Energy Choice Matters
July 9, 2010

ComEd: Rejecting Rescission Period in POR Tariff Would Delay Start, Raise Costs

Denying Commonwealth Edison's proposal for an 18-day enrollment timeline as part of its application to institute utility consolidated billing with Purchase of Receivables (PORCB) would, "most likely raise costs and delay the go-live date," ComEd said in rebuttal testimony (10-0138).

As only reported in *Matters*, Illinois Commerce Commission Staff have opposed addressing an extension of the rescission period in the POR tariff, since the issue is being addressed in the Part 412 rulemaking (Only in Matters, 6/11/10).

ComEd testified that in order to write code and develop the Rider PORCB functionality, one of its key assumptions was adopting an 18-day Direct Access Service Request process. "If changes were ordered to the switching rules, code would have to be rewritten and additional testing conducted to accommodate such a change in core functionality, which would increase costs and likely push back the go-live date of the program," ComEd said.

In light of the uncertainty that Staff's rescission period proposal has created, ComEd has revised the Availability section of Rider PORCB to replace the previous go-live date of December 1, 2010 with a date no later than April 1, 2011.

ComEd also opposed Staff and Dominion Retail's arguments to implement an entirely volumetric discount rate, rather than ComEd's flat 50¢ per bill discount for administrative and implementation costs plus a class-specific percentage discount rate to recover uncollectibles.

While Staff argued that a flat per-bill fee would discourage shopping by small volume customers, ComEd noted that, at Ameren (where the discount rate is entirely volumetric), "not a single mass market customer ... has been billed," under POR. "Thus, the [Ameren] discount rate structure can

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Pace Global Energy Services Seeks Release of Confidential Supplier RPS Reports

Pace Global Energy Services is seeking to make public the renewable energy portfolio standard compliance reports of District of Columbia competitive electric suppliers (FOIA 10-2 et. al.), claiming that the public benefits from providing volumetric information by supplier, "trumps any minor parochial competitive concerns."

Pace is seeking the disclosure of the annual RPS reports, which include the total retail megawatt-hours served and amount of RECs purchased with purchase price, for each retail supplier. The District of Columbia PSC has already denied Pace's Freedom of Information Act requests regarding the confidential reports of Washington Gas Energy Services, GDF Suez Energy Resources NA, and BlueStar Energy Services, apparently due to the competitive concerns cited by each supplier in opposition to Pace's request.

In opposition to Pace's request, Hess Corporation said that the RPS information, which reveals Hess' REC purchasing patterns, "is commercially sensitive information that would be of great aid to those entities that would compete with Hess for competitive electric supply as well as those entities who market, sell or consult private customers with respect to REC trading and acquisition."

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Briefly:

Integrity Energy, LTD Receives Maryland Broker License

The Maryland PSC granted Integrity Energy, LTD an electric broker license to serve residential, commercial, and industrial customers at the four investor-owned utilities.

UEC Energy Receives Maryland Broker License

The Maryland PSC granted UEC Energy, LLC an electric broker license to serve residential, commercial, and industrial customers

Switch Energy Seeks Pa. Broker License

Switch Energy, a trade name for sole proprietor Kenneth E. Ryan, applied for a Pennsylvania electric broker license to serve all customer classes in all service areas. Switch Energy is also licensed in Massachusetts and New Hampshire.

Bradley R. Lewis Seeks Pa. Broker License

Sole Proprietor Bradley R. Lewis applied for a Pennsylvania electric broker license to serve all sizes of commercial and industrial customers in all service areas. Lewis runs CreativEnergy Options, but did not apply to use the CreativEnergy fictitious name in Pennsylvania.

Worley & Obetz Seeks to Expand Pa. Electric License to Include Non-Residential Customers

Pennsylvania heating oil supplier Worley & Obetz, Inc. requested to expand its electric aggregator and broker/marketer license to include the ability to serve commercial, industrial, and governmental customers in addition to its current authority to serve residential customers.

ERCOT Receives Notification Of Suspension Of Operations from Two NRG Units

ERCOT has received notifications of suspension of operations for the following generation resources: NRG Texas Power LLC - SR Bertron Unit 1; and NRG Texas Power LLC - Greens Bayou Unit 5.

