Energy Choice Matters

August 13, 2010

Just Energy Launches Network Marketing Arm, Adjusted Quarterly Earnings Flat

Just Energy reported higher net income of $275.3 million for the quarter ending June 30, 2010 (first fiscal quarter of 2011), versus $102.6 million a year ago, largely on gains from changes in the fair value of derivative instruments (all figures Canadian). Adjusted EBITDA, which excludes these impacts, was relatively flat at $31.3 million, versus $30.2 million a year ago, as gains from organic and inorganic customer growth were partially offset by reduced margins associated with lower gas volumes and higher gas balancing costs from warmer weather.

During the quarter, Just Energy launched a network marketing operation, called Momentis, in Ontario and New York. Executive Chair Rebecca MacDonald said that the decision to launch a multi-level marketer was driven by the success seen by other retail suppliers in using network marketing, and Just Energy's desire not to concede market share in that space to competitors.

Stream Energy and Ignite co-founder Chris Domhoff will lead Momentis as CEO. The Momentis marketing arm has headquarters located in both in Toronto and Dallas.

Just Energy intends to begin marketing in Pennsylvania in the third quarter of fiscal 2011 (October through December 2010). Just Energy has also invested to prepare for its entry into Massachusetts and two new utility territories in New York.

Just Energy reported 3.117 million Residential Customer Equivalents (RCEs) as of June 30, 2010, versus 2.293 million as of April 1, 2010, and 1.801 million as of June 30, 2009

The bulk of the additions since April 1 reflect the previously reported acquisition of Hudson Energy

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OEB Draft Would Mandate Standard Disclosure Statement, Verification

The Ontario Energy Board has issued proposals to amend or re-issue the Electricity Retailer Code of Conduct, the Code of Conduct for Gas Marketers, and the Gas Distribution Access Rule to conform the rules to new provincial consumer protection legislation (EB-2010-0245, Only in Matters, 8/5/10).

Among other things, the Board would require all suppliers to use identical disclosure statements developed by the Board for low volume customers, with the Board developing a unique disclosure statement for each type of solicitation (e.g. door to door, direct mail,

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NRG Buying 5,000+ MW in California, Maine, Southeast; Blackstone to Acquire Dynegy

NRG Energy has signed a definitive agreement with an affiliate of The Blackstone Group L.P. to purchase 3,884 MW of Dynegy Inc. assets in California and Maine for $1.36 billion, or $351/kilowatt. Dynegy has agreed to be acquired by Blackstone (see below).

In a separate transaction, NRG has agreed to acquire the Cottonwood Generating Station, a 1,279 MW natural gas-fueled plant in the Entergy zone of east Texas, from Kelson Limited Partnership for $525 million, or $410/kilowatt.

NRG intends to fund both acquisitions with a

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AllStar Energy Would Pay $50,000 Under Settlement Related to Amendment Application

PUCT Staff and AllStar Energy (TexRep5, LLC) have reached a settlement agreement under which AllStar would pay $50,000 and institute a compliance program to resolve Staff's motion to revoke AllStar's certificate for allegedly providing misleading statements to the Commission and lacking managerial competency (37801).

As only reported by *Matters*, the case arose as AllStar sought to correct what it termed an error in a prior REP certificate amendment which erroneously listed Horizon Power & Light as AllStar's owner, rather than the George Corporation. Staff alleged that AllStar, in the application, violated several Commission rules governing retail electric providers by failing to disclose an investigation by the Delaware PSC into Horizon Power & Light, which shares principals with AllStar but is not affiliated with AllStar (Only in Matters, 1/1/10).

Under the settlement, AllStar will file for an amendment to its REP certificate to clarify its ownership is the George Corporation. The application for an amended certificate will also disclose that Horizon Power & Light agreed to relinquish its Delaware electric supplier license to resolve allegations by Delaware customers of unfair and deceptive business practices. Neil Leibman and Tom O'Leary are principals of both AllStar and Horizon.

Staff will recommend approval of this amendment.

