

# Energy Choice

# Matters

September 23, 2010

## PUCT Staff File TCRF Draft Proposal for Adoption

PUCT Staff have filed a recommended proposal for adoption which would allow distribution service providers to include in their Transmission Cost Recovery Factor (TCRF) charged to REPs an adjustment that reflects the under- or over-recovered TCRF transmission costs accumulated over a prescribed six-month period, and would require distribution service providers to file updates to the TCRF every six months (37909, Only in Matters, 7/27/10).

Staff's proposal for adoption would require distribution service providers to update their TCRF twice per year, on March 1 and September 1, to pass through the wholesale transmission cost changes billed by a Transmission Service Provider.

For the March 1 update, the distribution service provider would be required to file its TCRF no later than December 1, and for the September 1 update, no later than June 1.

Within 45 days after a distribution service provider files a request to update its TCRF, the Commission shall issue an order establishing the amount of the revised TCRF and suspend the effective date of the revised TCRF as necessary so that the new TCRF charges will take effect on March 1 or September 1, as applicable. This provision is meant to provide certainty to REPs with respect to TCRF charges.

Additionally, the Staff proposal for adoption removes earlier provisions which would have allowed the distribution service provider to charge its as-filed rate prior to Commission authorization, subject to reconciliation, since the earlier filing dates and requirement that the Commission shall issue an

***Continued P. 6***

## Md. PSC Takes WGL POR Tariff Under Advisement, Accepts Delivery Proration Tariff

The Maryland PSC took under advisement Washington Gas Light's compliance tariff to implement purchase of receivables, but approved certain other tariff modifications required by COMAR 20.59 with an effective date of October 1, 2010 (Only in Matters, 7/19/10).

Among other things, the POR compliance tariff includes pro forma POR discount rates intended to reflect the components and calculation as previously approved by the Commission. The discount rates filed in the compliance tariff are only pro forma because WGL has requested to update the discount rates in November 2010 using the more recent data which will be available at that time, prior to a proposed February 1, 2011 start date for POR.

Since the POR tariff is not proposed to become effective until February 1, 2011, the Commission elected to further deliberate on WGL's compliance tariff to address several issues such as the proper time period for amortization of implementation costs (WGL's proposed five years versus a shorter period), the justification of incremental collection expenses under POR, and the components of the discount rate to be included in reconciliation, especially in light of the fact that the Commission has struck a risk factor that was intended to account for any difference between projected and actual uncollectibles.

***Continued P. 6***

## **Briefly:**

### **N.Y. PSC Sets Process to Address ESCO Consumer Bill of Rights**

New York PSC Staff will hold a technical conference in New York City on October 6 concerning the recently signed ESCO Consumer Bill of Rights legislation (Matters, 8/23/10). The PSC also intends to issue a State Administrative Procedures Act notice on September 29 requesting comments on a draft ESCO Consumer Bill of Rights and modifications to the Uniform Business Practices pursuant to the legislation.

### **Interstate Gas Supply to Use Columbia Retail Energy Trade Name in Virginia, Trade Name Appears on Ohio Apples to Apples Chart**

Interstate Gas Supply filed to update its Virginia competitive gas service provider license to include the trade name Columbia Retail Energy (Case PUE-2010-00073, Matters, 9/2010 & 8/24/10). Additionally, the Public Utilities Commission of Ohio has begun listing offers as from Columbia Retail Energy on its apples-to-apples comparisons. Specifically, based on the apples-to-apples charts, IGS is using the Columbia Retail Energy trade name at Columbia Gas of Ohio, but is still using the name IGS Energy in the other service territories at this time. In addition to using the Columbia Retail name, IGS has licensed the Columbia "starburst design" and Columbia-style font for the Columbia Retail Energy logo.

### **EnergyCruncher.com Receives Maryland Broker License**

The Maryland PSC granted Energy Shopper, LLC, which runs EnergyCruncher.com, an electric broker license to serve all customer classes in all service areas (Only in Matters, 9/14/10).

### **Eneractive Solutions Receives Maryland Broker License**

The Maryland PSC granted Eneractive Solutions, Inc. an electric broker license to serve all customer classes at the four investor-owned utilities and the Southern Maryland Electric Cooperative.

