Energy Choice Matters

December 22, 2009

PUCT Staff Posts Strawman for 500 MW Non-Wind Carve-Out in RPS

PUCT Staff has posted a strawman that would create a solar carve-out in the state's RPS, as well as a non-wind, non-solar carve-out, to achieve the 500 megawatt non-wind renewable energy target in PURA § 39.904 (35792).

RECs would be classified into three tiers. Tier 1 RECs would originate from a new renewable resource using solar renewable energy technology. Tier 2 RECs would originate from a new renewable resource using renewable energy technology other than wind or solar. Tier 3 RECs would originate from any vintage wind resource, or non-wind resources that are not considered new.

New non-wind renewable resources, the only resources eligible for either Tier 1 (solar) or Tier 2 (non-solar, non-wind) RECs would be defined as facilities installed after September 1, 2005. The strawman would allow facilities online prior to September 1, 1999 to generate Tier 3 RECs, eliminating a current restriction which only allows such older plants to create REC offsets. With the new carve-outs, the strawman would strike the current compliance premium paid to non-wind RECs.

The strawman maintains the current overall megawatt target of renewable resources, but carves outs targets for solar and other non-wind resources. Per the strawman, the renewable energy capacity requirements for the compliance period beginning January 1 of the year indicated shall be:

- 3,384 MW of new resources in 2010, including 100 MW from non-wind renewable resources, 10 MW of which are from solar resources;

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Calif. Draft Would Incrementally Raise Load Served by Cerritos, but Still Impose Cap

The City of Cerritos, California, would be allowed to serve retail customers on an opt-in basis and incrementally expand the load limit currently applicable to its aggregation, under a draft California PUC decision posted yesterday. However, the proposed decision would not allow Cerritos to serve an unlimited amount of aggregation load, as it had requested (A. 09-06-008).

Cerritos operates under Assembly Bill 80, which created "community aggregators," an entity distinct from community choice aggregators under AB 117. Cerritos and Southern California Edison (in whose territory Cerritos is located) have disagreed on what rights community aggregators have under AB 80. Cerritos has argued that community aggregators may offer opt-in aggregations, where customers may elect to join the pool similar to choosing a direct access provider. SCE has contended that community aggregators must offer aggregation to all customers in their aggregation territory on an opt-out basis, as community choice aggregators must do. Alternatively, if opt-in service is allowed, SCE said that the load must be capped at the amount of generation Cerritos receives from the Magnolia Power Project (Only in Matters, 6/16/09).

While this legal disagreement has been pending, SCE and Cerritos entered a compromise that allowed Cerritos to serve up to 13.02 MW of load on an opt-in basis, to allow Cerritos to utilize its entitlements from the Magnolia Power Project (MPP) which it helped develop. Cerritos has reached the load cap under the compromise and petitioned the PUC for a ruling on its rights.

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PPL Posts Final 2010 Prices to Compare

PPL posted its final class specific Prices to Compare for the year 2010, reflecting final reconciliations of transmission and other charges. The final Residential (Rate RS) Price to Compare is 10.448¢/kWh, compared with an October estimate of 10.55¢, and an early December estimate of 10.818¢.