AllStar has agreed to hire and employ a compliance officer, or engage the services of an outside consultant, for the purpose of ensuring AllStar's compliance with the PUCT's rules. The person hired or engaged must have a minimum of five years experience in the Texas retail electric industry.

For a period of two years, AllStar has agreed to file a compliance report with the Commission every four months, detailing AllStar's efforts and practices to stay current and maintain compliance with all applicable Commission rules. The reports shall include examples of any marketing materials and customer contracts, and the current status of AllStar's general business operations in regards to its efforts to enter the Texas retail market.

Texas Prompt Payment Act Draft Removes Inquiry Requirement for REPs

A PUCT Staff draft proposal for adoption regarding REPs' obligations under the Prompt Payment Act removes the earlier draft requirement that REPs would be forced to inquire of all applicants for service whether the applicant is a government entity as defined under the Prompt Payment Act (37981).

Instead, the draft proposal for adoption would only require REPs and aggregators provide written notice to all non-residential customers that the Prompt Payment Act applies to eligible government entities.

REPs had objected to the earlier inquiry requirement as burdensome, noting that it would confuse the majority of customers to whom the Act does not apply, and add time to enrollment calls, further aggravating customers (Only in Matters, 4/27/10).

The Prompt Payment Act sets extended payment periods and other billing rules applicable to eligible government entities.

The draft proposal provides that if a REP does not provide notice of the Prompt Payment Act's provisions to a non-residential customer, that fact can be considered in a billing complaint brought by a government entity under the Prompt Payment Act. Similarly, if a government entity, after being provided notice, does not inform the REP that the entity is eligible for the provisions of the Prompt Payment Act, that failure may also be considered in any billing complaint.

PUCT Staff Draft Provides for Commission Review of ERCOT Budget

PUCT Staff have submitted a draft proposal for publication clarifying the Commission's jurisdiction over ERCOT and amending Subst. R. §25.363 to provide that ERCOT's annual budget is subject to review by the Commission (38338).

ERCOT would be required to file with the Commission its Board-approved budget, budget strategies, and staffing needs, with a justification for all expenses, capital outlays, additional debt, and staffing requirements. ERCOT would not be able to implement a new budget absent Commission approval.

ERCOT would be prohibited from:

- Incurring expenses or capital outlays in any year that exceed the amounts approved by the Commission, except in the case of an emergency that impairs its ability to conduct its functions
- Incurring debt or deferring principal repayments of debt without Commission approval. ERCOT shall seek approval of any loan or agreement to provide a line of credit from a bank or other institution, the issuance of bonds or notes, any arrangements that would permit it to issue bonds or permit the issuance of bonds on its behalf at a later date, and any draw on a line of credit
- Hiring employees, either by direct hiring or contract employment, in excess of any staffing limit prescribed by the Commission

The proposed amendments would also provide that the appointment of ERCOT's chief executive officer, chief operating officer, and vice presidents is subject to Commission approval. The draft would prescribe that a person may not be employed in a position as chief executive officer, chief operating officer, or vice president of ERCOT if that person is employed or has within one year been employed by an entity in the electric sector that is eligible for membership in ERCOT in a market sector that has a representative on the governing board, other than a consumer sector.

Additionally, the draft amendments would provide for Commission participation in and approval of the selection of unaffiliated directors of the ERCOT Board. A person employed by a market participant would not be eligible to serve as unaffiliated member of the Board. Furthermore, an unaffiliated member of the Board appointed after the effective date of the amendments would be prohibited from being employed by a market participant for two years after serving as a Board member.

The draft amendments hold that the Commission's review of ERCOT rules would not be subject to alternative dispute resolution required by the ERCOT Protocols. The Commission would be permitted, for good cause, waive the requirement that a complaint be filed within the time prescribed in §22.251(d).

The Commission, under the Staff draft, would be provided with authority to direct ERCOT to implement the findings or recommendations of any audits, as approved by the Commission.

Direct Acquires Suncor Gas Assets in Alberta

Direct Energy is to acquire Suncor Energy's Wildcat Hills natural gas assets for $375 million (Canadian). With the acquisition, Direct Energy's total natural gas equivalent production increases by approximately 80 percent to approximately 180 mmcfe/day (95 percent gas).

