Energy Choice Matters
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# Interim Connecticut Decision Would Suspend Consideration of Aggregation Registrations

The Connecticut DPUC is to order a temporary suspension for accepting applications for electric aggregator certificates, "in order to ensure that all electric aggregation activities are consistent with the state statutes and legislative intent," under an interim decision to be considered at today's DPUC meeting (Docket 10-06-24).

As only reported in *Matters* over a year ago, the DPUC has held that, pursuant to the express language of Conn. Gen. Stat. §16-1(a)(31), electric aggregators are the customers' agent, and therefore, their loyalty must lie with the customers and they may not represent or act as an agent or representative for any supplier at any time, in any capacity (99-09-21RE01, Only in Matters, 3/12/09).

In June, the DPUC opened the instant docket to review the practices and conduct of participants in the competitive electric market, including suppliers, aggregators, and broker-agents (Only in Matters, 6/22/10).

"During a recent review of registered aggregators, the Department became aware that many of the currently 60 registered aggregators actually operate as agents or brokers for the suppliers and are paid exclusively by the suppliers. Several new aggregator applications also reveal that the applicants already have executed agency agreements with one or more suppliers and that this is standard market practice," the DPUC said in the interim order to be considered today.

During the temporary suspension, the Department intends to examine the activities of all licensed electric suppliers and certified aggregators in Connecticut to ensure that all electric aggregation

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# NiMo Agrees to Adopt Capacity Tag Methodology for Hourly Priced Customers

Niagara Mohawk has agreed to adopt the capacity tag methodology for allocating the costs of capacity to mandatory hourly priced customers as proposed by New York PSC Staff, as part of NiMo's commodity rate mechanism filing to be made after the conclusion of its pending electric base rate case (10-E-0050).

As only reported by *Matters*, Staff has recommended deferring commodity rate-related issues to a separate proceeding after the rate case, because Staff is recommending a one-year rate plan, while NiMo's proposed commodity rate changes would not take effect until January 1, 2012 (Only in Matters, 7/15/10).

NiMo has no objection to addressing commodity-related issues after the issuance of a decision in the rate case, and NiMo agrees to resubmit its proposed commodity procurement and rate design changes at that time.

NiMo further expressed support for Staff's proposed changes to NiMo's methodology for charging mandatory hourly pricing customers the costs associated with the New York ISO installed capacity requirements. NiMo currently allocates capacity costs to hourly customers using a usage-based charge during the weekday hours between 12:00 p.m. and 8:00 p.m.

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# Briefly:

**Energy Plus Holdings Seeks Illinois Electric License**

Energy Plus Holdings LLC applied for an Illinois alternative retail electric supplier license to serve all eligible retail customers at Commonwealth Edison and the three Ameren utilities, though Energy Plus Holdings said that its focus will be residential and commercial customers, consistent with its mass market strategy in other states. Energy Plus Holdings is not seeking authority to offer single billing service. Energy Plus Holdings' intent to file an Illinois supplier application was first reported in *Matters* (Only in Matters, 7/13/10).

**AP Gas & Electric Seeks Pennsylvania Electric License**

AP Gas & Electric (PA), LLC applied for a Pennsylvania electric generation supplier license to serve residential and all sizes of commercial customers in all service areas. AP Gas & Electric said that it would focus on residential and small to medium commercial accounts. Although no legal or other manner of relationship to Affordable Power is cited, principals of AP Gas & Electric are principals at Affordable Power, including Kamran Virani, Chief Executive Officer for both suppliers; Chris Weaver, Chief Financial Officer for both suppliers; and Chris Martin, Vice President of Marketing for AP Gas & Electric and Chief Marketing Officer at Affordable Power. AP Gas & Electric also lists the same address as Affordable Power. AP Gas & Electric applied to use the trade name APG&E as part of its application.

**Viridian Energy Receives Massachusetts Electric License**

Viridian Energy has received an electric supplier license from the Massachusetts DPU.

