Energy Choice Matters
May 13, 2010

ComEd Seeks to Clarify Cash Working Capital Methodology in Tariffs

Commonwealth Edison submitted to the Illinois Commerce Commission a request for approval of a clarification and revision to the calculation of supply-related cash working capital (CWC) costs under Rider PE - Purchased Electricity, and Rate BESH - Basic Electric Service Hourly Pricing for hourly customers. The proposed tariff amendments would not change any rate charged by ComEd under either rider.

Supply-related cash working capital costs are fully recoverable through Rider PE under Section 16-111.5 of the Public Utilities Act, and are also recovered through Rate BESH per ComEd's approved tariff.

ComEd's supply-related cash working capital costs are subject to Commission review in an annual proceeding. "However, ComEd has recently received inquiries about these costs and desires to be even more transparent about those costs. ComEd therefore voluntarily proposes in this submission to identify supply CWC costs and the methodology for determining them in a manner similar to that used successfully for supply-related collateral and security costs and, in the future, to also afford the Commission the opportunity to review that methodology in advance," ComEd said.

Accordingly, ComEd's proposed tariff amendments would:

- Identify supply-related CWC costs as a specific cost recoverable under Rider PE and provide a description of how those costs are determined, using language derived from the Ameren Electric

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ERCOT Forecasts Adequate Supplies Through 2015

ERCOT expects to have adequate reserve margins through 2015, it said in its 2010 summer assessment, reflecting an improved outlook since the December 2009 analysis which had previously forecast the reserve margin falling to 12.4% in 2014.

ERCOT's 2010 summer assessment has forecast load and reserve margins as follows:

	2010	2011	2012	2013	2014	2015
Summer Peak Forecast (MW)	64,052	65,206	66,658	68,265	69,451	70,517
Firm Load Forecast (MW)	62,487	63,615	65,039	66,615	67,766	68,794
Resources (MW)	75,755	74,377	75,415	76,117	76,893	77,543
Reserve Margin (%)	21.2	16.9	16.0	14.3	13.5	12.7
Previous Reserve Margin Snapshots						
December 2009 (%)	21.8	19.9	18.1	14.7	12.4	10.2
May 2009 (%)	20.1	18.8	17.0	16.3	13.9	n/a

The ERCOT minimum reserve margin targeted for reliability is 12.5%.

The reserve margins for the short term forecast have increased primarily due to an adjustment of the load forecast to match changes in economic conditions. "Based on updated economic forecasts

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Briefly:

Glacial Natural Gas Seeks Ohio Gas License

Glacial Natural Gas applied for an Ohio natural gas supplier license to serve all sizes of commercial and industrial customers in all service areas. Glacial has received gas supply licenses in New York, Massachusetts, and Rhode Island, though it reported that it is not yet flowing gas to customers. As only reported in *Matters*, Glacial is in the process of obtaining supplier licenses in New Jersey, Michigan, Pennsylvania, New Hampshire, Maryland, the District of Columbia, and Virginia. Glacial said that it has entered into NAESB contracts with BP Energy and Cima Energy for natural gas supply.

Hess Corporation Receives Ohio Electric License

The Public Utilities Commission of Ohio granted Hess Corporation an electric supplier license to serve commercial, mercantile and industrial customers at the FirstEnergy utilities and the AEP utilities (Only in Matters, 4/12/10). Hess does not plan to serve Ohio load until the planning year starting June 1, 2011 (the projected date for the migration of American Transmission Systems, Inc. to PJM).

Allied Power Services Receives Md. Broker License

The Maryland PSC granted Allied Power Services (organized as Ellicott City Investments) an electric broker license to serve all customer classes in all service areas (Only in Matters, 3/31/10).

DTE Energy Trading Wins UI Last Resort Service Load

DTE Energy Trading, Inc. won 100% of United Illuminating's Last Resort Service load for the three-month period beginning July 1, 2010.

Eisenbach Consulting Receives Ohio Broker License

The Public Utilities Commission of Ohio granted Eisenbach Consulting, LLC an electric broker/aggregator license to serve all customer classes in all service areas (Only in Matters, 4/8/10).

Genesis Energy International Receives Ohio Broker License

The Public Utilities Commission of Ohio granted Genesis Energy International, LLC an electric broker/aggregator license to serve commercial and industrial customers in all service areas (Only in Matters, 4/8/10).