The addition of the Wildcat Hills assets outside of Calgary will provide Direct Energy with an incremental 80 million cubic feet per day (mmcfe) of natural gas equivalent production and over 240 billion cubic feet equivalent (bcfe) of natural gas reserves (an increase of around 60%).

The acquisition reflects Direct's previously reported desire for integration, a strategy Direct Energy CEO Chris Weston affirmed yesterday stating that Direct, "intend[s] to increase the amount of power and gas sourced from our own production."

With the Suncor acquisition, Direct's upstream gas assets cover approximately 35 percent of the load required by its North American natural gas customers.

The transaction, which remains subject to certain conditions, is expected to close during the fourth quarter of 2010.

ICC Questions Stakeholders on Tenaska Taylorville Plant

Illinois Commerce Commissioners pressed Tenaska how it could assure that costs for its Taylorville Energy Center would not exceed its projections, during an ICC electric and natural gas joint committee meeting.

Much of the Commissioners' concerns were previously voiced last month during an ICC meeting in which a Staff report was presented (Only in Matters, 7/29/10). The ICC is to file a report on the plant with lawmakers, and legislators will make the ultimate decision of whether to require utilities and retail suppliers to execute PPAs with the plant.

While much of yesterday's testimony reiterated prior written comments, the meeting gave Commissioners an opportunity to question stakeholders about various concerns.

ICC Chairman Manuel Flores said that the cost figures for the Tenaska plant have changed three different times and asked how the Commission can be assured that the goal posts won't be moved again, in order to make an informed recommendation to the legislature.

Tenaska argued that the plant is needed, despite any impact on the retail market, because new baseload generation won't be built in Illinois without some form of subsidy. Tenaska said that current owners of baseload generation have no incentive to build new capacity since such capacity will lower market clearing prices.

That prompted Commissioner Sherman Elliott to question the existence of any "baseload problem" given currently ample reserve margins.

As previously reported, the enabling legislation supporting the Tenaska plant would require utilities and retail suppliers to enter into long-term PPAs for the output of the plant. However, the utilities' obligations would be subject to a cost cap, while suppliers would not have any such protection.

Elliott raised the Commerce Clause issue latent in compelling suppliers to enter into the PPAs. Even though the issue would not be at bar until any such contracts were to be signed, Flores noted that as the ICC report to the legislature on the plant must consider its feasibility, the Commerce Clause issue is germane, since it addresses the plant's viability.

Speaking on behalf of the STOP Coalition, David Fein, Vice President of Energy Policy for Constellation Energy, said that exposing suppliers to unlimited cost liability for the plant, while capping utility liability, would create a "death spiral scenario" as competitive supply customers facing such costs will switch to utility hourly priced service to avoid the costs. Moreover, Fein noted that since a retail supplier's obligations are set annually, a supplier could be forced to shoulder significant cost responsibility even though much of its load quickly migrates away from the supplier in response to any pass-through of the costs.

Accent to Pay $50,000 to Resolve Allegations Under PUCT Consumer Protection Audit

Accent Energy Texas has entered into a settlement with PUCT Staff under which Accent would pay $50,000 to resolve allegations of violating 18 consumer protection rules (38550). The settlement arose from a Staff audit of Accent.

Among other rules, Staff's audit alleged Accent was not in full compliance with the following:

- P.U.C. SUBST. R. 25.475(d) relating to changes in contract and price and notice of changes. For variable price products, Accent's residential bill did not contain a statement informing the customer how to obtain information about the price that will apply on the next bill as required by 25.475(d)(2)(C).
- P.U.C. SUBST. R. 25.475(e) relating to contract expiration and renewal offers. For original contracts containing a termination fee, Accent's expiration notice did not contain a statement that the termination penalty does not apply 14 days prior to expiration date.
- P.U.C. SUBST. R. 25.475(e)(1) relating to contract expiration and renewal offers. Accent's contract expiration notice did not include a statement that month-to-month default service can be cancelled at any time with no fee.
- P.U.C. SUBST. R. 25.475(e)(2) relating to affirmative consent. Accent's affirmative consent recordings for renewals did not state the estimated start and end dates of the renewal contract.
- P.U.C. SUBST. R. 25.479(g) relating to bill content. Accent's billing term for its monthly fee was not the same as that disclosed in Accent's Electricity Facts Label.