### **Natures Current Seeks Pennsylvania Broker License to Run CheaperThanPeco.com**

Natures Current LLC, which would trade as CheaperThanPeco.com, applied for a Pennsylvania electric broker license to serve all customer classes in all service areas.

### **Industrial Energy Seeks Pennsylvania Broker License**

MAA, Inc., trading as Industrial Energy, applied for a Pennsylvania electric broker license to serve all customer classes in all service areas, though Industrial Energy said that it would primarily focus on PECO.

### **Better Cost Control Seeks Pennsylvania Broker License**

Better Cost Control, LLC, d/b/a Ardor Energy, applied for a Pennsylvania electric broker license to serve all customer classes in all service areas.

### **ADL High Voltage Seeks Pennsylvania Broker License**

ADL High Voltage, Inc. applied for a Pennsylvania electric broker and aggregator license to serve commercial customers over 25 kW and industrial customers in all service areas.

### **Utility Management Corporation Seeks Pennsylvania Broker License**

Utility Management Corporation applied for a Pennsylvania electric broker license to serve commercial customers over 25 kW and industrial customers at Duquesne Light and PPL.

### **Goldstar Energy Group Seeks D.C. Broker License**

Goldstar Energy Group, Inc. applied for a District of Columbia electric broker license to serve commercial and industrial customers.

### **Acclaim Energy Advisors Registers as N.H. Aggregator**

Acclaim Energy Advisors registered as a New Hampshire electric aggregator to serve commercial and industrial customers in all service areas.

### **N.Y. PSC Approves Capacity Release at WACOC at KeySpan LDCs**

The New York PSC approved the tariff filings

(10-G-0278 et. al.) of KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island to modify their retail access tariffs by adding a provision to charge ESCOs a price for released capacity equal to the LDCs' weighted average cost of capacity (WACOC). The LDCs have historically released pipeline capacity to ESCOs at the maximum rates for each pipeline and then reconciled the difference between these charges and their actual WACOC. However, changes in federal pipeline regulations under FERC Order 712 now allow ESCOs to take release of capacity at the same WACOC as the LDCs' sales customers, and eliminates the need to release capacity at maximum rates and then use the customer-billed credit or surcharge "true-up" mechanism to reconcile the difference from the WACOC.

### **N.Y. PSC ConEd Gas Rate Plan Order Affirms Joint Proposal's Retail Access Provisions**

The New York PSC issued a written order concerning its vote last week to establish a three-year natural gas rate plan at Consolidated Edison (09-G-0795). The written order adopts without modification the retail access provisions of a joint proposal, which addresses issues including the elimination of Daily Delivery Service and Daily Cashout Service; recovery of balancing costs; recovery of gas storage working capital costs; the level of the billing and payment processing charge; the level of the Factor of Adjustment ratio for lost an unaccounted for gas; and several other issues. Details of these terms which were adopted without modification are addressed in our 9/17/10 and 5/18/10 stories.

### **N.Y. PSC Permanently Approves ConEd Direct Load Control Program, Allows Expansion**

The New York PSC has approved on a permanent basis Consolidated Edison's direct load control program, with a \$4 million cap on annual funding and with cost recovery continuing through the nonbypassable Monthly Adjustment Clause (MAC). This amount is intended to cover the ConEd's proposed 3,000 residential and 500 small business new installations, maintenance costs, plus installations beyond the ConEd's targets related

to the peak shaving pilot program and the possible expansion to big-box stores and other customer groups that are determined to be cost effective (10-E-0229, Only in Matters, 5/17/10). ConEd has reported that it is exploring expansion of the program to new markets such as big-box stores with roof top air conditioning systems, which could result in a sizable increase in the megawatt level of participation. The cap set by the PSC essentially maintains the existing annual funding level approved by the Commission in a February 2009 Order. Staff reported that the \$4 million gross funding would be offset by approximately \$870,000 per year in NYSERDA incentives and \$1,142,400 per year in New York ISO Special Case Resource credits, assuming the currently installed 35,700 kW receive a NYISO SCR credit of \$32/kW-year and the targeted 4,350 kW of additional installations each year qualify for the NYSERDA incentive of \$200/kW. This \$2 million total would be passed back to customers through the Monthly Adjustment Clause.