ConEdison Solutions Reports 20,000 Enrollments at PPL Through Jan. 31

ConEdison Solutions said that it signed 21,600 customers at PPL through January 31, in announcing that, as part of an affinity program associated with enrollments through that date, it is donating $108,000 to three Ronald McDonald House Programs in Pennsylvania. ConEdison Solutions currently serves more than 220,000 residential and small commercial accounts in New York, Connecticut, Pennsylvania and Massachusetts. In December, ConEdison Solutions reported its residential and small commercial customer count at just over 200,000, indicating that its pace of PPL enrollments has slowed significantly since its initial push in December and January, or it has experienced churn in its other markets which has offset any gains at PPL above the initial 21,600 customers enrolled.

Direct Energy Offering Discounted Electricity to Employees of Pa. C&I Customers

Direct Energy said that it is providing employees of its commercial and industrial customers in Pennsylvania a discount of its otherwise applicable 12-month fixed residential electric rate. Direct said that it recently extended this offer to ChamberChoice, a benefits consultant located in Pittsburgh and a Direct Energy Business customer.

Pa. OCA Seeks More Info on Central Penn Gas Proposed Accounting Change for Gas in Storage

The Pennsylvania Office of Consumer Advocate said that UGI Central Penn Gas must provide further information to justify its application to revise its accounting methodology for gas in storage inventory from a modified last-in/first-out (LIFO) methodology to the weighted average cost of gas (WACOG) methodology (P-2010-

2171611, Only in Matters, 4/23/10). OCA said that, among other things, Central Penn Gas must provide its storage LIFO layer quantities and applicable layer prices, so that OCA can evaluate the impact of the accounting change on customers. Central Penn Gas has said that the change would reduce purchase gas cost (PGC) rate volatility for its sale service customers.

Reliant Energy Contest Offering $5,000 Bill Credit

Reliant Energy is offering via a random drawing a $5,000 bill credit towards a new or existing Reliant residential electricity plan as part of its sponsorship of 'til Midnight at the Nasher, a new outdoor concert and movie series at the Nasher Sculpture Center in Dallas.

DTE Energy Trading Seeks to Transfer Pa. Electric License to Affiliate

DTE Energy Trading, Inc. has requested that the Pennsylvania PUC transfer its existing electric generation supplier license to affiliate DTE Energy Supply, Inc. Previously, DTE Energy Supply had applied for its own supplier license, rather than seeking a transfer. DTE Energy Trading currently has no customers in Pennsylvania.

United Illuminating Seeks Declaratory Order from FERC on Nature of Elm Electric Cooperative Service

United Illuminating has petitioned FERC for a declaratory order that the service sought by the Elm Electric Cooperative amounts to a wholesale sale for resale, subject to UI's market-based rate tariff on file with FERC, and thus subject to FERC's jurisdiction. As only noted in *Matters*, Elm Electric Cooperative is seeking to be served under UI's retail tariff, an approach denied by the Connecticut DPUC, and which is now on appeal in state court (see full discussion and retail markets impact in Matters, 2/15/10).

ICC Accepting Comments on Real-Time Pricing Reports

The Illinois Commerce Commission is accepting comments on the annual residential real-time pricing program reports compiled by the program administrators at Commonwealth Edison (06-0617) and the Ameren utilities (06-0691 et. al.).

At ComEd, administrator Comverge reported that during the course of 2009, 8,007 residential customers were enrolled in the ComEd Residential Real-Time Pricing (RRTP) Program at some point in time.

Some 95% of Participants saved money in 2009 compared to what they would have spent if they had remained on ComEd's fixed-price rate instead of RRTP, assuming the same electricity consumption, Comverge said.

In 2009, RRTP Participants collectively saved more than $1.485 million, or 19%, off their total electricity bills. The average Participant reduced their electric bill by 15% in 2009 compared to what they would have spent if they had remained on ComEd's fixed-price rate instead of RRTP, regardless of how much time the Participant was enrolled in the RRTP Program, Comverge reported.

Comverge said that for the entire calendar year of 2009, the WattSpot website promoting the real-time program experienced 190,824 visits. Of these, roughly 72% were direct traffic visitors (who typed the URL directly into the browser rather than clicking through some other link to reach the page), about 10% were from referring sites, and about 18% were from search engines. In 2009, 1,644 (or 21%) of the 8,007 Program Participants logged in to the program website to view account-specific information.