FirstEnergy Generation to Reduce Operations at Four Smaller Coal Plants

FirstEnergy Generation Corp. said that it would reduce operations at several smaller coal-fired units in response to the continued slow economy and lower demand for electricity, as well as uncertainty related to proposed new federal environmental regulations.

The changes - which affect Bay Shore units 2-4, Eastlake Plant units 1-4; the Lake Shore Plant; and the Ashtabula Plant - are designed to reduce operating costs and provide more predictability while maintaining availability for future operations, as needed.

Together, the units have a generating capacity of 1,620 MW. In 2009 they produced approximately 6.8% of the company's total generation output that year.

During the period of September 2010 through August 2011, the affected units will operate with a minimum three-day notice and in response to customer demand. Beginning in September 2011, for approximately 18 months, the Bay Shore and Eastlake units will be available only in the winter and summer months, and the Ashtabula and Lake Shore plants will be temporarily idled.

As a result of the operating changes at the plants, parent FirstEnergy Corp. estimates that it could write off up to $287 million in value related to the assets.

Briefly:

EDF Trading North America Seeks Pa. Gas License

EDF Trading North America, LLC applied for a Pennsylvania retail natural gas supplier license to serve industrial customers at UGI Utilities. EDF Trading North America is active in the Pennsylvania wholesale gas market.

NetGain Energy Advisors Seeks Md. Broker Licenses

NetGain Energy Advisors (a trade name for NRGing, LLC) applied for Maryland electric and natural gas broker licenses to serve commercial and industrial customers in all service areas. NetGain Energy Advisors is led by CEO Peter Callowhill and President James Larsen, both of whom have extensive background in telecom. The duo previously founded NetGain Communications, a consultant advising commercial and industrial clients on different voice, data, and internet services. Callowhill and Larsen also served in senior management roles at Net2000 Communications, a facilities-based competitive local exchange carrier.

PUCT Staff Files Draft to Release State Estimator Data After 14 Days

PUCT Staff have submitted a draft proposal for publication to amend Subst. R. §25.505 to provide that, notwithstanding other provisions under subsection (f) of the rule, the ERCOT State Estimator Report shall be posted 14 days after the day for which the data was accumulated, once the nodal market goes live (38470). The State Estimator Report shall include, but not be limited to, transmission flows and voltages and transformer flows, voltages, and tap positions. The Staff draft states that it is not feasible at this time to change the content of the State Estimator Report prior to the expected nodal Go-Live date of December 1, 2010.

DPUC Seeks Responses from Positive Energy, ResCom Energy on Complaints

The Connecticut DPUC has directed Positive Energy Electric Supply and ResCom Energy LLC to respond to several questions regarding customer complaints received by the Department. The DPUC said that Positive Energy failed to produce a requested third party verification for a customer, and the DPUC further said that Positive Energy has informed the DPUC that its hosting company's policy was to retain TPVs for no more than 90 days. Positive has since directed the hosting company to store TPVs indefinitely. ResCom Energy was directed to address half a dozen allegations of unauthorized switches, and explain its delay in responding to DPUC inquiries.

UI Reports Default Service Suppliers

United Illuminating reported that Constellation Energy Commodities Group won 100% of its Last Resort Service supplies for the three-month period beginning October 1. UI also reported that the following suppliers will serve a share of its Standard Service load in 2011: Constellation Energy Commodities Group, DTE Energy Trading, Hess Corporation, PPL EnergyPlus, PSEG Energy Resources & Trade, and Sempra Energy Trading.

DPUC Schedules Meeting on Default Service Procurement Lessons Learned

The Connecticut DPUC will hold a technical meeting with representatives of United Illuminating, Connecticut Light and Power, Levitan and Associates, and the Office of Consumer Counsel on August 30 to assess and evaluate issues with the Standard Service and Supplier of Last Resort Service RFP process (06-01-08RE04).

