

Energy Choice

Matters

June 21, 2010

Briefly:

Buyer of Integrys Texas Load is NextEra Energy Resources

Affiliates of NextEra Energy Resources, LLC purchased all of the ownership interests in Integrys Energy Services of Texas, LP, NextEra disclosed in seeking to update the Integrys REP certificate under the new name NextEra Retail of Texas, LP. NextEra affiliate Gexa Energy will serve as the QSE for NextEra Retail of Texas, and will manage NextEra's retail electric business, including satisfaction of technical and managerial qualifications. Integrys had announced the sale of its Texas unit earlier this month, but did not disclose the buyer or sale price.

Edison Mission Solutions Seeks Illinois Electric License

Edison Mission Solutions, a subsidiary of Edison Mission Marketing & Trading, applied for an Illinois alternative retail electric supplier license to serve non-residential customers with annual usage in excess of 15,000 kWh in all service areas.

Duquesne Light Posts Medium Commercial Supply Rate

Duquesne Light has posted a supply charge of 6.4649¢/kWh applicable to customers from 25 kW to 300 kW for the six-month period beginning July 1, 2010.

EnerNOC Seeks Ohio Broker License

EnerNOC applied for an Ohio electric broker/aggregator license to serve commercial, mercantile, and industrial customers in all service areas. EnerNOC said that it currently provides energy procurement services to about 750 large customers representing approximately \$3.5 billion dollars in annual energy spend. At present, EnerNOC's energy procurement customer base is generally concentrated in ISO New England, the New York ISO, and eastern PJM. EnerNOC said that it is unable to provide

a current snapshot of the amount of annual electric load under management, but EnerNOC typically targets customers who use a minimum of 2 million kWh per year.

MISO Files to Remove Barrier to Trading PRCs of Load Modifying Resources

The Midwest ISO has filed tariff changes to its Module E resource adequacy construct to impose failure to perform penalties incurred by Load Modifying Resources on the Market Participant who registered and controls the resource, rather than the Market Participant who purchases a Planning Resource Credit from that Load Modifying Resource either bilaterally or through the voluntary capacity auction. The change is intended to remove a barrier to Planning Resource Credit transactions which include Load Modifying Resources, since currently, the non-performance penalties related to Load Modifying Resources are assumed by the buyer of a Planning Resource Credit created by a Load Modifying Resource, even though this buyer has no control over how the Load Modifying Resource performs.

DPUC Instructs Discount Power to Respond to Complaint

The Connecticut DPUC directed Discount Power, Inc. to respond to a June 1 letter from the Department memorializing a customer complaint which had directed Discount to respond by June 11. The DPUC, in a second letter to Discount, said that it has not received a response, and will consider all means available to compel compliance, up to and including civil penalty, electric supplier license revocation, suspension, or a prohibition on accepting new customers, if a response is not received by June 28.

Md. PSC Denies Perimeter Power Broker Application

The Maryland PSC denied the electric broker

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Connecticut Light & Power Reports May Migration Statistics

