Energy Choice Matters

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National Fuel Gas Distribution Submits Pa. POR Tariff Sheets

National Fuel Gas Distribution filed with the Pennsylvania PUC tariff pages to implement its Purchase of Receivables program, effective July 15. Though the Commission approved the plan in June, it modified a stipulation in doing so, which had given National Fuel Gas Distribution the right to withdraw from the stipulation if it so desired (P-2009-2099182, Matters, 6/4/10).

The Commission's June order removed the risk factor from the POR discount rate, and the tariffs reflect this modification. Otherwise, the tariffs reflect the terms of the previously reported stipulation (Only in Matters, 5/10/10).

With the removal of the risk factor, the residential POR discount rate is 2.2930%, and the non-residential discount rate is 0.2914%, reflecting uncollectibles and a development & administrative cost component.

These rates compare to the stipulation's proposed rates, which had included the risk factor, of 2.7086% for residential customers, and 0.4766% for non-residential customers.

The tariffs include bypassable Merchant Function Charges (MFC) set at 2.2301% for residential customers and 0.2285% for non-residential customers, equal to the uncollectibles component in the POR discount rate.

Based on these percentages, the current Residential MFC is:

MFC Related to Natural Gas Supply Charge:	\$0.1560/Mcf
MFC Related to the Gas Adjustment Clause (E-Factor):	(\$0.0485)/Mcf
Total Residential MFC:	\$0.1075/Mcf

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Clearview Electric Seeks Waiver of Texas Financial Requirements Under Subst. R. §25.107(f)

Clearview Electric has petitioned the PUCT (38446) for an indefinite waiver of the new financial requirements for REPs under P.U.C. SUBST. R. §25.107(f) and the timing requirements of §25.107(k), to allow it to continue to operate although it cannot at this time meet the new financial requirements as required under §25.107(f).

Clearview reported that it was only serving 56 Texas meters as of December 31, 2009. It served 212 Texas meters as of December 31, 2008, and 66 Texas meters as of December 31, 2007.

Clearview said that its current financial position is sufficient to support its limited customer base. It further said that it is not actively marketing in Texas at this time. Nor does Clearview currently offer electricity on Power to Choose. Clearview's website does contain a Texas Electricity Facts Label and Terms of Service (dated December 2009), but is mostly geared towards serving existing customers, providing a billing inquiries phone number and outage numbers while not emphasizing enrollment.

However, Clearview is apparently accepting new "stray" enrollments, stating, "it provides service only to customers that independently seek Clearview out as a REP."

As part of its waiver request, Clearview said that it would agree to meet the requirements of

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Md. PSC Opens Review of BGE Affiliate Relations

The Maryland PSC initiated a proceeding (Case 9235) to conduct an investigation into the affiliate practices between Baltimore Gas & Electric and BGE Home, in response to a petition from the Maryland Alliance for Fair Competition, a coalition of HVAC and energy contractors.

Specifically, the PSC said that the investigation will address, "the specific allegations of the individuals as set forth in the Petition, and ... whether BGE is in compliance with § 7-211(h)(5)(iii), § 7-211(h)(6) and/or § 7-211(i)(4) of the PUC Article in the implementation and operation of its approved EmPower Maryland programs." The Commission said that an investigation is appropriate because it has been several years since the Commission has conducted any formal review of the affiliate practices between BGE and BGE Home.

However, the investigation will apparently not address at least one claim raised by the Maryland Alliance for Fair Competition that has bearing on the retail supply market in addition to the energy service contracting market. Specifically, as only reported by *Matters*, the Alliance had raised concerns regarding the use of utility names or abbreviations by affiliates (Only in Matters, 10/23/09).

The Commission noted that the use of a portion of an electric company's or gas company's corporate name or trade name in an affiliated company's name is not unique to BGE. "Consequently, any changes to the Commission's regulations in connection with the use of a portion of a utility's corporate name, trade name, etc. by an affiliated company must be considered in a broader proceeding, not one designed solely to investigate the practices of sharing resources between BGE and BGE Home," the PSC said, apparently striking consideration of such issues from the investigation.

Based on the Commission's order language, the investigation apparently will include a review of the Alliance's allegation that BGE Home improperly combined the standard BGE Authorization to Change Gas Suppliers form with the terms of BGE Home's solicitation offer on a single page. The Alliance contended that in Case 8683 the Commission required the Authorization to Change Gas Suppliers form to be a separate piece of paper from any paper, form, or document sponsored by a supplier, but alleged that BGE Home combined the utility Authorization to Change Gas Suppliers form with BGE Home's terms and conditions, which the Alliance alleged could confuse customers since the market-standard Authorization form states that it is from BGE, but is followed on BGE Home's document by terms specific to BGE Home's offer.