PUCT Approves Name Change for Electric Now

The PUCT granted Electric Now, L.P. an amended REP certificate reflect a name change to E-Now, L.P. E-Now is an affiliate of Spark Energy.

SouthStar Signs Mid-South Independent School Business Officers

SouthStar Energy Services has entered into a new natural gas supply agreement with Mid-South Independent School Business Officers (MISBO), a consortium representing 75 private schools throughout Georgia. The agreement includes supply from landfill gas, and participation in SouthStar's TrueBlue Schools affinity/fundraising program.

FERC Rejects PJM Form of Releasing Capacity Bid/Offer Data

FERC rejected PJM's filing to post capacity market bid and offer data in tabular form with a four month lag, finding that the tabular format creates the ability to identify specific units and thus owners. FERC accepted the Market Monitoring Unit's alternative approach using an algorithm to help mask individual company data (ER09-1063).

OCC Files Complaint Over FirstEnergy Utilities' Net Metering

The Ohio Consumers' Counsel said that it has filed a complaint with the Public Utilities Commission of Ohio against the FirstEnergy Ohio utilities concerning net metering policies for customer wind turbines, alleging that the utilities have erected barriers to net metering such as requiring new metering equipment when current meters are capable of net metering.

Just Energy ... *from 1*

Services, which contributed 708,000 total RCEs, of which Just Energy is only including 660,000 in its long-term customer count (thus reporting its customer count as only 3.069 million). The 48,000 Hudson customers excluded from the customer count are on short-term contracts.

Net organic growth was 116,000 RCEs since April 1, 2010, versus net organic growth of only 11,000 RCEs for the period April 1, 2009 through June 30, 2009. Gross organic acquisitions were 261,000 RCEs for the 2010 quarter, of which Just Energy said 174,000 were large commercial customers, reflecting the positive impact of both Hudson's broker channels and Just Energy's internal efforts to expand its share of the commercial market.

During the quarter, the broker network of Hudson Energy Services was expanded to five provinces and seven states in which it did not previously operate. In Ontario, more than 40 brokers have already been enrolled in the network.

The trailing 12-month attrition rate by market and country is provided in the chart on page 7. Renewal rates are also provided on page 7.

Seasonally adjusted gross margin was $88.6 million, versus $74.8 million a year ago (see chart on p. 7). Gains in electric gross margins were offset by lower gas margins on weather-related balancing costs and lower consumption.

U.S. gas average realized gross margin after all balancing costs for the three months ended June 30, 2010 was $82/RCE, a decrease of 70% over the year-ago average of $274/RCE.

U.S. electric gross margin increased to $36.8 million, from $13.0 million a year ago, on customer growth. Average gross margin per U.S. electric customer for electricity during the 2010 quarter decreased to $144/RCE compared to $176/RCE in the year-ago quarter as a result of unfavorable movements in exchange rates

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Just Energy Long-Term Customers

	April 1, 2010	Additions	Acquired	Attrition	Failed to renew	June 30, 2010	%Increase (Decrease)
Natural gas							
Canada	734,000	12,000	-	(21,000)	(16,000)	709,000	(3)%
United States	408,000	108,000	81,000	(32,000)	(1,000)	564,000	38%
Total gas	1,142,000	120,000	81,000	(53,000)	(17,000)	1,273,000	11%
Electricity							
Canada	760,000	26,000	-	(18,000)	(11,000)	757,000	-
United States	391,000	115,000	579,000	(33,000)	(13,000)	1,039,000	166%
Total electricity	1,151,000	141,000	579,000	(51,000)	(24,000)	1,796,000	56%
Combined	**2,293,000**	**261,000**	**660,000**	**(104,000)**	**(41,000)**	**3,069,000**	**34%**

Just Energy Sales & Gross Margin – Seasonally Adjusted

For the three months ended June 30
(thousands of Canadian dollars)