PPL 2010 Final Price to Compare

Rate	Generation Supply Charge** (¢ / KWH)	Transmission** (¢ / KWH)	PA Tax Adj Surchg.* (¢ / KWH)	Price to Compare* (¢ / KWH)
RS	10.133	0.316	-0.001	**10.448**
RTS	8.783	0.316	-0.001	**9.098**
RTD	10.133	0.316	-0.001	**10.448**
RWO	10.133	0.316	-0.001	**10.448**
RW1	10.133	0.316	-0.001	**10.448**
BL	10.125	0.278	-0.001	**10.402**
GS1 G1D	10.125	0.278	-0.001	**10.402**
G1V	10.133	0.316	-0.001	**10.448**
G1C	10.125	0.278	-0.001	**10.402**
GH1, H1P, H1Q	10.125	0.278	-0.001	**10.402**
GH2 H2R	10.125	0.278	-0.001	**10.402**
SA	10.125	0.278	-0.001	**10.402**
SA (per lamp)	$6.642	$0.18	-0.001	**$6.821**
SE (cents per kwh)	10.125	0.278	-0.001	**10.402**
SHS	10.125	0.278	-0.001	**10.402**
SHS (per lamp)(9500 Lumen)	$4.320	$0.12	-$0.001	**$4.439**
SM	10.125	0.278	-0.001	**10.402**
SM (per lamp)(6650 Lumen)	$7.763	$0.21	-$0.001	**$7.972**
TS	10.125	0.278	-0.001	**10.402**
TS (cents per watt)	7.397	0.200	-0.001	**7.596**
SI 1	10.125	0.278	-0.001	**10.402**
SI 1 (per lamp)(600 Watt)	$2.101	$0.06	$0.000	**$2.161**
GS3	10.125	0.278	-0.001	**10.402**
G3V	10.133	0.316	-0.001	**10.448**
G3C	10.125	0.278	-0.001	**10.402**
IS1	10.125	0.278	-0.001	**10.402**
LP4	9.210	0.239	-0.001	**9.448**
L4C	9.210	0.239	-0.001	**9.448**
ISP	9.210	0.239	-0.001	**9.448**
LP5	8.953	0.041	-0.001	**8.993**
L5S	8.953	0.041	-0.001	**8.993**
LP6	8.953	0.041	-0.001	**8.993**
IST	8.953	0.041	-0.001	**8.993**

**   These figures reflect a State Tax Adjustment Surcharge of -0.014% for Generation and Transmission.*
*** Gross Receipts Tax is included in Generation and Transmission at 5.9%.*

DPUC Requests More Info from Direct on Gas Termination Petition

The Connecticut DPUC requested that Direct Energy provide more information regarding what relief the Department may grant regarding Direct's petition to terminate non-residential gas customers in arrears, as the DPUC said that the dispute appears to ask for an interpretation of an agreement between Direct and an end-use customer (09-11-15).

As only reported in *Matters*, Direct petitioned the Connecticut DPUC to issue a ruling pursuant to Conn. Gen. Stat. §16-20 regarding whether the LDCs can prevent Direct from terminating supply to non-paying customers. Southern Connecticut Gas and Connecticut Natural Gas have informed Direct that they believe that Direct is prohibited from terminating customers who have received service from a third party supplier for less than 12 months, since the tariff requires customers to stay on third party supply for 12 months. Direct countered that while terminated customers may not be able to return to sales service, nothing in the tariff obligates the same supplier to serve a specific customer for the entire 12 months the customer is on third party supply (Only in Matters, 11/26/09).

Despite Direct's focus on the tariffs and the LDCs' interpretation of the tariffs, the DPUC said that regarding terminations, "it appears that Direct Energy Services, LLC (Direct Energy) is requesting an interpretation of an agreement between it and its end-use customer," and the DPUC requested that Direct provide the statutory authority by which the Department can act.

Direct also asked, should it terminate service to a customer, that the LDCs not subject Direct to imbalance or Failure to Deliver penalties associated with that terminated customer's load. "Direct Energy appears to seek the Department's ruling on an issue that may occur in [the] future depending on Direct Energy's actions pursuant to an agreement between it and its end-use customer ... To the extent that [this] regards a matter that may occur in the future, the Department declines to rule because the matter is not ripe for adjudication," the DPUC said.

The Department further asked Direct to justify that it has standing to bring a petition under §16-20.

Briefly:

Dominion Retail Offering Additional PPL Residential Product

Dominion Retail has added a second product to its offerings available to PPL residential customers, by offering a term product with a rate of 8.99¢/kWh through March 2010, and a rate of 9.49¢ from April through December 2010. The product includes a $50 termination fee. Dominion Retail is still offering a no-termination-fee fixed rate 10% off the PPL Price to Compare through the December 2010 billing cycle, with the rate now lower at 9.403¢/kWh based on the latest PPL Price to Compare (see related story).

ResCom Energy Receives Conn. Supply License

The Connecticut DPUC granted ResCom Energy, LLC an electric supplier license to serve residential, commercial and industrial customers. ResCom is run by CEO David Cohen, co-owner of Standard Oil of Connecticut where he grew active accounts by 100%, and Standard Security Systems. Combined the two firms have over 35,000 customers (Only in Matters, 8/31/09).