Supplier Accounts as of 5/31/10	May '10 Residential	May '10 Business	May '10 Total	% of Migrated Customers	Change vs. April '10 Total
Clearview Electric	12,927	265	13,192	4.1%	(414)
ConEdison Solutions	6,145	2,370	8,515	2.7%	380
Constellation NewEnergy	1,250	8,201	9,451	3.0%	(31)
Direct Energy Business	129	3,240	3,369	1.1%	(23)
Direct Energy Services	48,895	6,877	55,772	17.5%	(2,550)
Discount Power Inc	6,759	995	7,754	2.4%	2,109
Dominion Retail	53,624	9,592	63,216	19.8%	(803)
Energy Plus Holdings LLC	21,848	2,240	24,088	7.6%	4,098
Gexa Energy	358	1,746	2,104	0.7%	107
Glacial Energy	881	1,938	2,819	0.9%	(669)
Hess Corporation	247	1,656	1,903	0.6%	(42)
Integrays Energy Services	42	3,182	3,224	1.0%	(4)
Liberty Power Holdings	356	402	758	0.2%	45
MXenergy	16,343	1,527	17,870	5.6%	2,985
North American Power and Gas	2,175	189	2,364	0.7%	2,126
Palmco Power	0	0	0		0
Pepco Energy Services	0	6	6	0.0%	(2)
Public Power & Utility	31,264	3,794	35,058	11.0%	2,328
Rescom Energy, LLC	18,396	2,328	20,724	6.5%	9,235
Sempra Energy Solutions	5	1,066	1,071	0.3%	(21)
South Jersey Energy Company	0	3	3	0.0%	0
Starion Energy Inc	3,723	964	4,687	1.5%	3,368
Suez Energy Resources NA	21	857	878	0.3%	34
TransCanada Power Marketing	28	2,522	2,550	0.8%	(22)
Verde Energy Savings	19,676	570	20,246	6.4%	3,289
Viridian Energy	15,178	1,713	16,891	5.3%	1,514
Whole Foods Market Group	0	2	2	0.0%	0
Total All Suppliers	260,270	58,245	318,515	100.0%	27,037

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	168,052	27.0%	375,115	73.9%	348,311	88.3%	891,478	58.4%
CL&P	455,150	73.0%	132,420	26.1%	46,293	11.7%	633,863	41.6%
Total	623,202		507,535		394,604		1,525,340	

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	260,270	23.6%	57,473	48%	772	83.1%	318,515	26.1%
CL&P	841,359	76.4%	61,619	52%	157	16.9%	903,135	73.9%
Total	1,101,629		119,092		929		1,221,650	

Baltimore Gas & Electric Files Type II SOS Rates

Baltimore Gas & Electric filed with the Maryland PSC updated Type II SOS rates for the three-month period beginning September 1.

Generation Market-Priced Service: Type II ¢ per kWh

Excludes Rider 8 - Energy Cost Adjustment

Schedule	¢ per kWh	
	Sept. 1-30	Oct. 1 - Nov. 30
Schedule G	8.301 (all months)	
Schedule GS		
Peak	11.739	9.164
Intermediate	9.113	7.768
Off Peak	8.597	6.256
Schedule GL, P		
Peak	11.682	9.134
Intermediate	9.264	7.821
Off Peak	8.927	6.337

National Grid Files Mass. Basic Service Rates

National Grid filed with the Massachusetts DPU large customer basic service rates for the three-month period beginning August 1.

Industrial Customers (G-2, G-3)

	Variable Basic Service Charges, ¢/kWh		
	NEMA	SEMA	WCMA
August	7.736	7.929	7.886
September	7.076	7.359	7.329
October	7.553	7.468	7.401

Fixed Basic Service Charge, ¢/kWh

	NEMA	SEMA	WCMA
August - October 2010	7.456	7.594	7.548

NEM Urges DPU to Include Demand Response, Efficiency Services in Purchased Receivables

The receivables purchased by Massachusetts electric utilities should not be limited to Generation Service as defined in the Standard Terms and Conditions applicable to competitive

suppliers, the National Energy Marketers Association said in comments to the DPU (10-53, Only in Matters, 6/10/10).

As only reported in *Matters*, the utilities' proposed model terms and conditions for electric Purchase of Receivables would exclude from the purchased receivables, "demand response and renewable energy products that are not 'Generation Service' as that phrase is defined in the Standard Terms and Conditions." In the Standard Terms and Conditions, Generation Service, "shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier."

NEM said that purchased receivables should include, "charges for supplier energy audits, demand response services, energy efficiency services, and renewable energy products; competitive services that will contribute to the goals of the Green Communities Act."

"If the availability of POR is limited to Generation Service only, it will have the effect of inhibiting market development and the realization of the choice program goal of introducing innovation into the market. Moreover, by limiting POR to Generation Service, it could unnecessarily lead to the creation of a utility monopoly in the provision of demand side and renewable products," NEM said.

