Energy Choice Matters
August 19, 2010

Pa. PUC Approves POR at UGI Utilities - Gas Division

The Pennsylvania PUC approved a settlement under which UGI Utilities, Inc. - Gas Division will institute a Purchase of Receivables program for customers served under residential transportation rate schedule RT and under non-residential rate schedules NT and CT, excluding non-residential customers whose annual usage exceeds 1,000 Mcf per year (P-2009-2145498, Only in Matters, 7/8/10).

Under the settlement, UGI will purchase residential receivables at a discount rate of 2.33%, reflecting an uncollectible accounts expense percentage of 2.19% and an administrative cost factor of 0.14%. Receivables from eligible customers on Rate Schedule NT and CT will be purchased at a discount of 0.50%, reflecting an uncollectible accounts expense percentage of 0.36% and an administrative cost factor of 0.14%.

The POR program is expected to be implemented in 18-22 months, after the completion of billing system modifications. The POR program is limited to UGI Utilities - Gas Division and does not include UGI Central Penn or UGI Penn Natural Gas.

UGI will only purchase receivables representing commodity charges for basic natural gas supply services. Basic natural gas supply services include charges directly related to the physical delivery of natural gas to a retail customer but do not include charges for "carbon-neutral" products, appliance maintenance service, energy efficiency services, termination or cancellation fees, security deposits, or other products or services not directly related to the physical delivery of natural gas to

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PJM Seeks to End Marginal Loss Payments to Financial Up-To Congestion Transactions

PJM submitted tariff revisions at FERC to correct what it claimed is the ability of market participants to "game" the allocation of marginal loss surplus revenues.

The changes would (a) eliminate transmission reservations associated with purely financial Up-To Congestion transactions in the Day-Ahead Energy Market, and (b) eliminate the allocation of marginal loss surplus revenue to Network Service Users and Transmission Customers having purely financial Up-To Congestion transactions that paid for transmission service.

Notwithstanding the above, Up-To Congestion transactions that do have a physical tie to the Real-Time Energy Market, and for which Non-Firm Point-to-Point Transmission Service is still required to be reserved and paid for, will receive an allocation of the surplus marginal loss revenue, PJM said.

More specifically, PJM would revise Section 5.5 of the PJM Tariff concerning the distribution of marginal loss surpluses to remove the current language which grants a share of the surplus to participants with cleared Up-To Congestion transactions (that paid for transmission service during such hour). Instead, PJM would add language stating that, "Exports of energy for which Non-Firm Point-to-Point Transmission Service was utilized and for which the Non-Firm Point-to-Point

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Licensing Briefs:

TriEagle Energy Receives Pennsylvania Electric License

The Pennsylvania PUC granted TriEagle Energy LP an electric generation supplier license to serve all customer classes, including residential customers, in all service areas. TriEagle's Pennsylvania application was first reported in *Matters*, and TriEagle has said that it is considering additional markets outside of ERCOT (Only in Matters, 6/9/10).

North American Power and Gas Receives Pennsylvania Electric License

The Pennsylvania PUC granted North American Power and Gas an electric generation supplier license to serve all customer classes, including residential customers, in all service areas. As only reported in *Matters*, North American Power said that it would mainly focus on residential customers, offering a monthly variable product (Only in Matters, 5/19/10).

Glacial Natural Gas Receives Pennsylvania Gas License

The Pennsylvania PUC granted Glacial Natural Gas, Inc. a natural gas supplier license to serve small commercial (less than 6,000 Mcf annually), large commercial (6,000 Mcf or more annually), industrial, and governmental customers at UGI Penn Natural Gas and UGI Utilities (Only in Matters, 3/1/10).

Respond Power Receives Pennsylvania Electric License

The Pennsylvania PUC granted Respond Power LLC an electric generation supplier license as a broker/marketer and aggregator to serve all sizes of residential and commercial customers in all service areas. As only reported in *Matters*, Respond Power LLC was formerly known as United Energy Group LLC and is affiliated with Major Energy Services (Only in Matters, 4/14/10). Saul Horowitz is listed as the CEO of Respond Power, who has developed several suppliers including Major Energy. Other principals include David Sobel, Asher Fried, and Stuart Naftel, all of whom are also of Major Energy.