BGE Home has countered that its presentation was consistent with the requirements of Case 8683 (see document in question at: http://www.bgehome.com/pdf/BGE_Res_Cont_1009.pdf

The Alliance also sought access to BGE consolidated billing for non-supply energy services, and raised issues regarding shared resources and BGE's Cost Allocation Manual. Such issues will apparently be included in the PSC's investigation.

The Commission delegated to the hearing examiner division the conduct of the investigation, and directed that a report to the Commission be submitted containing any findings. After receipt of such report, the PSC will determine whether any additional proceedings or further investigation is necessary.

Michigan PSC Approves Self-Implementation of Consumers Electric Rates

The Michigan PSC has authorized Consumers Energy to self-implement a $150 million rate increase according to the following interim surcharges, which reflect lower surcharges for distribution-only retail access customers (Case U-16191).

The surcharges also reflect a rate design derived in accordance with the rate design included in Consumers' January 22, 2010, application for an increase, rather than an equal percentage increase. The surcharges, listed on the next page, shall be effective July 22, 2010.

Electric Interim Surcharge

Rate RS	$0.007511/kWh
Rate RT	$0.007257/kWh
Rate GS	$0.001456/kWh
Rate GSD	$0.002298/kWh
Rate GP	$0.002222/kWh
Rate GPD	$0.002907/kWh
Rate GSG-1	$0.000000/kWh
Rate GSG-2	$0.000000/kWh
Rate GML	$0.003223/kWh
Rate GUL	$0.006922/kWh
Rate GU-XL	$0.006922/kWh
Rate GU	$0.007661/kWh
Rate E-1 & PA	N/A
Rate ROA-R	$0.000000/kWh
Rate ROA-S	$0.000496/kWh
Rate ROA-P	$0.000000/kWh

The $150 million increase was lower than the originally sought self-implemented increase of $178 million, which mitigated some of the Commission's concerns with self-implementation.

"At a time when Michigan is in a nascent economic recovery, only 6 months after a rate increase of approximately 10% for residential customers, and before Consumers has refunded the millions of excess self-implemented monies owed its ratepayers, the Commission would have been hard pressed not to consider denying or delaying self-implementation of 100% of Consumers' $178 million rate increase," if it had not been revised, the PSC said.

Furthermore, "Consumers and other public utilities need to know that the Commission is seriously concerned by the possibility that self-implementation could become a financial mechanism by which a public utility may 'borrow' money from its ratepayers so that it may profit from the difference in market rates and the statutory London Interbank Offered Rate (LIBOR). Such activity, if proven, would be good cause for the Commission to deny self-implementation," the PSC said

"The Commission also finds that the argument that allowing a utility to repeatedly self-implement rate increases over the course of short intervals, and before the return of previous overcollections of self-implemented rate increases, resonates with the Commission."

Calif. Draft Would Establish SDG&E Solar PV Program with Equal Utility, Competitive Shares

A proposed California PUC decision would establish a 52-MW solar photovoltaic (PV) program at San Diego Gas & Electric with half of the generation to be competitively owned, as the draft decision would reject both SDG&E's initial program design and a non-unanimous stipulation entered into by several parties (A.08-07-017).

The program recommended under the draft would authorize 26 MW of utility-owned generation and 26 MW of power purchase agreements with independent power producers. Individual projects under the program would be limited to 1-2 MW in size.

SDG&E would be authorized to spend up to $100.1 million for capital costs based on $3.50/W, including a contingency, and up to $25/kW-year for the operations and maintenance costs of utility-owned projects.

A cost cap of $235/MWh for the PPAs executed under the solar photovoltaic program would be adopted as well. A standard 20-year PPA contract would be used for competitive projects.

The proposed decision rejects a non-unanimous settlement (Matters, 3/24/09) for, among other reasons, the settlement's requirement that competitive developers aggregate their projects into a single 5 MW PPA and submit a single bid. "We agree that this raises concerns about antitrust issues and could discourage developers from pursuing small PV projects," the draft states.

SDG&E's original proposal which relied exclusively on utility-owned generation is not in the interest of ratepayers, the draft adds, because it is expensive and does not support the PUC's goal of competitive procurement of renewable generation.