NEM also urged that distribution companies should offer bill ready billing to suppliers. The model POR terms and conditions would not require distribution companies to offer both rate-ready and bill-ready options for utility consolidated billing.

NEM stressed the importance of the DPU setting a definitive POR start date, noting that POR legislation was enacted in 2008. Furthermore, NEM recommended that the utilities purchase supplier receivables that were outstanding prior to the start of the POR program and/or agree to purchase receivables incurred upon the supplier's use of utility consolidated billing, to allow suppliers to market products to customers prior to the implementation date of POR.

OEB Intends to Fine Summitt Energy Management \$495,000 for Alleged Marketing Violations

The Ontario Energy Board has issued a Notice of Intent to suspend Summitt Energy Management's natural gas and electricity marketing licenses for over two dozen alleged instances of violations of various consumer protection regulations until such time as Summitt has satisfied any terms and conditions as may be ordered by the Board. The board also intends to fine Summitt Energy Management \$495,000 (Canadian).

The Board alleged that five of Summitt Energy Management's sales agents engaged in a total of 28 instances of unfair practices by making false, misleading or deceptive statements to consumers, including instances where the agent allegedly identified themselves as from either the distribution company or the Ontario Energy Board, and instances of alleged misrepresentation of the current market price for gas. The Board also alleged that Summitt Energy Management failed to deliver a written copy of the contract to the consumer within the time prescribed by regulation in fourteen instances.

Summitt Energy Management has 15 days to request a hearing on the Notice of Intent.

In an interim order, the Board directed Summitt Energy Management to take all necessary steps to ensure that its sales agents immediately and truthfully give the name of the marketer to the consumer, advise the consumer that Summitt is offering a contract for the supply of natural gas and/or electricity, and that Summitt is not the consumer's distributor. The sales agents shall also state the price to be paid under the contract for the supply of electricity and/or natural gas, and not make representations or statements that are false or likely to mislead a consumer, the Board ordered.

PJM Files Shortage Pricing Proposal with FERC

PJM has submitted to FERC its unilateral compliance filing to implement shortage pricing which PJM said is consistent with the

requirements of Order 719 (ER09-1063).

Under its proposed revisions, PJM would establish markets for all ten-minute reserves (and not just synchronized ten-minute reserves) since PJM must operate its system to meet a ten-minute reserve obligation.

To better reflect that many resources can provide either energy or reserves, to better enable energy pricing to signal reserve needs (and vice versa), and to promote greater efficiencies and overall economies in dispatch and pricing, PJM proposes to jointly optimize dispatch, every five minutes, of energy and reserves. PJM would also price Regulation service every five minutes

PJM proposed a reserve penalty factor, or distinct price cap on synchronized and total ten-minute reserves, of \$850/MWh after a four-year transition (\$250/MWh in the first year, \$400/MWh in the second year, \$550/MWh in the third year, and \$850/MWh in the fourth year and thereafter).

To protect loads and ensure pricing that is comparable to neighboring RTOs, PJM proposes an overall cap on the combined price of energy and reserves that would eventually be set at \$2,700/MWh after a four-year transition. The \$2,700/MWh figure represents continuation of the \$1,000/MWh energy price cap and the two proposed Reserve Zones reaching their \$850/MWh caps.

The cap on the combined price of energy and reserves would initially be set at \$1,500/MWh in the first year, increasing to \$1,800/MWh in the second year, \$2,100/MWh in the third year, and \$2,700/MWh in the fourth year and thereafter. PJM would raise the caps on demand bids and on bids from virtual supply and demand to the level of these combined energy and reserves caps as well.

PJM's proposal relies on the use of an administratively determined demand curve for pricing operating reserves.

Under PJM's proposal, emergency demand response would be allowed to set market-clearing prices during emergencies.

Given the quantity of Emergency Demand Response operating as capacity in PJM (approximately 9,000 MW), PJM has proposed requiring curtailment service providers to provide real-time operational data to PJM. PJM

believes that this data, which will be made available to its system operators during emergency conditions, is necessary to ensure the efficient and reliable operation of the bulk power system. These data elements will be defined in a PJM Manual and will be required at least daily during the summer months from June through September, hourly during emergency conditions, and monthly at all other times.