### **PUCT Staff Posts Draft Critical Care Form, Related Changes to Delivery Tariff**

PUCT Staff have filed a draft application for critical care or chronic care status in Project 38676, and have also proposed several modifications to the standard tariff for retail delivery service in light of new Subst. R. §25.497 addressing critical care or chronic care customers.

### **PUCT Requests Briefs Regarding Requested Waiver of Financial Requirements Under §25.107(f)**

The PUCT has issued an order requesting briefing on potential waivers of the new financial requirements of new Subst. R. §25.107(f), prompted by Clearview Electric's request for a waiver (38446). The Commission invited briefs on the following:

1. Should the Commission grant a good cause waiver from the requirements of P.U.C. SUBST. R. 25.107(f) and (k) to a REP that obtained certification before May 21, 2009?
2. If so, would a limited load or customer count constitute good cause for such a waiver?

3. If so, would compliance with former P.U.C. SUBST. R. 25.107(f) (repeal effective May 21, 2009) ensure that a REP with a limited load or customer count has sufficient finances to protect customers from the insolvency of the REP and other harmful conditions or activities of the REP?

As only reported in *Matters* (8/19/10), Clearview requested the waiver given its small ERCOT book (about 60 meters as of the end of 2009). Staff has opposed the waiver request and has filed a petition to revoke Clearview's REP certificate for non-compliance with §25.107(f).

### **Reliant Energy Proposes Time Limit for Correcting ERCOT Nodal Settlement Errors**

Reliant Energy has proposed a "statute of limitations" for correcting settlement errors in the ERCOT nodal market to eliminate the risk of uplifts from errors discovered long after the Operating Day has been settled. Reliant's suggestion came in comments on Nodal Protocol Revision Request 279.

NPRR 279 would establish a timeline for ERCOT to report in a Market Notice the existence of Day-Ahead Market or Supplemental Ancillary Services Market prices which are under investigation, which Reliant supports.

Reliant's proposal would allow the accounting for Operating Days to be closed out after 180 Days, reducing unknown settlement risk. Any Market Participant potentially harmed by an error should develop processes to discover the Settlement errors within 180 days, Reliant said. "Limiting the timeframe for corrections will reduce the risk of unexpected charges that could be passed through in some retail contracts," Reliant added.

### **PSNH Files Projected Energy Service, Stranded Cost Rates for 2011**

Public Service of New Hampshire has filed preliminary data supporting revisions to the energy service rate and Stranded Cost

Recovery Charge (SCRC) for the period beginning January 1, 2011, though PSNH will not request a specific level for each rate until later in the year so that the most recent data is used (DE 10-121).

Based on current data, PSNH is projecting an energy service rate of 8.68 cents per kWh for the year 2011, which assumes that migration to competitive supply is maintained at the level of 30.7% which existed as of August 31, 2010. The current energy service rate is 8.78 cents.

As directed by the PUC, PSNH submitted projected energy service rates under a high and low migration scenario. Should migration increase to 33.1%, which PSNH used as the high scenario, the energy service rate would be 8.77 cents.

The 2011 Stranded Cost Recovery Charge is preliminarily projected at 1.18 cents per kWh, which is 0.02 cents per kWh lower than the current rate of 1.20 cents per kWh.

The Stranded Cost Recovery Charge includes both costs associated with the Rate Reduction Bonds as well as "on-going" stranded costs consisting primarily of the above-market value of energy purchased from independent power producers (IPPs) and the amortization of payments previously made for IPP buy-downs and buy-outs as approved by the Commission (known as Part 2 stranded costs). The projected level of Part 2 stranded costs, excluding a return credit to customers related to deferred taxes, for 2011 is \$35 million. Including the return component, Part 2 stranded costs are projected to be \$31 million.

### **NiMo Says Utility Control of HAN Commercial Opportunities Appropriate for Near Future**

Niagara Mohawk believes that, for the "immediate" future, "it is appropriate for utilities to be provided sole control of the potential commercial opportunities of the HAN [Home Area Network]," NiMo said in comments in the New York PSC's smart grid docket (10-E-0285). NYSEG and Rochester Gas & Electric said that utilities should not be granted exclusive control over HAN commercial opportunities, but said that, "utilities should not be excluded from

participation in the Home Area Network ('HAN') marketplace."