Keytex Energy Solutions Seeks Pa. Broker License

Keytex Energy Solutions applied for a Pennsylvania electric broker/marketer and aggregator license to serve commercial customers above 25 kW and industrial customers in all service areas. Keytex formerly operated as Three Rivers Energy Consulting and owns 50% of Keystone Energy Consulting, which was licensed as a broker in Pennsylvania earlier this year (Only in Matters, 4/17/09). Affiliate Keytex Energy LLC is a FERC authorized power marketer.

PUCT Grants Amaris Energy Aggregator Certificate

The PUCT granted Amaris Energy Group an electric aggregator certificate to pool all customer classes.

Pa. PUC Releases Energy Consumer Bill of Rights

The Pennsylvania PUC, Office of Consumer Advocate and Rep. John Bear yesterday released the Pennsylvania Energy Consumer Bill of Rights, which mainly consolidates existing protections into a single document. The Bill of Rights covers issues including the Right to Safe and Reliable Utility Service; Choosing an Electric or Natural Gas Supplier; Filing Complaints; Energy Assistance; Termination Rights; and Privacy. Among other things, the Bill of Rights provides consumers with the right to a Price to Compare from both the utility and competitive supplier so that the customer is able to make an apples-to-apples comparison.

Better Cost Control Would Receive Aggregation License Under Conn. Draft

The Connecticut DPUC would grant Better Cost Control, LLC an electric aggregator certificate to serve commercial and industrial customers under a draft decision (Only in Matters, 11/24/09).

AEP Ohio EDCs Submit Payment Order Tariff Filings

Columbus Southern Power and Ohio Power have submitted tariff revisions at PUCO to revise their payment processing order for utility consolidated bills consistent with an earlier PUCO order. Under the changes, past due competitive supply charges are to be paid first; followed by past due distribution and Standard Offer Service generation and transmission charges; current distribution and Standard Offer Service generation and transmission charges; current competitive supply charges; and other past due and current non-regulated charges (Only in Matters, 11/6/08).

Glenridge Gas Utilization Seeks Ontario Electric Retailer Licence

Glenridge Gas Utilization, a landfill gas generation developer, applied for an Ontario electricity retailer licence. Glenridge is a partnership between Integrated Gas Recovery Services Inc. and St. Catharines Hydro Generation Inc.

D.C. Tweaks Natural Gas Supplier Reporting Requirement

The District of Columbia adopted as final minor changes to the natural gas service quality reports required of competitive suppliers (FC 977). The quarterly reports on billing errors and other compliance matters must now include an aggregate total for the quarter, in addition to providing a monthly breakdown for each of the three months covered as was provided in the original rule (Only in Matters, 9/18/09).

ERCOT Congestion Costs Lower in 2009

Zonal congestion costs in ERCOT through September 2009 were about $70 million, down dramatically from the $375 million seen in the year 2008, and on par with 2007 zonal congestion costs, ERCOT said in a report on transmission constraints and needs (33577). Intrazonal congestion costs in ERCOT through September 2009 were $144 million, down from the $185 million seen in the year 2008. Annual intrazonal congestion costs for 2009 are about even with the 2007 levels, ERCOT said. Annual intrazonal congestion costs were as high as $405 million in 2003. ERCOT also reported a summer 2010 peak demand forecast of 64,056 MW, an increase of approximately 1% from the 2009 actual peak demand of 63,534 MW, but about 5% lower than the 2010 forecast provided a year ago, due to current economic conditions.

Connecticut Light & Power Posts November Migration Statistics

Connecticut Light & Power posted migration statistics for November, but the supplier-specific customer counts are erroneous as suppliers which have exited the market are shown having customers, while some current suppliers are shown with zero customers. However, the aggregate data appears to be correct, showing an increase in total migrated accounts to 192,236 as of November 30 (15.8% of accounts), up from 177,179 (14.6%) as of October 31, 2009. As of November 30, migrated residential accounts were 141,984, and migrated business accounts were 50,252.