Gateway Energy Services Receives Expanded Pa. Gas License

The Pennsylvania PUC granted Gateway Energy Services Corporation an expanded natural gas supplier license to serve all types of customers, including residential customers, at PECO and National Fuel Gas Distribution (Only in Matters, 6/25/10). Previously, Gateway's license was limited to UGI Utilities and UGI Penn Natural Gas.

Energy Cooperative of America Receives Expanded Pa. Electric License

The Pennsylvania PUC granted the Energy Cooperative of America, Inc. an expanded electric generation supplier license to serve all sizes of non-residential customers at Allegheny Power, Met-Ed, Penelec, Penn Power, and PECO (Only in Matters, 7/19/10). Previously, Energy Cooperative of America's license had been limited to PPL.

Tritium Energy Consulting Receives Pa. Broker License

The Pennsylvania PUC granted Tritium Energy Consulting, LLC an electric broker/marketer license to serve commercial customers above 25 kW and industrial customers at PECO. Tritium said that its target market will be commercial customers with annual usage greater than 5 MW (Only in Matters, 6/9/10).

Pa. PUC Dismisses Family Energy Gas Supplier Application

The Pennsylvania PUC dismissed the application of Family Energy Inc. for a natural gas supplier license to failure to cure a deficient application (Only in Matters, 8/21/09).

Toromont Energy Seeks Ontario Electric Licence

Toromont Energy Ltd. applied for an Ontario electric retailer licence. Toromont Energy develops distributed generation and combined heat and power projects of less than 50 MW.

PUCT Staff Recommend Denying Waiver of Financial Requirements for Clearview Electric

PUCT Staff have recommended that the Commission deny Clearview Electric's request for a waiver from the new financial requirements of P.U.C. SUBST. R. 25.107(f), stating that Clearview's situation is not unique, and does not create good cause to grant Clearview a waiver from these requirements (38446, Only in Matters, 7/14/10).

As only reported in *Matters*, Clearview requested the waiver as it does not currently meet the requirements of §25.107(f). Clearview said that its current financial position is sufficient to support its limited ERCOT customer base, which was 56 meters as of the end of the year. Clearview also said that a revocation of its Texas license would impact its licensing applications and growth plans in other markets, with such growth intended to build capital to support the ERCOT operation.

"Clearview's position in regards to its customer base is not unique to Clearview. Many other similarly situated companies, and many that are not currently serving customers at all, have demonstrated compliance with the requirements of P.U.C. SUBST. R. 25.107(f). Therefore, it is not unreasonable for Clearview to do so as well," Staff said.

Staff said that the Commission already addressed Clearview's arguments when creating the new financial standards. For example, Staff noted that the Commission specifically stated that financial qualification should not be based on load or customer count, and, "that the objective of the rule is to reduce the probability of REP default, and that the rule should more simply reflect that the REP has access to a sufficient level of financial resources to enter and operate in the market, rather than attempt to match the financial requirements with the REP's exposure to the market."

"It is also important to note that in adopting these requirements, the Commission granted Clearview and other REPs a full year to come into compliance ... It has now been in excess of 14 months since the effective date of the new rule, and Clearview has still not demonstrated compliance," Staff added.

DPUC Suspends Turris Associates Aggregator License

The Connecticut DPUC has ordered, in an interim decision, the summary suspension of Turris Associates LLC's license to operate as an electric aggregator, and ordered that Turris is not authorized to solicit and sign up new customers (10-02-08, Only in Matters, 2/10/10).

The summary suspension came as an emergency action from the DPUC while it further investigates allegations from the Attorney General that Turris misrepresented the agreed upon aggregators' fee to the Connecticut Association of Independent Schools, and, "may have committed a forgery," with respect to the CAIS contract.

"The Department has reason to believe that as a licensed electric aggregator, Turris may still be actively soliciting customers and charging aggregator fees to these customers. If the allegations contained in the Petition are true these potential customers may be at risk of being defrauded. The Department finds that the serious nature of these allegations, the fact that this is the second docket involving similar allegations and the fact that Turris has failed to file an appearance in this case or respond to the Notice of Comment, interrogatories or request for pre-filed testimony in a timely manner, establish a pattern that endangers the public welfare. The Department also finds that the danger to the public welfare in this case imperatively requires emergency action to protect the public from possible acts of fraud," the DPUC said in its suspension order.

Columbia Gas of Pa. to Cease Offering Pilot Rider PPS

The Pennsylvania PUC approved a settlement in Columbia Gas's rate case under which Columbia will cease making offers under Pilot Rider PPS (Price Protection Service) and agree not to renew the fixed-price tariff (R-2009-2149262, Only in Matters, 6/29/10).