According to a Participant survey conducted in 2009, 88% of the Participants who accessed the online bill comparison tool found it to be useful. However, some Participants expressed concern about the rigidity of the online bill comparison tool. Specifically, Participants wish to analyze their electricity usage in intervals longer than the billing cycle. For example, Participants would like to be able to review usage three or six months at a time, prompting Comverge to recommend that ComEd work with its third-party vendor to provide more flexibility in the bill comparison tool.

Comverge reported that the majority of RRTP Participants were college-educated with above average incomes, dual earners, and exhibited an older family skew (school-aged children and teenagers). These Participants tend to own the biggest homes with the most rooms and lowest average number of persons per room. These Participants experienced the largest potential for savings in 2009.

Many RRTP Participants were top business executives, such as business managers and financial and health care professionals. Additionally, many older families on fixed incomes also enrolled in the RRTP Program.

In 2009, Comverge disseminated 4.2 million bill inserts and 856,000 direct mail pieces. Comverge also tested offering two incentives in soliciting RRTP participation.

The first incentive offered customers $100 for signing up in the RRTP program. This incentive was marketed via direct mailers and sent to 6,000 prospective Participants with average fixed-price rate electricity bills greater than $120 per month. Out of the 6,000 prospective Participants that received direct mailers, 65 (or 1.08%) enrolled in the RRTP program. This is higher than the average direct mail response rate of 0.27%, but is still insignificant in determining whether customers responded better to the $100 promotion than any other direct mail promotion.

Second, a random sample of 2,000 customers was offered via direct mail a communicating programmable thermostat that can be adjusted remotely via the internet. The offer carried a retail value of more than $400 (including installation), at no cost to the customer. The test results determined that the offer was not effective in increasing response rates to direct mailings that promote the RRTP program, as the response rate from this mailing was 0.15% (or 3 customers), compared to an average direct mail response rate of 0.27%. The RRTP program does not plan to continue this smart thermostat promotion in the near future.

Ameren

At Ameren, there were 7,422 active Power Smart Pricing participants as of December 31, 2009. This was a 136% increase over the participant count of 3,147 at the end of 2008, Summit Blue Consulting reported.

New participants in the program had higher average energy use than the existing participants, which is considered to be a result of a successful targeted marketing campaign used in 2009 to attract high use customers to the program.

Power Smart Pricing participants reduced their average energy use by 5.1% during the summer season and by 0.6% during the shoulder months. However, they did not show any energy savings during the winter months. This created an overall annual energy savings of 1.2% per year which is similar to the annual savings of 1.5% found in 2008.

In 2009, the aggregate savings for Power Smart Pricing participants was $1.39 million, which represented a 23.6% total savings compared to what the same bills would have been under the standard rate. Average annualized savings were $304.98 or 24.4%. These percentage savings are three times greater than what was seen in 2008, largely due to the low market prices for electricity.

Ameren's administrator, CNT Energy, sent approximately 360,000 pieces of direct mail during the year.

Most Power Smart Pricing participants are highly educated, as 74% of surveyed participants pursued additional education after high school.

A relatively small majority of participants have household incomes of greater than $50,000. Some 36% of surveyed participants have a household income $25,000 to $49,999, while 44% of surveyed participants have a household income greater than $50,000.

Most participating households have between one and four people in the home, with two-person households making up the largest segment of the survey respondents (47%).

CNT Energy reported that, based on survey results, 32% of participants checked hourly prices every day or most days, while 22% checked only after a high price alert. Some 49% of participants checked hourly prices online, while 6% called and listened to the recording of prices on the phone. Some 41% of Power Smart Pricing participants don't check prices.

The online web tools were used by 3% of participants, CNT Energy said.

EPSA Says FERC Lacks Authority to Order Full LMP Payment for Demand Response

FERC lacks the authority to establish "just and reasonable" rates for demand response providers as the Commission is attempting to do by guaranteeing that all demand response in organized energy markets is paid the full Locational Marginal Price, the Electric Power Supply Association said in comments on FERC's NOPR (RM10-17).

"EPSA is not aware of any legal basis for the NOPR's assertion that DR service providers have a right to 'just and reasonable' compensation under the Federal Power Act ('FPA'). The Commission's ratemaking authority under Sections 205 and 206 of the FPA applies only to rates charged by a 'public utility' for the services subject to the jurisdiction of the Commission, namely, for wholesale sales or transmission of electric energy in interstate commerce," EPSA said.