Briefly:

ERCOT to Host Workshop on NPRR 206 E-Factors, Credit Requirements

ERCOT will host on August 10 a workshop on the implementation of Nodal Protocol Revision

Request (NPRR) 206 and the use of "e-factors" in the Day-Ahead Market (DAM) credit exposure calculation. The workshop will also be offered as a WebEx presentation. As previously reported, NPRR 206 revised the process by which credit exposure is calculated for Qualified Scheduling Entities (QSEs) who participate in the DAM. The workshop is intended to provide information on how bids and offers will be evaluated against the Available Credit Limit (ACL) in the DAM, based on NPRR 206 and "e-factors". "Market Participants are strongly encouraged to have personnel that need to understand credit exposure calculations and their impact attend this workshop," ERCOT said.

TNMP Declares Heat-Related DNP Moratorium in North Texas Service Area

Texas-New Mexico Power reported that the National Weather Service has issued a heat advisory for counties in TNMP's North Texas Service Territory for July 13. Therefore TNMP is suspending Disconnects for Non Pay through July 15 in that region, which includes 17 counties and 46 municipalities.

Taylor Consulting & Contracting Seeks D.C. Broker License

Taylor Consulting & Contracting applied for a District of Columbia electric broker and aggregator license to serve commercial and industrial customers.

Verde Energy Marketing to N.J. Residential Customers

Verde Energy USA has begun offering service to residential customers at Jersey Central Power & Light and PSE&G. At both JCP&L and PSE&G, Verde Energy is offering a monthly variable rate of $0.1075/kWh.

The Energy Link Seeks Texas Aggregation License

The Energy Link LLC, which has been an active broker in several markets for about two years, applied for a Texas electric aggregator certificate to pool commercial customers, specifically intending to focus on property management firms.

Choice Energy LLC Completes EDI Testing with UI

Choice Energy LLC, recently licensed by the Connecticut DPUC (Matters, 6/17/10), has completed EDI testing with United Illuminating.

Just Energy Files New Petition Asking PUCT to Resolve Billing Dispute

Just Energy Texas has petitioned the PUCT (38448) to resolve a billing dispute being pursued by a customer in district court, essentially seeking the relief Just Energy previously sought through a petition for a declaratory order. The PUCT previously found that a declaratory order was not the proper vehicle for Just Energy's requested relief, and invited Just Energy to re-file its request under another mechanism (see Matters, 5/17/10). The PUCT has also said that it intends to refer the matter to the State Office of Administrative Hearings. In the original dispute, customer Taqueria El Zarape had petitioned a court to find that Just Energy could not pass-through ERCOT Administration fees, Unaccounted for Energy, and ERCOT Reliability Must-Run charges through the "Utility Charges" portion of the bill even though the customer contract included such charges under the definition of Utility Charges. Subsequently, Taqueria El Zarape said that it was not disputing the pass-through of the charges per se, but rather the amount and calculation of the pass-through (see Matters, 4/16/10). Just Energy is seeking a determination from the PUCT that its billings have complied with Commission rules.

Champion Energy Services Sponsoring KPRC Features

Champion Energy Services has launched several broadcast sponsorships on KPRC-TV Channel 2 in Houston, including audio and video identification for all severe weather alerts, title sponsor of houston.justweather.com, radar title sponsor, corporate sponsor of the Discovery Green Zone and Houston Zoo cams, e-blast news headline sponsor, and title sponsor of the top five plays on Sports Sunday. "Champion Energy's sponsorships on KPRC give us targeted exposure on a top-ranked Houston-area television station," said Scott Fordham, CEO of Champion Energy. "They also build on our measurable success with billboard and radio advertising in key markets as we continue to promote the Champion Energy brand," Fordham said.

Unopposed Settlement Finds Sufficient Financial Commitment for Panhandle A & B CREZs

The majority of parties in the PUCT's investigation of the financial commitment of renewable energy developers for the Panhandle A Competitive Renewable Energy Zone (CREZ) and the Panhandle B CREZ have filed what they termed an unopposed stipulation which would find that there is sufficient financial commitment by renewable generators for both the Panhandle A and Panhandle B CREZs (37567). The stipulation was signed by some two dozen parties including Commission Staff, renewable generators, and transmission owners. Stipulating Parties represented that several parties, such as the Texas Industrial Energy Consumers and Steering Committee of Cities Served by Oncor, are unopposed to the settlement, while one party (AES Wind Generation) does not take a position on the settlement at this time. The stipulation finds that financial commitment has been shown pursuant to PURA § 39.904(g)(3) since the sum of the financially committed renewable generating capacity is at least 50% of the designated generating capacity for each CREZ.