Pilot Rider PPS is a 12-month fixed offering from Columbia, which it began offering in March 2009. As of last fall, Columbia served approximately 2,000 residential and small business customers under Pilot Rider PPS.

As only reported by *Matters*, Columbia will make no further offers under Pilot Rider PPS and agrees not to seek to extend the Pilot Rider after the expiration of the initial two-year term, which concludes February 28, 2011. Columbia is permitted to continue to serve existing customers until the expiration of their contracts.

Additionally, Columbia will not to engage in further mass advertisement of Rate NSS (Negotiated Sales Service), including radio, television, newspaper, and billboards. Columbia is still permitted to offer Rate NSS, but may not use direct mail to solicit any Rate NSS-eligible customer that is taking service from a competitive supplier.

Columbia is also permitted to continue promoting Rate NSS on its website; however, any link may not be placed in a more favorable location than links to competitive supplier websites.

Concerning the rate case, Columbia's unbundling of commodity-related uncollectibles is made permanent by the Commission's order (such unbundling had been undertaken on a pilot basis). The uncollectible rate included in the Price to Compare will be updated to 1.66%, and will be updated in future distribution base rate proceedings.

Additionally, Columbia will raise the volumetric limit under Rate SCD (Small Commercial Distribution) to 4,000 Mcf/year, from the current cutoff of 600 Mcf/year. This change will expand the Choice program to additional commercial customers who are currently only eligible for transportation service. Suppliers said that Choice service is much simpler for smaller commercial customers than the transportation programs, and the expansion of Rate SCD will allow for broader participation of these small commercial customers who often do not have the wherewithal to participate in transportation programs.

For General Distribution Service (GDS) customers and suppliers, the Operational Flow Order/Operational Matching Order penalty charge will be reduced from $30/Mcf to $25/Mcf. In addition, the GDS customers/suppliers will be responsible for payment of all other charges or costs incurred, as provided in the current tariff.

For the Choice program, Columbia will reduce the current penalty for Operational Flow Order/Operational Matching Order periods from $60/Mcf to $50/Mcf. For periods where there is not an Operational Flow Order/Operational Matching Order in effect, the Choice program penalty will be reduced from $40/Mcf to $25/Mcf. Choice suppliers will be responsible for payment of all other charges or costs incurred, as provided in the current tariff.

The present GDS cash-out/in mechanism for bank imbalances will remain the same.

Additional details are in our June 29 story.

Champion Energy Ranked Highest in Texas Residential Satisfaction by J.D. Power

Champion Energy Services ranks highest in J.D. Power and Associates 2010 Texas Residential Retail Electric Provider Customer Satisfaction Study, with a score of 737 on a 1,000 point scale.

J.D. Power said that Champion Energy Services performed particularly well in the price, billing and payment, and customer service factors. Following in the rankings were Amigo Energy (717) and StarTex Power (716). All three scored higher than StarTex's market-leading score of 714 in the year-ago survey.

The rankings are based on responses from more than 7,300 residential customers, and was conducted between September 2009 and June 2010. Overall satisfaction among residential customers of electric retailers in Texas has increased in 2010 to 634 on a 1,000-point scale, up by five points from 2009. The increased satisfaction was attributed lower prices and, to a lesser extent, increased satisfaction with REPs' communications and billing and payment procedures.

J.D. Power said that 15% of customers indicate they "probably will not" or "definitely will not" stay with their current provider, similar to last year's finding that nearly 20% of Texas customers were unlikely to continue using their current REP. The primary reason cited by customers regarding why they are unlikely to continue using their current provider is poor customer service. Approximately 14% of customers report receiving poor customer service in the 2010 survey, compared with 12%

in 2009.

Just over 25% of customers indicated that they "definitely will" stay with their current retail provider. The study also finds that slightly more than one in 10 retail customers in Texas indicate they are "highly committed" to their electricity provider.

J.D. Power said that only 41% of customers indicated that they have been with their current provider for three years or longer, compared with 49% of customers in 2009 who said the same. The primary reason reported by customers for switching providers was price.

Satisfaction among customers with renewable products averaged 120 points higher than satisfaction among customers with non-renewable plans.

J.D. Power found retail customers are most likely to recall televised communications from their providers, compared with other methods of communication, such as bill inserts or radio ads. However, customers indicate the most satisfying method of receiving communications from their electric retailer is e-mail, J.D. Power said.