**Edison Mission Solutions Receives Illinois Electric License**

The Illinois Commerce Commission granted Edison Mission Solutions, LLC an electric supplier license to serve non-residential customers with annual electric consumption exceeding 15,000 kWh in all service areas (Only in Matters, 6/21/10). Edison Mission Solutions did not seek authority to provide single billing service.

**Tomorrow's Utilities Seeks Pennsylvania Broker License**

Tomorrow's Utilities, Inc. applied for a Pennsylvania electric broker license to serve commercial customers over 25 kW, industrial customers, and governmental customers in all service areas.

**National Energy Management Seeks Pennsylvania Broker License**

National Energy Management LLC applied for a Pennsylvania electric broker license to serve all customer classes in all service areas.

**Linde Energy Services Receives Expanded Authority Under Illinois Electric License**

The Illinois Commerce Commission has granted Linde Energy Services an expanded electric supplier license to include marketing to all non-residential customers above 1 MW at Commonwealth Edison and the three Ameren utilities (Only in Matters, 7/5/10). Previously, Linde Energy Services only had authority to serve affiliated load. Linde Energy Services did not seek authority to provide single billing service.

**EnergyRebate Receives Maine Broker License**

The Maine PUC granted EnergyRebate, Inc. an electric aggregator/broker license to serve non-residential customers in all service areas.

**Good Energy Receives Maine Broker License**

The Maine PUC granted Good Energy, LP an electric aggregator/broker license to serve all customer classes in all service areas.

**Nania Energy Expands to New York, New Jersey in Addition to Maryland**

Nania Energy said yesterday that it has expanded its energy brokering to several Mid-Atlantic markets, and has opened a regional office in Baltimore. Aside from now brokering Maryland load, as only reported by *Matters* last month (7/5/10), Nania confirmed that it has also expanded its activity to the New York and New Jersey markets. Nania currently serves over

6,000 clients.

**GDF Suez to Gain 70% Stake in International Power**

GDF Suez and International Power have entered into an agreement under which GDF Suez will contribute several of its generating assets, including its North American assets, to International Power in exchange for 70% of the enlarged International Power. International Power shareholders will retain the remaining 30% of the enlarged company. International Power owns about 6,300 MW of net capacity in the U.S., and GDF Suez has about 7,400 MW of gross installed capacity in North America. Some £3.7 billion of net GDF Suez Energy International debt will be transferred to International Power under the agreement. International Power shareholders will also receive a special dividend of £1.4 billion under the agreement.

**SouthStar Energy Services Officially Rolls Out Georgia Prepaid Product**

SouthStar Energy Services, d/b/a Georgia Natural Gas, has officially rolled out its previously reported prepaid product for the Atlanta Gas Light market. Mechanics and terms of the product were first reported by *Matters* (Only in Matters, 4/6/10).

**DPUC Denies Hess Intervention in Ness Energy Services Aggregator Application**

The Connecticut DPUC denied Hess' motion to intervene in the application of Ness Energy Services, LLC for an electric aggregator certificate, stating that the Department does not act on potential Connecticut Unfair Trade Practice Act (CUTPA) infringements in the first instance (10-07-04). Hess has argued that the Ness Energy Services' name would be confusing to customers in contravention of the CUTPA (Only in Matters, 7/27/10), but the DPUC suggested that Hess bring its concerns to the attention of the appropriate CUTPA authorities. The Department noted that an aggregator must comply with CUTPA and that failure to do so would have implications on maintaining a certificate.

**Michigan PSC Approves Detroit Edison PSCR Settlement**

The Michigan PSC approved a settlement agreement authorizing Detroit Edison to implement a power supply cost recovery (PSCR) factor of negative 5.64 mills per kilowatt-hour for bills rendered for the 2010 plan year (U-16047).