PJM said that it will develop a web-based user interface for the submission of this information so as not to impose the cost burden of real-time metering on discrete demand response resources. PJM also proposes to permit curtailment service providers who may operate a fleet of distributed Emergency Demand Response resources to aggregate the operational data for these resources up to a control zonal level, by notification time, for administrative ease.

PJM explicitly rejected any changes to pricing under the Reliability Pricing Model under its proposal, such as a rebate or claw-back reflecting reserve revenues. PJM argued that the current Energy and Ancillary Services Offset in RPM achieves this goal and prevents any double compensation; however, proponents of a claw-back such as industrial customers have argued that there are generational issues in relying exclusively on the Energy and Ancillary Services Offset since it involves the use of a three-year historical average.

All existing applicable market power mitigation rules would continue to apply under PJM's proposal, rejecting Exelon's proposal to lift market power mitigation as a means to resolve more localized resource shortages.

PJM said that its currently effective scarcity pricing rules do not result in price impacts during reserve shortages, and result in price impacts only after emergency procedures are implemented in anticipation of the need to deploy emergency measures to resolve an energy shortage, or a significant reserve shortage.

PJM sought a May 1, 2011 effective date for its proposed tariffs, with FERC approval by November 1, 2010.

Texas ALJ Denies Gexa Motion to Dismiss Variable Rate Complaint

A Texas ALJ denied Gexa Energy's motion to dismiss a complaint from a customer concerning pricing under Gexa's variable rate plan, as the ALJ agreed with the complainant and Staff that the complainant may pursue non-compensatory relief despite Gexa's issuance of a check to the customer intended to cover any claimed refunds (37569, Matters, 6/4/10).

The ALJ, however, encouraged parties to resolve the outstanding issues since the ALJ noted that the relief the complainant is seeking may be difficult to grant even after a hearing on the merits, given that the complainant has accepted Gexa's compensatory relief offer of \$914.85.

For example, the complainant seeks a finding that Gexa breached its contract with him. Even if the complainant meets his burden of proof on this issue, he has already received the requested compensatory relief associated with the breach of contract claim. The only relief available to the complainant would be a finding that Gexa cannot breach a future contract with him (or enjoining Gexa from increasing the variable-price portion of the contract) should he become a customer again, the ALJ noted. "As a matter of law, Gexa cannot breach any contract; therefore, to warn or enjoin Gexa from breaching a contract in a final order would be highly unusual. Furthermore, the Commission typically does not issue contingent final orders, dependent on some future event(s)," the ALJ said.

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application of Perimeter Power, LLC without prejudice for a deficient application and failing to respond to Staff's request for additional information (Only in Matters, 1/21/10).

TexRep9, TexRep10 to Relinquish Texas Certificates

TexRep9, LLC and TexRep10, LLC, both of which are held by Energy Services Group, sought to relinquish their Texas REP certificates at the PUCT, having never served customers.

Both REPs had previously applied to transition to an Option 2 REP prior to the effective date of new REP financial requirements for Option 1 REPs; however, the PUCT deemed both applications deficient for failure to identify a specific customer for which they would serve as an Option 2 REP (Only in Matters, 6/2/10).

Philadelphia Approves Creation of Energy Authority

The City of Philadelphia, Pa. has passed legislation creating an energy authority to procure power for the city's needs, but the final legislation struck language which would have permitted the city to act as a cooperative aggregating or procuring supplies for city residents or businesses.

PJM Sets PATH In-Service Date as 2015

PJM has said that the Potomac-Appalachian Transmission Highline (PATH) is now required to be in service by June 1, 2015. PJM's previous Regional Transmission Expansion Plan (RTEP) had called for the line to be in service by June 1, 2014, though in the interim between the annual updates to the RTEP, the line's two sponsors, American Electric Power and Allegheny Energy, had stated that the line might not be needed until 2016.