NiMo argued that HAN commercial opportunities should exclusively be the domain of the utilities because security of the HAN cannot be ensured by the customer. "The communications infrastructure is under the control of the utility where the communications to the HAN devices would go through the meter," NiMo said.

NiMo further said that, "[t]here may be some opportunities for customer control as it applies to those HANs that are connected to the customer's internet access point. If a given customer with a smart meter prefers to purchase their own HAN equipment, the Company could approve such a purchase provided that the HAN device is certified by the HAN vendor that the utility selects, or will be interoperable under a common standard. As the standards in this space are evolving, not all such devices are supported today."

NiMo also said, however, that, "it believes that letting the market drive innovation is the best position for all parties."

While utilities, "are interested in having some control over communications to HAN devices during load control events," NiMo said that utilities are most likely not in the best position to control Home Energy Management System (HEMS) devices, "and believes that the open market should provide such devices."

Still, "[t]he Commission should consider other models for delivery including utility provision of HAN equipment," NiMo added. "Utility provision of these services may speed the implementation of equipment development for HAN and customer acceptance of the technology. At the same time, utility provision may be more cost-effective than third party provider. The Commission should ensure that any effort to provide HAN devices results in the lowest possible cost to customers for provision of these services," NiMo said.

NYSEG and RG&E said that utilities should not be provided with sole control of the potential commercial opportunities of the HAN, since the Commission, "has in the past allowed the competitive development of the retail energy and energy services businesses that in essence required the market place for other services to

develop on a fair and equal basis to all market participants."

"However, utilities should not be excluded from participation in the Home Area Network ('HAN') marketplace," NYSEG and RG&E said.

Furthermore, NYSEG and RG&E stressed that utilities, "should not be expected or required to encourage new players," in the HAN market or related markets.

"The competitive energy marketplace has advanced such that the advent of potential new products and services will occur as market conditions warrant," NYSEG and RG&E said.

## **NYISO RNA Finds Supplies Sufficient Through 2020**

The New York ISO released the 2010 Reliability Needs Assessment which finds that under base case scenarios, New York State's electric power resources (generation, transmission and demand-side programs) are expected to meet the state's electricity reliability needs through 2020, assuming energy efficiency programs and planned resource additions proceed as anticipated and no significant facilities are retired from service.

With the finding of no reliability needs, no request for reliability solutions will be issued this year. However, the NYISO will continue to monitor all developments that have the potential to impact reliability

Still, "New York faces potential challenges including the need to carefully balance environmental policy objectives with the reliability requirements of the electric system," said Stephen G. Whitley, NYISO president & CEO.

In particular, NYISO's assessment indicates that the retirement of more than 1,000 MW of generating capacity from the Long Island, New York City, or Lower Hudson Valley regions would pose reliability risks. The assessment additionally notes that specific plant retirements could cause transmission problems.

A scenario modeling the retirement of the Indian Point nuclear plant showed reliability violations in 2016 if both units retire when their current licenses expire. Impacts would include loss of power supply and transmission voltage

support affecting the metropolitan New York region.

A stronger than expected economic recovery could pose reliability risks in 2019, absent the projected impact of energy efficiency programs, NYISO found.

### ***TCRF ... from 1***

order within 45 days means that the TCRF will always be approved prior to the effective date, and precludes the need for the charging of an interim rate pending Commission adjudication.

Staff's proposal for adoption also omits carrying charges from the TCRF recovery entirely, departing from an earlier draft, thereby eliminating a potentially significant degree of complexity from the TCRF calculation.

### ***WGL POR ... from 1***

The PSC accepted for filing WGL's tariff pages 42, 43, 45, and 45a with an October 1, 2010 effective date, as filed on July 16 and amended on September 10.

These tariff pages, among other things, implement the proration of delivery volumes as required under COMAR 20.59 to account for, and provide credit to the supplier for, days for which the supplier is required to deliver gas to a new customer under first-of-the-month enrollment, but for which the supplier does not bill the customer due to the customer's billing cycle.

Aside from taking the POR tariff under advisement, the Commission also deferred consideration of WGL's tariff pages to implement the electronic exchange of information, which has a proposed effective date of May 15, 2011. The gas electronic transaction working group is still working on such electronic standards. PSC Staff reported that the working group expects to file on September 30 or shortly thereafter a report clarifying the status of the draft standards and implementation at each utility.