Proposed Order in Illinois Consumer Protection Rulemaking Scheduled for October

An Illinois Commerce Commission ALJ has set a further schedule for the Part 412 rulemaking, concerning consumer protections for electric customers, that anticipates a proposed order in the proceeding being issued on October 18. Briefs on exceptions would be due November 3 (09-0592, Only in Matters, 4/22/10).

PUCT Seeks Briefs on CenterPoint Distribution Cost Recovery Factor

The PUCT asked interested parties for briefs on CenterPoint Energy's request, in its current rate case, to consider implementation of a Distribution Cost Recovery Factor mechanism, and whether the issue of a Distribution Cost Recovery Factor should be bifurcated from the rate case to be addressed at an initial Commission-held hearing on the merits (38339, Only in Matters, 7/1/10).

StarTex Launches Employee Stock Ownership Plan

StarTex Power has launched an Employee Stock Ownership Plan (ESOP) which includes employee ownership of more than 30% of the company. All employees are eligible to own the preferred stock given by the Employee Stock Ownership Plan and therefore have certain voting rights within StarTex Power. StarTex has also given their employees access to 100 percent of their Employee Stock Ownership Plan account after a six-year vesting period. As employees now benefit directly from the company's success, "StarTex Power has high hopes of increased productivity and decreased inefficiencies as a result of ESOP." StarTex said that it serves more than 150,000 residential and commercial customers.

TXU Allows iThermostat Control Via Smart Phone

TXU Energy has launched a mobile website allowing users of its iThermostat to manage their home's heating and air conditioning, view real-time temperature settings, and adjust the temperature setting from a handheld device. The mobile website is compatible with several smart phones and other devices from Apple, BlackBerry, and Android.

Champion Energy Services Signs Brennan's of Houston

Champion Energy Services has entered into a 36-month contract to provide electric energy to Brennan's of Houston, a restaurant. Champion Energy also said that it was recently recognized as the sole Winner of Distinction in the energy services category by the Better Business Bureau of Houston Education Foundation. Champion Energy said that it serves 450,000 Residential Customer Equivalents, with a peak load near 1,200 MW.

CPS Energy Would Pay $35,000 Under Ancillary Service Obligation Settlement

CPS Energy would pay $35,000 under a settlement with PUCT Staff to resolve allegations that it failed to adhere to ERCOT Protocol § 6.3.2(2), concerning ancillary service provider obligations. On November 29, 2007, ERCOT Operations Staff declared an Emergency Energy Curtailment Plan (EECP) Step 1 event that lasted from 06:48 a.m. until 08:15 a.m. Staff asserted CPS Energy did not provide and deploy, in total, sufficient Responsive Reserves, Up Regulation, and Non-Spin ancillary services, based on the Texas Regional Entity's examination of real-time operating data, a violation of Protocol § 6.3.2(2). Under the settlement, CPS Energy takes the position this shortfall did not result in violation of the applicable performance measures contained in the ERCOT Protocols.

PUCT Staff Lowers dPi NOV Amount to $73,250

PUCT Staff have lowered the proposed fine against dPi Energy under a Notice of Violation by $3,000 to $73,250 after determining that one of the 25 violations originally alleged by Staff in the NOV was duplicative of an alleged violation contained elsewhere in the NOV (Only in Matters, 6/29/10).

Maryland PSC Schedules RM 39 Rulemaking Session

The Maryland PSC has scheduled a rulemaking session on RM 39, relating to the RPS under COMAR 20.61, for August 26 (Only in Matters, 9/3/09).

Maryland PSC Finds COMAR 20.59 Not Applicable to Easton Utilities Commission

The Maryland PSC has confirmed that the competitive gas supply market regulations under COMAR 20.59 do not apply to the Easton Utilities Commission since Easton does not currently permit its retail gas customers to elect to receive competitive retail gas supply or gas supply services. As COMAR 20.59 applies to only those gas utilities whose customers may elect retail gas supply or gas supply services, the Commission found Easton's request for an exemption or waiver from the requirements of COMAR 20.59 to be unnecessary (Only in Matters, 6/7/10).