Ontario Studying Review of Gas Market Supplies

The Ontario Energy Board announced that it is conducting a Natural Gas Market Review (EB-2010-0199), which includes a particular focus on the impact of changing dynamics in the North American natural gas supply markets, particularly due to increased shale gas production at Marcellus, on the Ontario energy sector. An independent market report, prepared for Board staff by ICF Consulting Canada Inc., will be released in early August, and a stakeholder conference is to be held on October 4-5. A specific objective of the initiative is to determine the need for regulatory changes, if necessary, in response to potential impacts identified. Questions include whether potentially changing flow patterns will increase the need for new pipeline services and routes while reducing the attractiveness of others, and whether there is a need for greater inter-jurisdictional regulatory alignment.

National Fuel ... *from 1*

The current Non-Residential MFC is:

MFC - Gas Supply Charge:	$0.0160/Mcf
MFC - GAC/E-Factor:	($0.0050)/Mcf
Total Non-Residential MFC:	$0.0110/Mcf

As previously reported, suppliers participating in POR must follow a set of interim marketing standards similar to those adopted by the New York PSC in 2008. Among other things, the interim marketing standards require that for door-to-door sales and other sales outside of the supplier's place of business, agents shall provide a photo identification prominently indicating their name and the supplier's name prior to introducing an offer. Agents shall clearly identify that they are marketing on behalf of a competitive supplier as well.

Supplier agents shall not conduct any door-to-door sales presentations before 9:00 a.m. or after 8:00 p.m., unless arranged by appointment with prior customer consent.

Similar provisions for telephonic sales are also imposed on suppliers (see 5/10/10 story).

National Fuel Gas Distribution's POR program is open to the following customers taking service under Distribution's Small Aggregation Transportation Customer (SATC) Rate Schedule: (1) all Residential customers, (2) Small Commercial and Public Authority customers with annual consumption less than 250 Mcf per year, (3) Small Commercial and Public Authority customers with annual consumption between 250 and 1,000 Mcf per year, and (4) Small Volume Industrial customers with annual consumption less than 1,000 Mcf per year.

Clearview ... *from 1*

§25.107, "prior to beginning any new marketing campaign to consumers of the State of Texas." Clearview did not explicitly state whether it intends to continue accepting "stray" Texas enrollments if the waiver were granted.

Clearview stressed that it has taken a conservative approach to its Texas book, which is one of the reasons it is small, with the insignificant operation limiting Clearview's access to capital.

"Because of this conservative management style, Clearview's growth in Texas is intentionally nominal, thereby leading to its current noncompliance with the requirements as established within the New P.U.C. SUBST. R. 25.107," Clearview said.

Due to its conservative management style, Clearview noted that during the last market shock in the summer of 2008, "Clearview's customer base experienced no change in their service arrangements with Clearview in spite of these challenges."

"Highlighted by the 2008 near collapse of the REP market, Electric Reliable [sic] Council of Texas' ('ERCOT') deposit thresholds are extremely high. Clearview operates on a conservative cash-flow basis. As such, Clearview's historically small size and capitalization has required Clearview's limited participation in the Texas market," Clearview said.

"Clearview seeks to build capital in other markets (with less stringent market deposit requirements) in order to be able to re-enter the Texas market in full force. Clearview's goal is to be able to meet ERCOT's financial requirements easily, to support any potential growth within Texas," Clearview added.

Clearview's short-term plan is to be able to re-enter the Texas market as a viable competitor by the third quarter of 2011, as finances for Texas growth are accumulated.

Clearview reported that it serves nearly 20,000 consumers in Connecticut, New York, and Pennsylvania, with the majority of customers (about 15,000) in Connecticut. As has been reported by *Matters*, Clearview has applied for retail electric licenses in several additional states, such as Maryland, New Jersey, and Delaware. It recently withdrew an Illinois electric supplier application.

"Clearview seeks to maintain its good standing in Texas in order to grow unencumbered. A revoked license in Texas could severely limit Clearview's growth in other markets. ... Growth in other markets will clearly assist Clearview in meeting the new financial requirements in Texas," Clearview said.

Clearview said that it would be contrary to the intent of the new financial requirements, which are intended to reduce POLR transitions and protect customers, if the requirements result in Clearview's decertification, which would potentially lead to the transition of its customers to POLR.

Clearview believes that it has met all other technical and managerial requirements under §25.107 aside from the financial requirements.