J.D. Power and Associates 2010 Texas Residential Retail Electric Provider Customer Satisfaction Study

REP	Score	J.D. Power Circle Ratings
Champion Energy	737	5
Amigo Energy	717	4
StarTex Power	716	4
Ambit Energy	695	4
Green Mountain Energy	695	4
Cirro Energy	686	4
Spark Energy	685	4
Stream Energy	679	4
Gexa Energy	677	4
Dynowatt	664	4
Texas Power	653	4
Reliant Energy	637	3
Industry Average	634	3
Direct Energy	631	3
WTU Retail	610	3
TXU Energy	608	3
First Choice Power	605	3
CPL Retail	578	2

Power Circle scoring on individual metrics available at:
http://www.jdpower.com/homes/ratings/texas-electric-retailer-ratings

Power Circle Ratings Legend:
5 - Among the best
4 - Better than most
3 - About average
2 - The rest

P3 Says Lifting of Investment Ban at PJM Would Open Door to Conflicts of Interest

PJM's proposal to allow its employees and board members to hold a financial interest in certain Market Participants whose participation in PJM's markets are, "miniscule in relation to their overall business activities," would, "open[] the door for conflicts of interests and complicates the compliance efforts of PJM and PJM employees even further," the PJM Power Providers Group (P3) said in a protest at FERC.

As only reported in *Matters*, PJM's proposal would create a list of companies who are determined not to have an economic or commercial interest that would be significantly affected by PJM's actions or decisions. The proposal is driven by the proliferation of "non-traditional" market participants, such as large industrials, large consumer product retailers, and financial institutions, PJM claimed, as these companies' participation in PJM makes the prohibition on PJM employees' stock ownership of PJM member companies burdensome to enforce (Only in Matters, 7/22/10).

"PJM's proposed fix to a 'compliance challenge' is to alter a core principle of RTO management and governance and introduce a methodology that would allow without limitation and without disclosure PJM employees, managers and directors to own direct financial interests in companies that are PJM member companies and market participants," P3 protested.

"Some of the businesses listed in Exhibit A of the PJM Petition which would be considered on a 'permitted investment' list include financial institutions with market based rate authority, demand response market participants with significant facilities in the PJM footprint and active participants in the PJM stakeholder process," P3 added.

"P3's strong preference and belief is that the best course of action would be to reject PJM's petition for declaratory order and to leave in place and unaltered the Commission's existing prohibition on investments in member companies," in order to preserve FERC's standard for RTO independence, P3 said.

Pa. PUC Withdraws Staff Notice of Violation Against Constellation Concerning AEC Compliance

The Pennsylvania PUC will allow Constellation NewEnergy to transfer Alternative Energy Credits (AECs) to a GATS subaccount for compliance after the close of the true-up period, without penalty, because the true-up administered under the PUC's regulations does not provide, as required by statute, the opportunity for load serving entities to correct administrative errors as intended (P-2010-2153657).

Pennsylvania PUC Staff had recommended a penalty of $45/MWh against Constellation for its AEC shortfall (the total of which is confidential). As only reported by *Matters*, the shortfall resulted from Constellation transferring Midwest ISO-based AECs to satisfy its load obligations at Duquesne Light. In Pennsylvania, MISO AECs can only satisfy AEC obligations at utilities within the MISO (Matters, 5/31/10).

Constellation had sufficient PJM AECs to meet its obligations for its Duquesne load; and only transferred the MISO AECs into a GATS subaccount for compliance due to an administrative oversight because it did not identify those AECs as originating from the MISO (GATS only lists an AEC as eligible in Pennsylvania but not whether it is only qualified at certain utilities).

The PUC yesterday adopted an initial decision which had found that Constellation had not been provided with an actual true-up period, and which had recommended that Constellation be allowed to retire AECs to meet its shortfall even though the true-up period has expired, with Staff's notice of violation withdrawn (Only in Matters, 7/13/10).

In the initial decision adopted by the PUC, an ALJ had found that the AEPS statute intends for retail suppliers to be provided with a true-up period to correct any administrative errors in their AEC reports and retirements. However, the ALJ found that current Commission regulations contain a "practical flaw" because, during the true-up period, the AEPS Administrator does not evaluate a supplier's compliance with their AEPS obligation, and merely compares the number of AECs submitted by the supplier versus its obligation.