	Fiscal 2011			Fiscal 2010		
Sales	**Canada**	**United States**	**Total**	Canada	United States	Total
Gas	**$129,715**	**$73,048**	**$202,763**	$149,697	$50,434	$200,131
Adjustments [1]	**30,704**	**(391)**	**30,313**	33,555	-	33,555
	$160,419	**$72,657**	**$233,076**	$183,252	$50,434	$233,686
Electricity	**160,629**	**224,914**	**385,543**	123,491	75,388	198,879
Total	**$321,048**	**$297,571**	**$618,619**	$306,743	$125,822	$432,565
Increase	**5%**	**137%**	**43%**			

Gross Margin	**Canada**	**United States**	**Total**	Canada	United States	Total
Gas	**$12,131**	**$5,284**	**$17,415**	$22,714	$10,694	$33,408
Adjustments [1]	**8,084**	**352**	**8,436**	8,694	-	8,694
	$20,215	**$5,636**	**$25,851**	$31,408	$10,694	$42,102
Electricity	**25,996**	**36,770**	**62,766**	19,639	13,028	32,667
Total	**$46,211**	**$42,406**	**$88,617**	$51,047	$23,722	$74,769
Increase(decrease)	**(9)%**	**79%**	**19%**			

[1] For Ontario, Manitoba, Quebec and Michigan gas markets.

Just Energy Attrition, Renewal

	Trailing 12- Month Attrition F2011	**Targeted Attrition F2011**
Natural gas		
Canada	11%	10%
United States	28%	30%
Electricity		
Canada	13%	10%
United States	14%	20%

	Trailing 12-month Renewals F2011	**Targeted Renewals F2011**
Natural gas		
Canada	62%	70%
United States	69%	75%
Electricity		
Canada	70%	70%
United States	83%	75%

Just Energy Annual Gross Margin per Customer

	Fiscal 2011
Residential and small commercial customers added in the quarter	
- Canada - gas	$199
- Canada - electricity	$169
- United States - gas	$272
- United States – electricity	$256
Customers renewed in the quarter	
- Canada - gas	$131
- Canada - electricity	$108
- United States - gas	$203
- United States – electricity	$200
Large commercial customers added in the quarter	$67
Customers lost in the quarter	
- Canada - gas	$195
- Canada – electricity	$150
- United States - gas	$208
- United States – electricity	$222

and lower margins per RCE for the Hudson commercial customers

Annual gross margin per customers signed and lost in the quarter is provided above.

Marketing expenses were $29.8 million, an increase of 54% from $19.4 million in the first quarter of fiscal 2010. Marketing expenses to maintain gross margin were $18.3 million, an increase of 38% from $13.3 million from the prior year comparable quarter. Marketing expenses to add new gross margin in the first quarter totaled $9.4 million, an increase from $6.1 million in the prior year comparable period.

Bad debt expense for three months ended June 30, 2010 increased to $5.7 million versus $3.8 million a year ago, entirely due to an 84% increase in revenues where Just Energy assumes the risk for accounts receivable collections which also now includes incremental Hudson customers. As a percent of revenues in these markets, bad debt improved to 2.8% of $207.0 million in revenues, versus 3.4% a year ago and within the 2-3% target range. Higher credit losses have been experienced in Texas, which have been offset by improvements in Illinois and Alberta and lower default rates for the acquired Hudson commercial customers.

Ontario ... *from 1*

internet, etc.)

The disclosure statements are substantially similar regardless of commodity and solicitation type. All disclosure statements would have to:

- Disclose the price and term
- Explicitly state that the supplier does not represent the utility or Board
- Explicitly inform the customer that they do not have to sign a contract for commodity supply
- Explicitly state that there is no guarantee of energy cost savings (no mention is made of treatment for guaranteed savings products)
- Explicitly inform customers of rescission and cancellation periods, including the 10-day rescission period applicable to all customers. All door-to-door disclosures would require that the customer be informed of the right to rescind the contract by not verifying the contract through the verification call. All electric disclosure statements would require that the customer be informed that the customer may cancel the contract within 30 days of receiving the first bill.
- Explicitly inform customers that they may have to pay a cancellation fee if the contract is terminated outside of the cancellation windows. However, the amount of the termination fee would not be stated under the draft statement.
- For electric products, explicitly inform customers that they will be charged the

Provincial Benefit as a separate line item not included in the competitive supply price

The Board would also require the use of a standard renewal disclosure statement that requires the same disclosures, except that it would also inform customers of the unique rights related to cancelling a renewed contract within 14 days.

