program may not be in place by the official June 21 start of summer either, absent a Commission order in the next week or two.

Dominion Products and Services Files Suit Against Opt-Out Line Guard Program at Pittsburgh Water & Sewer Authority

Dominion Products and Services Inc. and Dominion Retail Inc. are among the plaintiffs in a lawsuit filed in the Allegheny County Common Pleas Court against the Pittsburgh Water & Sewer Authority and Utility Line Security, LLC, alleging that an opt-out Utility Line Security line protection program offered by the Water & Sewer Authority violates state law. Pittsburgh homeowners who do not opt-out of the Utility Line Security line guard program are charged a $5 per month fee by the Water & Sewer Authority, under a program which commenced in January. Thus far, only some 13,000 residential customers have opted out, with 100,000 still paying the $5 fee. Dominion Products and Services alleged that the opt-out arrangement is contrary to the state's competitive bidding rules, alleging that the contract was not awarded to the lowest bidder. The complaint further alleged that the arrangement between the Water & Sewer Authority and Utility Line Security contravenes a state prohibition on public agencies competing with private businesses. Dominion Products and Services also alleged a conflict of interest between Pittsburgh Water & Sewer Authority Executive Director Michael Kenney and Utility Line Services President Christopher Kerr, based on their previous business relationship as partners at Utilishield Inc., another company which offers line guard protection. The Pennsylvania Attorney General is also reviewing the Water & Sewer Authority's contract with Utility Line Security LLC.

EnergyConnect Reports First Quarter Profit

EnergyConnect Group reported net income of $2.1 million for the first quarter of 2010, reversing the year-ago loss of $2.1 million. Revenue for the first quarter of 2010 was $7.0 million, compared to $1.2 million a year ago. Gross profit was $4.6 million, up from $568,000 a year ago. EnergyConnect said that it completed the selling season for its demand response capacity business by growing total capacity by 33% to 400 MW.

TexRep10 Seeks to Switch to Option 2 REP

TexRep10, LLC applied at the PUCT to amend its REP certificate to change from an Option 1 REP to an Option 2 REP serving a registered list of customers. Energy Services Group, which owns the certificate, said that TexRep10 has not served any customers to date; however, it is in discussions with potential clients for which TexRep10 LLC could act as an Option 2 REP.

Texas Power Begins Offering 24-Month Product

Texas Power announced it is offering its first 24-month fixed rate plan. Previously, its longest term plan was for 12 months. Currently, the 24-month plan is 10.0¢/kWh at Oncor and 11.0¢/kWh at CenterPoint. The plan includes an early termination fee of up to $299 which decreases over time.

ERCOT Submits PRR to Suspend CSC Process In Light of Nodal Go-Live

ERCOT submitted Protocol Revision Request 849 to suspend the Commercially Significant Constraint (CSC) analyses for 2010 in light of the fact that the zonal market mechanism is not needed under the nodal market. Suspending the otherwise required Commercially Significant Constraint analyses and designation process will ensure time and effort are not devoted on a major zonal activity that presently appears as if it will not be needed, while keeping stakeholders focused on nodal implementation. In the event of an emergency, ERCOT will continue using the existing Commercially Significant Constraints. Additionally, should the nodal implementation date be delayed beyond December 31, 2010, Pre-assigned Congestion Right (PCR) allocations and Transmission Congestion Right auctions will continue using 2010 Commercially Significant Constraints and Closely Related Elements (CREs). ERCOT requested urgent status for the PRR.

Task Force Submits Meter Tampering RMGRR

After extensive stakeholder discussions, the Meter Tampering Task Force has submitted ERCOT Retail Market Guide Revision Request 087 to provide a detailed process that facilitates market participant compliance with P.U.C. Subst. R. 25.126, which provides new rules governing meter tampering.

Per the RMGRR, upon receipt of an 814_03, Switch/Move-In Competitive Retailer (CR) Notification Request, for an ESI ID that is under a switch hold, the TDSP shall reject the request by sending the 814_04, Switch/Move-In CR Notification Response, with the reason code "A13" and "SWITCH HOLD" in the text description field. The requesting REP will receive notification of the reject in the 814_05, Switch/Move-In Response, with the reason code "A13" and "SWITCH HOLD" in the text description field.

To meet the Substantive Rule's requirement that requests for removal of a switch hold for Move-Ins shall be reviewed within four business hours, the RMGRR provides that the losing CR shall be provided with one business hour after being assigned the issue via MarketTrak by the gaining CR to review all documentation provided by the gaining CR, and assign the issue back to the gaining CR with comments.

In the event that the switch hold is released and a Move-In Request is submitted by the gaining CR, the losing CR may file a MarkeTrak issue to have the ESI ID returned, if the loss was due to the expiration of the four business hour time frame in which the losing CR and TDSP were not each allotted their full business hour to review the information due to the gaining CR's failure to provide the MarkeTrak issue within their specified time frame. The losing CR has until the end of the following business day after the gaining CR's submission of a Move-In Request to file an issue seeking reinstatement or retention of the ESI ID due to a prematurely removed switch hold. If an "Inadvertent Losing" issue is not filed within this timeframe, the losing CR is considered to have forfeited any claim to the ESI ID, and/or switch hold.