"DR is not a FERC-jurisdictional wholesale sale by the terms of the Commission's own regulations," EPSA stressed, citing FERC's recent decision regarding EnergyConnect.

Moreover, EPSA argued that the Commission cannot regulate jurisdictional rates for the sake of increasing non-jurisdictional rates.

EPSA further cited the lack of any economic justification for the proposed full LMP payment policy in FERC's NOPR. "There are only two inferences that one can draw from the NOPR's failure to identify the factual or economic bases for its proposal: (1) none of the evidence submitted in Docket No. EL09-68-000 supports the Commission's proposal, or (2) some of that evidence supports the proposal, but the Commission has chosen not to identify that evidence until it issues its final rule. If the former is the case, then the Commission has manifestly failed to fulfill its statutory duty to support its decision with substantial evidence and to engage in reasoned decision-making. It also begs the question of how, if the voluminous submissions of those advocating subsidies for DR in Docket No. EL09-68-000 provide no evidentiary support for the proposal, the Commission could ever adduce evidence sufficient to support a final rule adopting that proposal," EPSA said.

EPSA criticized the NOPR for focusing only on the organized energy markets, "without any acknowledgement of the growth in and adequate compensation of DR resources participating in other ISO/RTO markets such as capacity, emergency, and ancillary service markets - all important components that work together to ensure adequate compensation for demand resources just as they are expected to do for supply."

Additionally, EPSA argued that the NOPR, "would inappropriately - and inexplicably - standardize only one discrete pricing element across the ISO and RTO regions, while allowing for regional differences on all other market pricing elements even though it is the totality of these interrelated pricing elements that govern operational and investment decisions."

The PJM Power Providers (P3) Group also opposed the NOPR, arguing that any payment above LMP minus the retail rate (G) amounts to a subsidy, or compensation that exceeds the compensation received by generators.

The Price Responsive Load Coalition submitted brief comments favoring the NOPR, but did not address in depth legal, economic, or technical arguments.

Maryland Gov. Martin O'Malley also wrote FERC in support of the NOPR, cryptically stating that, "[u]nlike generation, Demand Response bids can lower energy clearing prices."

ComEd ... from 1

Utilities' Rider PER

- Establish a means by which the Commission, in ComEd's next delivery or other general rate case, can review the methodology that ComEd will use to determine supply-related CWC costs
- Make clear that inputs to the CWC methodology particular to ComEd's annual supply CWC costs, such as the leads and lags associated with supply expenses and payments and their respective dollar amounts, will be updated on an annual basis based on actual experience
- Define a specific transitional method to recover supply related CWC costs prior to

ComEd's next rate case, subject to review in the annual statutory proceeding
- Preserve the Commission's ability to review the supply-related CWC charges in the annual proceeding

ComEd noted that for the next planning year, among the largest of the supply-related "costs" subject to ICC review is a $53.8 million credit to customers resulting from payments to ComEd for Auction Revenue Rights. "This credit is substantially larger than the approximately $31.5 million of supply-related CWC costs, resulting in a net rate reduction for customers," ComEd said.

ERCOT ... from 1

and market participants' current plans for future generation, the reserve margin appears to be adequate through 2015," said Kent Saathoff, ERCOT vice president of system planning and operations.

Since the December 2009 assessment, capacity resources available for the next five years have dropped approximately 2,100 MW due to the mothballing of nine older gas-fired units, totaling 2,053 MW, and the cancellation of two wind projects, representing 48 MW of the net-dependable capacity. In addition, 2,073 MW of new committed generation has been added to the projected forecasts.

ERCOT's analysis also includes 1,323 MW of contractually committed demand response resources and interruptible loads which operators can dispatch on command.

Not counted in the reserve calculation are potential resources in the final phase of the interconnection process but lacking either an air permit or interconnection agreement, ranging from 8,116 MW in 2011 to 26,182 MW in 2015.

Installed capacity by fuel type is 59.2% natural gas, 22.3% coal, 6% nuclear, 10.8% wind, and 1.6% water/biomass/solar/other.

ERCOT continues to lead the nation with the most installed wind generation capacity at 9,117 MW. For summer peak capacity, ERCOT counts 8.7% of wind nameplate capacity as dependable capacity at peak in accordance with ERCOT's stakeholder-adopted methodology.

The 2010 summer peak demand forecast of 64,052 MW exceeds ERCOT's all-time peak of 63,400 MW.