SCE Issues All-Source RFO

Southern California Edison yesterday issued a competitive Request for Offers for new power contracts with independent generators and marketers. The all-source RFO seeks agreements of up to 48 months in duration starting in January 2011. Contracts being sought include dispatchable unit-contingent tolling agreements, non-dispatchable qualifying facilities resources, resource adequacy tags either from existing or newly constructed resources, and day-ahead financial heat rate call options (www.sce.com/allsourceRFO).

PUCT Staff Posts Draft Proposal for Adoption for Twice Annual Interim TCOS Filings

PUCT Staff posted a draft proposal for adoption that would allow Transmission Service Providers to file for interim updates to their transmission rates twice annually, versus the once annual interim update permitted under current rules (37519, Only in Matters, 1/25/10).

Staff's final draft declines to impose a schedule for when interim Transmission Cost of Service (TCOS) filings would be required, finding that any such schedule would limit the intended flexibility of the interim updates.

Struck from the final draft is Staff's original proposal to limit a Transmission Service Provider to six interim updates before the Transmission Service Provider is compelled to file for a full rate case. Staff agreed with

Transmission Service Providers that the limit on interim increases could actually trigger full rate cases in situations where Transmission Service Providers are under-earning, but not ready to prosecute a full rate case, thus prematurely raising rates for consumers.

Absent good cause, the Commission would be required to rule on interim TCOS filings within 60 days. Undisputed interim TCOS applications could be adjudicated by a presiding officer rather than the full Commission.

The proposal for adoption would not alter how the transmission rates charged to Retail Electric Providers by Distribution Service Providers are set or updated via the Transmission Cost Recovery Factor (TCRF). Potential changes to the TCRF are subject to a separate rulemaking (37909), and the Commission yesterday scheduled a workshop for July 29 on the TCRF.

Mich. PSC Staff Seeks Clarification to Affirm November Storage Injection Limit at MichCon

Michigan PSC Staff have petitioned the PSC to clarify its June order in Michigan Consolidated Gas Company's rate case to affirm that the storage injection limitation period has been extended to include the month of November (U-15985, Only in Matters, 6/4/10).

In approving updated tariff sheets in its rate case order, the PSC did not revise a paragraph defining the Maximum Daily Quantity (MDQ) in Tariff Sheet E-23.01, which currently states:

"MDQ means a daily quantity of natural gas specified in the Contract between Customer and Company, that can be delivered to Company and is based on Customer's highest historical Month usage (determined from the last 36 Months of data) divided by the number of days during that Month and multiplied by 110%, plus adjustments, approved at Company's sole discretion, for known or expected changes or special operating conditions. Provided, however, during September and October, Customer's MDQ will be based on the daily average of Customer's September and October usage from the previous three years, plus 1.43% of Customer's [Annual Contract Quantity] divided by 30 days. Company and Customer may agree to use a different MDQ as part of the negotiations for an optional discount from the cost based rates set forth in the tariff. Company will utilize their best efforts to insure that Customer's MDQ is reflective of Customer's maximum daily consumption and allow Customer all reasonable opportunities to minimize the risk of Unauthorized Gas Usage Charges."

Staff called the language cited above, which only provides for a limit in September and October, as inconsistent with the PSC's order to add the month of November to the period during which the utility's end-use transportation customers are barred from injecting more than 1.43% of their respective annual contract quantity into load balancing storage.

Staff said that the reference to the months in the tariff language should include November in addition to September and October, consistent with the Commission's rate case order.

"MichCon transportation customers can inject large quantities of gas in the first 15 days of November. As a result, transportation customers can potentially exceed their storage allocation during the entire month of November. MichCon's storage working balance could be at its maximum physical capacity in November thereby limiting storage availability to transportation customers at the end of the month when the nominated natural gas is balanced," Staff said.

PECO Delays Filing of Dynamic Rate Proposal Until September

PECO has informed the Pennsylvania PUC that, in light of discussions with stakeholders and other considerations, it is proposing to file in September its application for approval of programs to implement initial dynamic pricing options, educate customers, and assess customer acceptance of dynamic pricing programs (M-2009-2123944).

Under PECO's smart metering plan, an application for such initial dynamic pricing options was expected to be filed in June.