Urgent status was requested for the RMGRR.

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commercial and industrial customers taking default service under the general service class (Rate Class G1), since large commercial customers have significant access to the competitive market for energy supply and other services such as renewable energy generation. The PUC approved this exclusion, as renewable offerings are already available in the market for medium and large customers, and there has been no apparent call from those rate classes for a Unitil-offered service. "To extend the program to all classes would result in additional costs due to programming and outreach. We cannot justify imposing those costs on ratepayers for a program that may have no customers, therefore, we will exclude the OL and C&I customers from eligibility for the RSO," the PUC said.

Under the partial settlement, external start up and administrative costs for the Renewable Source Option will be capped at $50,000. External annual ongoing promotion and customer communication costs will not exceed $20,000 per year. Such costs will be recovered via Unitil's nonbypassable external delivery charge, "because the RSO program will benefit all customers by increasing the level of financial support for new renewable generation sources."

Unitil will reconcile any over- or under-collections in the Renewable Source Option rate in the next Renewable Source Option rate. Further, Unitil may seek recovery of any Renewable Source Option over- or under-collections through its default service rate unless the Renewable Source Option reconciliation results in a negative rate or a rate that is extremely high. In such circumstances, Unitil will have to first seek the approval of the Commission before including any Renewable Source Option over-or under-collection in its default service rates.

While the Office of Consumer Advocate did not oppose the program, OCA opined that regulated utilities should not be placed in a situation where they are competing with competitive suppliers in the market. OCA favors National Grid's renewable program which features competitive REC providers (discussed below), since non-participating customers are less likely to bear any costs of the renewable option under such a scenario.

National Grid (DE 09-225)

The PUC also approved a partial settlement allowing National Grid (Granite State Electric) to implement a GreenUp REC option similar to its Massachusetts program for residential and small business default service customers.

Under GreenUp, National Grid will certify eligible competitive REC suppliers and notify its eligible default service customers about the GreenUp program and suppliers through bill inserts on a periodic basis. The bill inserts will describe the GreenUp program, identify participating GreenUp suppliers and the products being offered, and provide each customer with a reply card that will allow the customer to select a supplier and enroll in the program. Customers will not be required to make a minimum commitment to the GreenUp program, and can sign up for or withdraw from the program on a billing cycle basis.

GreenUp will be open to residential and small commercial customers taking default service, including customers taking default service under Domestic Service D, Domestic-Optional Peak Load Pricing D-10, and General Service G-3. Limited Total Electric Living T customers will also be eligible.

For the same reasons as in the Unitil order, customers receiving service on Rates D, D-10 and T that are receiving discounts pursuant to the Energy Assistance Program are ineligible for GreenUp service. The GreenUp program will also not be made available to outdoor lighting (OL) or medium and large commercial and industrial customers.

National Grid will be entitled to recover its incremental administrative, marketing, and promotional costs associated with the GreenUp program. For the first twelve months of the program, these costs shall consist of costs to change the company's billing system to allow billing for GreenUp services in New Hampshire, administrative costs currently estimated at $11,550, and no more than $35,800 in customer outreach and education costs.

The PUC ruled that these costs should be recovered from all of National Grid's customers through a uniform per kWh factor, which will be included in the company's annual retail rate reconciliation filing.

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MWh of annual usage across the entire state. "This amount is less than 6% of the entire load served, and is much less than the annual variation in electricity consumption across the state due to the weather and the economy," CACES and AReM said in quoting the PUC's finding in D.10-03-022. Given the small amount of load, six months is ample time for a utility to procure supplies for customers leaving direct access and returning to utility supply, CACES and AReM said

CACES and AReM further argued that the three-year minimum stay for customers returning to bundled utility service is "far too long" given the protections afforded to the utilities by virtue of the exit fees that direct access customers pay, as well as the fact that the direct access market is subject to a cap that will limit seasonal arbitrage. CACES and AReM have not reached a position on whether any minimum stay is required at all, or whether a shorter minimum stay is appropriate. As only noted in *Matters*, Pacific Gas & Electric has recommended extending the minimum stay to seven years (Only in Matters, 5/11/10).

CACES and AReM said that the Commission must examine the Cost Responsibility Surcharge, Power Charge Indifference Adjustment, and Competition Transition Charge.

"[T]he way in which 'stranded costs' are defined is very imprecise, if not flawed: among other things, it [does] not take into account the departing customers' load profiles, and holds renewable contracts and assets to the same price benchmark as market fossil power," CACES and AReM argued.

"[T]he 'tail' Competition Transition Charge ('CTC') seems to have changed from a relic of the old AB 1890 world into an ongoing mechanism to collect stranded costs associated with ongoing - and renewed - QF contracts," CACES and AReM said.

CACES and AReM further urged the PUC to conduct a full evaluation of load auction procurement practices that are used in many other jurisdictions where there is retail choice, such as wholesale load auctions.