The Board would further develop verification scripts whose use would be mandatory. The Board's draft verification scripts for each commodity are substantially similar and each contains 22 statements or questions.

Under the verification the customer would have to affirm that they understand they can cancel the contract by not verifying it, and affirm that they understand the supplier is not the utility or affiliated with the Board.

The verification agent would inform the customer of their price and term, and that energy cost savings under the contract are not guaranteed. Furthermore, the verification agent would state that termination fees are possible if the contract is cancelled outside of the prescribed cancellation windows (though the amount of the fee would not be stated).

The Board would also require the use of a similar standard script for renewals.

Under the draft provincial regulations, a low-volume consumer may, without penalty, cancel a contract with a new supplier if the consumer already has a contract with another supplier (the "current supplier") that is still in effect.

The Board noted that while this "contest period" is intended to provide an opportunity for the consumer to terminate the transfer, there is currently no affirmative obligation for the current supplier to notify the consumer of the pending transfer request.

Accordingly, the draft regulations would provide that the consumer shall be notified by the current supplier of the submission of the switch request and of the consequences of the transfer being processed (notably, that the consumer may be required to pay a cancellation fee to the current supplier under the existing contract).

The Board's draft would require that any person conducting sales training or testing on behalf of a supplier, as required by the new law, may not also be under contract to the supplier for the purposes of conducting sales, marketing, or verification activities.

"In the Board's view, it is important that third party contractors that conduct training on a supplier's behalf not have a financial interest in the outcome of the sales, marketing or verification activities for which training is being provided or testing is being conducted."

NRG ... from 1

combination of cash and other funding sources. Both acquisitions are expected to close by year end.

The assets greatly expand NRG's load following mid-merit generation profile.

NRG currently contracts with Cottonwood, one of the newest and most efficient plants in the region, to support current long-term contracts in Louisiana, Arkansas and East Texas. Owning Cottonwood will allow for future contracting opportunities and will enable NRG to provide additional balancing and ancillary services.

The assets total 5,163 MW, bringing NRG's generation portfolio to 28,608 MW. The assets purchased by NRG are listed on page 10.

NRG expects the transactions will be accretive to adjusted EBITDA and free cash flow immediately. The new asset portfolio is expected to contribute between $175 and $225 million in annualized adjusted EBITDA. Key drivers regarding that contribution are: the high dispatch profile for Casco Bay and Moss Landing 1& 2 due to their favorable merit-order position, location and interconnection to load; a significant portion of the portfolio in California is contracted with highly credit-worthy entities for the next several years; and portfolio synergies provided by Cottonwood to the South Central region's load-following capability.

Blackstone Acquisition of Dynegy

The asset sale by Blackstone is related to Blackstone's acquisition of Dynegy in a transaction valued at approximately $4.7 billion, including the assumption of existing debt.

Under the terms of the merger agreement, Dynegy stockholders will receive $4.50 in cash for each outstanding share of Dynegy common stock they own, which represents a 62 percent premium to the closing share price on August 12, 2010

Under the merger agreement, Dynegy is permitted to solicit alternative proposals from third parties for a period of 40 days after the date of the merger agreement.

Assets to be Purchased by NRG

Name	Capacity (MW)	Technology	Fuel	Contracted
Casco Bay	540	Combined Cycle	Natural Gas	Capacity only (FCM)
Moss Landing (1&2)	1,020	Combined Cycle	Natural Gas	Capacity only (RA)
Moss Landing (6&7)	1,509	Steam Turbine	Natural Gas	Toll
Morro Bay	650	Steam Turbine	Natural Gas	Toll
Oakland	165	Combustion Turbine	Oil	RMR
Cottonwood	1,279	Combined Cycle	Natural Gas	None (merchant)