PECO said that a September filing will allow PECO to accommodate stakeholder concerns about an overlap with rate case filings, and will provide additional time for stakeholders to absorb the proposed pricing and plan concepts. Additionally, the delayed filing date will permit PECO to complete its sub-hourly metering cost benefit analysis requested by the Commission in its order approving the smart metering plan.

A September filing date will still allow for acceptable IT build time, PECO said.

ComEd ... *from 1*

hardly be held up as an Illinois success story worthy of emulation - at least not yet," ComEd said.

ComEd called recovering POR costs entirely through a percentage charge inconsistent with the flat per-bill credit paid to retail suppliers who elect supplier consolidated billing. As POR start-up and administration costs are largely fixed or sunk, a flat fee is appropriate, ComEd added.

ComEd argued that a percentage-based charge could potentially discourage the use of POR for larger, non-residential customers with demands of up to 400 kW, where competition has already taken root.

"Staff's proposal would distort the economics of PORCB service in favor of [suppliers] continuing to use the billing and bad debt management practices that they use today to serve any new non-residential customers, calling such potential revenue streams from the non-residential segment into question ... [Suppliers] would pay hundreds of dollars more per year to serve these customers under a percentage charge versus a $0.50 per bill charge," ComEd reported. If suppliers elect other, non-POR billing options due to these economics, ComEd would be less likely to recover its POR costs from suppliers, ComEd said

ComEd opposed Staff's recommendation that ComEd be required to include bill inserts from retail suppliers in utility consolidated bills. ComEd said that its utility consolidated billing rider will allow a supplier to produce two bill messages per month, specific to each individual customer, at no additional cost. Each message may be up to 80 characters in length.

Pace ... *from 1*

"This information, if disclosed freely, would subject Hess to a high risk of competitive disadvantage and business injury in its competitive electric supply and REC acquisition activities," Hess added.

"This is especially true where, as here, the entity seeking the information apparently intends to use this information for a commercial purchase," Hess stressed.

Hess attached to its comments a print-out from Pace's website which describes Pace as an energy and consulting and management firm that markets itself by developing "proprietary tools" for its customers in the areas of REC price forecasting. "Use or disclosure of Hess' REC purchasing patterns to aid Pace Global in developing these tools and related services for its clients is activity that could clearly injure Hess commercially and fits well within the protections and exemptions afforded by the District FOIA," Hess said.

Hess further cited Pace Global's May 27, 2010, correspondence to Kenneth Hughes, Attorney-Advisor for the PSC, as containing an admission that Pace is "seeking [this] information for use in the company's business," despite Pace's contrary claim in that same correspondence that it is seeking disclosure of the information in the public interest.

GDF Suez noted that, "it is relevant to point out that Pace Global is affiliated with Standard Solar, a provider in the solar energy market. As such, the disclosure of the confidential information in the RPS reports specified above would provide an unfair competitive advantage to Pace and its affiliate."

"It appears that this is a misuse of the FOIA request process in order for Pace to gain competitive information that would not otherwise be subject to public disclosure," GDF Suez added.

Citing Pace's strategic alliances with solar energy firms, Washington Gas Energy Services likewise said that Pace, "is thus clearly seeking the confidential information of competitors to support its activities in the market place."

Pace claimed that its intent was to make the reports publicly available to all, declaring, "if all interested parties have the same access to the same information, the issue of gaining a competitive advantage becomes moot."

Citing some suppliers' RPS reports which have not been filed under confidential seal, Pace claimed, in response to the PSC's denial of several of its FOIA requests, "it is clear that the industry in general does not treat the information in the requested filings to be confidential and that other market participants do not believe they will be subject to a competitive disadvantage by allowing such filings to be publicly available."

Pace claimed that, "it is impossible to evaluate the success of the [RPS] policy and understand potential issues plaguing electric providers in the area," without disclosure of the supplier data.

In a statement that perhaps further bolsters suppliers' competitive fears, Pace continued that, "this information provides the industry the ability to assess supply and demand by compliance entity." In other words, the compliance needs of specific suppliers would be relatively known (aside from customer acquisition/churn impacts), allowing REC suppliers to extract the greatest value for their RECs based on the supplier's market position and need for RECs.