**EnergyConnect Reports Second Quarter Loss**

EnergyConnect Group, Inc. reported a loss for the second quarter of 2010 of $1.1 million, compared to net income of $601,000 in the second quarter of 2009. Revenue was down at $6.4 million, compared to $7.5 million in the second quarter of 2009. The 2009 quarter included $3.3 million of capacity transactions, while there were no capacity transactions in the second quarter of 2010. Gross profit was $1.7 million for the quarter, versus $3.2 million a year ago.

**ERCOT Sets Another Peak, Disconnect Moratoriums Continue**

ERCOT set a record peak demand of 63,830 MW between 4 and 5 p.m. local time yesterday. Extreme heat-related disconnect for non-pay moratoriums remain in place in several service areas, including at CenterPoint where the moratorium has entered its eighth consecutive day.

**Just Energy Call Center Management Certified by Institute for Contact Professionals**

Just Energy said that all of its all Contact Centre management staff have completed the full course of study leading to the Certificate of Technical Expertise in Contact Centre Management from the Institute for Contact Professionals (ICP). Just Energy said that it was the first company in Canada in which all call center management staff completed the course.

## O&R to Revise Methodology for Determining POR, MFC Uncollectibles Percentage

Orange & Rockland has proposed in its new electric rate case (10-E-0362) changing the determination of the Uncollectibles Percentage used to develop the Purchase of Receivables Discount and the Merchant Function Charge to reflect O&R's actual uncollectibles experience applicable to all gas and electric POR-eligible customers for the 12-month period ended the previous June 30.

The Uncollectibles Percentage currently reflects an average based on a 36-month period. The proposed revision is consistent with the methodology approved by the New York PSC in Case No. 08-G-1398, the company's most recent gas rate case.

O&R's pro forma tariff states that the POR Discount Percentage effective July 1, 2011 would be "1.249% percent [sic]."

Additionally, O&R proposed establishing a dedicated customer Outreach & Education function within the Customer Energy Services Department. The Outreach & Education Staff would seek out opportunities to meet with customers in person at a variety of events. Issues to be addressed at events include, among other things, retail choice information, such as how to shop for and enroll with an ESCO and, "what to expect from door-to-door ESCO solicitations."

## BGE Ready to Implement Uniform Electronic Transactions for Gas Service in September

Baltimore Gas and Electric informed the Maryland PSC that it can implement in September 2010 the new uniform electronic transactions (UET) for natural gas service developed by a Technical Working Group under Rulemaking 35, as BGE reported that the UETs have been finalized.

BGE plans on testing the UETs this month and is prepared to implement them in September 2010 unless otherwise directed by the Commission.

Implementation needs to occur by November 1, 2010, BGE said, or else UET implementation will otherwise need be postponed until after the 2010/2011 Winter Heating Season to avoid any potential adverse distribution system operational impacts that might result from implementing UETs during the winter, when critical heating season operations and communication between BGE and its suppliers occur.

BGE reported that it has had contact with several new potential competitive gas suppliers that have made a conscious decision to delay entering BGE's Gas Choice Program until the UETs are implemented to avoid higher programming costs of preparing systems for a pre-UET and then a post-UET Choice environment.

Each supplier must successfully complete UET testing to continue participating in BGE's Gas Choice Program at the time of UET implementation.

## PG&E Recommends Deferring Default Residential Peak Day Pricing

Pacific Gas & Electric has requested that the California PUC defer consideration of default residential Peak Day Pricing rates until Phase 2 of its 2014 General Rate Case (GRC), to allow PG&E to gain experience with default residential Peak Time Rebates (PTR) proposed in A.10-02-028 and default small and medium commercial and industrial Peak Day Pricing approved in D.10-02-032 prior to formulating a residential rate design for mandatory Peak Day Pricing (A.10-08-005).

If the Commission approves PG&E's requested deferral, the Peak Time Rebate rate approved in PG&E's 2010 Rate Design Window case, A.10-02-028, would be the default residential rate with price signals that vary during peak times, until the Commission's decision in the 2014 GRC Phase 2. If the Commission approves PG&E's Deferral Proposal, the Commission would not need to authorize recovery of any incremental costs in the instant proceeding.