Allegheny Power Re-files for PATH CPCN in Maryland

Allegheny Power has submitted a new

application to the Maryland PSC for a CPCN for the Potomac-Appalachian Transmission Highline, a joint venture between Allegheny and AEP. A prior CPCN application was dismissed because Allegheny was applying on behalf of the PATH joint venture, but the Commission found that it could not grant the joint venture a CPCN since it is not an "electric company" as defined by statute. The Maryland PSC has justified consideration of new supply sources, possibly backed by long-term contracts, on the risk that transmission improvements such as PATH will not be constructed in time to correct forecast reliability violations. PATH is targeted to go into service in 2014.

Nstar Subsidiary Sells Cogeneration Plant

Nstar has sold its wholly-owned subsidiary, Medical Area Total Energy Plant (MATEP), to a joint venture comprised of Veolia Energy North America and Morgan Stanley Infrastructure Partners for approximately $320 million in cash. MATEP includes an 85 MW cogeneration plant that provides heating, chilled water service and electricity to several hospitals, medical research and biotechnology centers, and teaching institutions in the Longwood Medical Area of Boston. It represents the last generation owned by the Nstar corporate family, as Nstar said it wishes to focus on its transmission and distribution projects.

Texas RPS ... from 1

- 3,384 MW of new resources in 2011, including 200 MW from non-wind renewable resources, 20 MW of which are from solar resources;
- 4,376 MW of new resources in 2012, including 300 MW from non-wind renewable resources, 30 MW of which are from solar resources;
- 4,376 MW of new resources in 2013, including 400 MW from non-wind renewable resources, 40 MW of which are from solar resources;
- 5,000 MW of new resources in 2014, including 500 MW from non-wind renewable resources, 50 MW of which are from solar resources; and
- 5,000 MW of new resources for each year after 2014, including 500 MW from non-wind renewable resources, 50 MW of which are from solar resources.

Compliance obligations placed on individual REPs would be done in the same manner as today (pro rata share of sales, excluding any customer opt-outs), only now accounting for the carve-outs in addition to the overall goal.

The strawman would also introduce formal alternative compliance payments to the market, for non-wind resources. Previously, a $50/REC penalty, which remains for Tier 3 RECs, served as a de facto alternative compliance payment.

For Tier 2 RECs (non-solar, non-wind), the alternative compliance payment would be $40/REC. For Tier I RECs (solar), the alternative compliance payment would be $100/REC. There would be no alternative compliance payment for Tier 3 RECs (just the current penalty).

REPs failing to show compliance with the renewable goals or making alternative compliance payments would be subject to penalties of $50/REC for each deficient Tier 3 REC, and an amount equal to twice the alternative compliance payment for each Tier 1 or Tier 2 REC that the REP is deficient.

Cerritos ... from 1

The proposed decision would find that AB 80's language is clear that Cerritos may offer service on an opt-in basis, noting that community aggregators are provided with the ability to serve customers "notwithstanding" the suspension of direct access. Furthermore, the draft notes that community aggregators are obligated to "offer" the opportunity to purchase electricity from the aggregator to all residential customers within their jurisdiction. By using the term "offer," the Legislature signaled its intent that customers would be able to affirmatively select aggregation service. "Affirmative selection may only be done on an opt-in, not opt-out, basis," the draft finds.

While Cerritos may serve customers on an opt-in basis, the draft finds clear support in the statute that the aggregated load should be limited to the amount related to Cerritos' interest in the Magnolia Power Project, as AB 80 was intended as a vehicle to ensure that the plant would be developed during the energy crisis by ensuring its output could be used by its developers at the retail level.

No statute or other material cited by Cerritos, "expresses any intent that Cerritos was to be granted a complete exemption from the suspension of direct access service," the proposed order concludes. "[W]e agree with SCE that interpreting AB 80 as granting a complete exemption from the suspension of direct access service would put MPP participants in a better position than other electric service providers," the draft adds.

While Cerritos' aggregation is subject to a load cap related to its Magnolia Power Project interest, the draft does find that the load cap should be increased, if necessary, to reflect that community aggregators must meet applicable RPS procurement requirements. In order to use all of the generation from its entitlement to the Magnolia Power Project, Cerritos must be allowed to serve an additional amount of retail load above that entitlement to account for renewable supplies it must purchase in addition to its Magnolia supplies to meet RPS requirements, the draft finds. The draft does not provide a megawatt figure for the expanded load cap.