The true-up review does not evaluate whether the AECs submitted may actually be used for compliance; that is, whether they qualify as satisfying a supplier's obligation.

Since actual compliance is not reviewed under the true-up process as it currently exists, the ALJ found that suppliers are not granted a meaningful opportunity for corrections during the true-up period, contrary to statute.

Briefly:

Conn. DPUC Opens Proceeding to Investigate CL&P Report on Smart Meters, Dynamic Rate Pilots

The Connecticut DPUC has re-opened Docket 05-10-03 for the limited purpose of reviewing an advanced metering study and rate pilot results submitted by Connecticut Light & Power relating to its deployment of 10,000 advanced meters and summer 2009 dynamic pricing pilot, in order to determine whether to move forward with a more comprehensive deployment of advanced metering. The re-opened docket is designated 05-10-03RE04. As part of the report, CL&P has proposed offering all customers a Peak-Time Pricing option or a four-hour Time of Use rate (see Matters, 4/7/10).

Conn. DPUC Closes Investigation of Direct Energy Without Formal Action

The Connecticut DPUC closed its investigation of Direct Energy (10-02-10) without any formal action after observing a marked decline in complaints related to Direct Energy, and being satisfied that new monitoring functions and reporting relationships instituted by Direct address the DPUC's concerns about a previous increase in complaints (Only in Matters, 12/9/09).

Constellation Energy Named Preferred Energy Supplier of Manufacturers Association of Maine

Constellation Energy has been named the preferred energy supplier to the Manufacturers Association of Maine, which represents more than 360 manufacturing, corporate, affiliate, and student members.

BostonGen Files Chapter 11

As expected, EBG Holdings LLC, its principal operating subsidiary Boston Generating LLC, and its five other wholly owned subsidiaries filed a voluntary Chapter 11 petition in the United States Bankruptcy Court for the Southern District of New York. Constellation Energy has already been selected as the stalking horse bidder for the 2,950 MW fleet (see Matters, 8/9/10). EBG Holdings and Boston Generating are subsidiaries of US Power Generating Company.

Constellation Releases Mobile App for VirtuWatt Tool

Constellation Energy has released an iPhone app for its VirtuWatt energy management tool, to provide VirtuWatt customers with a mobile platform for monitoring power usage and managing their participation in load response programs. Release 1.1 of the VirtuWatt app includes the energy dashboard and market place bidding functionality of the VirtuWatt application. The ability to remotely control power usage through the iPhone application is expected to be made available through an iTunes update in the fall of 2010, Constellation said. The app will also be made available for other smart phone platforms, including Android and BlackBerry at a later date. Currently, VirtuWatt can be accessed using smart phone browsers.

Pa. PUC Grants Clarification of PECO Electric POR Order

The Pennsylvania PUC has granted clarification of its PECO electric Purchase of Receivables order, after a petition from the Office of Small Business Advocate, but a written order was not available containing the Commission's adjudication (P-2009-2143607, Only in Matters, 7/7/10).

As only reported in *Matters*, OSBA sought clarification of PECO's revised POR program, commencing January 1, 2011, with respect to supplier amounts which had been billed by PECO under utility consolidated billing but reverted to dual billing under the current 90-day reversion, specifically regarding:

a. Whether PECO has the right to terminate for unpaid charges for EGS service billed to a ratepayer by an EGS prior to January 1, 2011, through dual billing;

b. The extent, if any, to which the consumer protections of 52 Pa. Code Ch. 56 will be applicable to a non-residential ratepayer; and

c. If PECO does have the right to terminate for unpaid charges for EGS service billed to a ratepayer by an EGS prior to January 1, 2011, through dual billing, whether those charges will be considered to have been billed when PECO bills the ratepayer on or after January 1, 2011, or whether those charges will be considered to have been billed when the EGS originally billed the ratepayer.

UGI POR ... *from 1*

retail customers.

Customer accounts that are billed for non-basic natural gas supply services are not eligible for UGI's POR program.

Furthermore, suppliers are subject to a class-specific all-in/all-out requirement, with one exception. Suppliers may continue to offer carbon-offset natural gas products (which are ineligible for POR) while selling their remaining receivables to UGI. UGI will also make utility consolidated billing available for such carbon offset products, even though such receivables will not be purchased by UGI.