If the Commission were to reject PG&E's

recommendation to defer consideration of residential default Peak Day Pricing, PG&E presented a plan to implement default residential Peak Day Pricing in May 2014, with 12 months of bill protection. PG&E requested that a $130.1 million revenue requirement associated with implementing this alternate residential Peak Day Pricing plan be recovered in distribution rates.

## *Conn. ...* *from 1*

activities are consistent with the state statutes and legislative intent. Further, the Department intends to make a final determination regarding the authorized relationship between suppliers and aggregators.

"All certified aggregators may continue their current operations until final determination is made in this docket," the Department states in the interim order to be voted on today.

## *NiMo ...* *from 1*

As only reported in *Matters*, Staff has proposed instituting a specific demand charge associated with each hourly customer's peak load during the NYISO coincident peak hour to allocate capacity costs (e.g. the capacity tag methodology). NiMo said that it is agreeable to changing its methodology for allocating capacity costs to hourly customers to the capacity tag methodology effective January 1, 2012.

However, NiMo said that further study is needed regarding Staff's proposal to change the allocation of capacity costs for non-hourly customers. Staff's proposal would modify the load factor calculation for these customers such that it would be based on the NYISO coincident peak hour, in order to determine the service class peak demand and apply that over only the hours associated with the capacity charge (12:00 p.m. to 8:00 p.m.). Currently, the load factor calculation is based upon each service class's peak load over all hours of the year, rather than the NYISO coincident peak hour.

NiMo said that Staff's proposed load factor calculation increases the load factor, which reduces the Rule 46 capacity charge during the hours of 12:00 p.m. to 8:00 p.m. for all non-hourly customers. On average, this could result in an approximately 20% reduction in the capacity rate, NiMo testified.

The impact of the reduced revenue on any specific customer will need to be determined at a later date, as the new commodity rate mechanisms have yet to be fully developed, NiMo noted. NiMo said that as the analysis of Staff's proposed capacity cost modification for non-hourly customers is dependent upon the development of the new commodity rate mechanisms, it should be deferred to the commodity rate proceeding discussed above.

NiMo took no position on Staff's proposal to lower the mandatory hourly pricing cutoff for default service customers to 250 kW, though NiMo stressed that its as-filed rates did not include incremental costs of this expansion since NiMo was not proposing any such expansion. Logistically, NiMo does not foresee any problems with installing the additional hourly meters by the end of 2011 nor with setting up the systems to bill these customers using hourly commodity pricing by the end of 2012.

Staff has recommended providing new hourly customers with one year of interval data prior to migrating them to default hourly prices. NiMo testified that it is unclear whether a customer needs an entire year of data in order to understand their load shape and usage, or whether customers could potentially gain the same knowledge with less data.

Staff has proposed that NiMo implement a voluntary hourly default service option for customers ineligible for mandatory hourly pricing. While open to this suggestion, NiMo asked that it be deferred until completion of any mandatory hourly pricing (MHP) expansion, as NiMo is, "concerned that if the Voluntary Hourly Pricing Program is offered at the same time the Company is implementing any mandated MHP Program, it could delay [MHP] implementation."

Regarding Constellation's testimony urging the Commission to require the use of full requirements contracts for commodity procurement rather than a managed portfolio as proposed by NiMo, NiMo recommended that this issue be deferred to the subsequent commodity rate proceeding to be instituted after the rate case as described above.

NiMo said, at a high level, "that the inclusion of full requirements contracts would be an important component to include in Niagara Mohawk's overall supply procurement mix, particularly with respect to serving the needs of mass market customers."

"The Company has undertaken an analysis of its long term electric procurement strategy ... [but] Niagara Mohawk is still in the process of determining how it will manage its supply procurement responsibilities for mass market customers in 2012 consistent with this strategy," NiMo testified.