As part of the all-in/all-out requirement, all of a supplier's accounts in a POR grouping (i.e. residential or non-residential) must be eligible for POR, aside from any carbon-neutral products. In other words, suppliers participating in POR for a customer class are not allowed to offer services (even through dual billing) to that customer class if such services' receivables are not eligible for POR (aside from carbon-neutral products). The measure is meant to reduce potential cherry-picking, UGI said.

Additionally, UGI's consolidated billing service with POR agreement (CBS POR) provides that customer accounts are not eligible for POR, "if any affiliate of the Choice Supplier provides natural gas supply services on the Company's gas distribution territory but elects not to enter into a CBS POR Agreement with [the] Company applicable to the same customer classes designated by the Choice Supplier under this agreement or any amendment thereto." As previously noted by *Matters*, the term "affiliate" is not defined, and it is unclear if it extends to separately controlled suppliers which are affiliated by means of a common minority investor.

UGI will unbundle its supply-related uncollectibles from base rates and use them to set a bypassable Merchant Function Charge (MFC), which will be included in the Price to Compare. The MFCs, once the POR program is in effect, will mirror the POR uncollectible discount components.

UGI will only support rate ready billing under POR, and all supplier rates must conform to supported rate designs. UGI will support budget billing for competitive supply charges on its consolidated bills. For budget billing customers, payments to suppliers will still be based on actual billed supplier charges, less the discount rate

Additional details in our July 8 issue.

Marginal Losses ... from 1

Transmission Service rate was paid will receive an allocation of the total Transmission Loss Charges based on a percentage of the MWh of energy exported on such service, determined by the ratio of Non-Firm Point-to-Point Transmission Service rate to Firm Point-to-Point Transmission Service rate."

In July 2010, two market participants contacted PJM to advise that they noticed unusual activity occurring with respect to transmission service reservations on the PJM OASIS. Immediately after receiving this information, PJM began investigating the specific transmission service reservations at issue. PJM confirmed that several market participants purchased a large megawatt quantity of transmission service. Further, PJM reviewed the Day-Ahead Energy Market transactions of these participants, and confirmed that they submitted large quantities of Up-To Congestion bids tied to the transmission service reservations.

PJM also determined that the market participants' referenced activity in the Day-Ahead Energy Market took two forms. The first type of transaction was one involving bids with sources and sinks at the exact same interface. The second type involved Up-To Congestion transactions with sources and sinks at points which were not the same, but ones where equal offsetting transactions were submitted in both directions between the same two points.

The result of the first type of transaction sourcing and sinking at the same interface was that the participant would clear megawatt hours of Up-To Congestion transactions in the Day-Ahead Energy Market between pricing points that had little or no price separation. At one of the interface pricing points at which the market participants transacted, for example, the interface pricing point applicable to imports had the exact same definition as the interface pricing point applicable to exports during the time period when this behavior was observed, and therefore by definition the prices at those two points were identical. As a result, the participant was able to clear large volumes of megawatt hours of Up-To Congestion transactions with no risk of any settlement in either the day-ahead or balancing markets, PJM said. However, because such transactions were eligible for a marginal loss allocation, the cleared megawatts on the reserved transmission service resulted in a sizeable allocation of the marginal loss surplus based on the large megawatt hour quantity of cleared transactions.

"The inappropriate nature of these transactions is made very obvious in some cases because the source and sink chosen for submission of the Up-To Congestion transaction bore no relationship to the Point-of-Receipt ('POR') and/or Point-of-Delivery ('POD') on the transmission reservation to which it was linked," PJM said.

The result of the second type of transaction was the same, PJM said. Participants would clear Up-To Congestion transactions in opposite directions between the same two points, resulting in no risk of any Day-Ahead or balancing market settlement (because the settlement of the transactions in the opposite directions would offset each other in both the Day-Ahead and balancing markets). The result would be cleared megawatt hours of Up-To Congestion transactions on the large quantities of reserved transmission service, and a resulting sizeable allocation of marginal loss surplus based on the cleared megawatt hours of transactions.

"Both types of transactions resulted in net profits for the market participants because the magnitude of the loss surplus allocation exceeded the cost of the Non-Firm Transmission Service used to submit the transactions by almost $19 million," PJM said.

"PJM believes that these offsetting trades were undertaken with the intent of manipulating PJM market rules so as to gain an allocation of marginal loss surplus revenue without any corresponding usage of the transmission system," PJM alleged.

PJM sought expedited treatment for its tariff filing, asking that FERC accept the revisions for filing effective September 17, 2010.