

Tuesday November 4 2008

Amerex Energy introduces novel 'heat rate pricing model'

Big buyers laud approach that locks in half the price

Three universities and a public school district are among the first customers to consider a new product offered by Amerex Energy and called a heat rate pricing model.

"This unique model is designed to help customer's secure lower electric rates and maintain flexibility in a volatile market," said Amerex yesterday.

The schools are Loyola University, St Xavier University, Rockford College and the Indian Prairie School District.

This procurement strategy, called Managed Heat Rate gives the consumer more control by unbundling and separately managing the primary

components that comprise power prices.

"We don't lock the price, we lock part of it -- about half -- and float the rest until there is a dip in the market," Amerex broker Larry Allen told us yesterday.

Amerex Energy Services successfully unbundled power price components in Illinois, letting food service giant Aramark introduce the approach to educational institutions as a means to manage escalating utility budgets.

"These colleges, universities and school districts ... have taken the time to understand the new landscape of power procurement and are leading the way for other institutions to benefit from electric deregulation," said Vince Martinez, Amerex's national director.

Heat rate contracts can offer long-term cost savings over traditional

fixed-priced contracts, said Amerex, and provide price stability and budget certainty, features particularly desired by educational institutions.

"The managed approach is an excellent alternative to fixed rate pricing," said Paul Matthews, an assistant VP at St Xavier University. "Our multi-year contract protects the integrity of our budget this year. It also provides greater price predictability in future years than we could obtain with a fixed rate agreement."

"Managed Heat Rate is one of the most innovative electric procurement strategies I have seen," said Loyola CFO Bill Laird. "It truly provides us with flexibility, budget predictability and the opportunity to reduce our electric costs."

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MISO reports plenty of generation, DR for winter season

Wind doubles, DR grows by half as coal hangs in

The Midwest ISO expects to have enough generation capacity to meet peak winter power demand this year, it assured yesterday.

The expected peak in its markets is about 79,362 mw, a dip of 3.72% from last winter's peak of 82,430 mw in January.

"We experienced a net increase in generation resources over the past year as well as lower growth in demand due to the economy," said Vice President of Transmission Asset Management Clair Moeller.

The economy forced some large industrial consumers to pare back production or shut down.

Due to more generation and lower demand, MISO is confident it can meet the peak with a reserve margin of 33,366 mw or 42% of the net internal demand, far above the 14.5% required by state authorities.

Most of the higher demand came from DR and renewables -- with wind power nearly doubling from a year ago.

DR grew 52% from last winter with 1,091 mw available to grid operators.

MISO has access to interruptible load programs with 2,624 mw available from industrial sites and load management programs of 559 mws -- mostly from water heaters.

Wind power made up just over half of the supply side growth with 2,468 mw added. Gas was a close second at 2,096 mw.

Coal is still the top fuel, producing 52.3% of MISO's power but new coal was only 162 mw -- just 3.4% of the growth.

Load shedding could be triggered by higher demand and loss of load without exterior support due to weather -- but the ISO believes it's not likely.

[\[Comments\]](#)

FERC OKs Pepco transmission line from Virginia to New Jersey

FERC approved rate incentives for Pepco Holdings' 230-mile Mid Atlantic Pathway Project (MAPP), the commission said yesterday.

The backbone line stretches from Virginia to New Jersey and would improve PJM's reliability.

"The MAPP project is an example of the type of large-scale transmission project investment that the nation needs -- and one that will significantly strengthen the grid by providing major consumer and reliability benefits for the Mid-Atlantic region," said Chairman Joseph Kelliher.

Pepco plans to build the 500 kv line in segments, starting at a Dominion substation in Virginia then crossing the Potomac River to Maryland.

It would then go under the Chesapeake Bay, cross the Delmarva Peninsula and finish in Southern New Jersey.

Construction would finish in 2013 and cost \$1.05 billion. Dominion is paying \$950 million of that. FERC

authorized an added 1.5% return on equity to the firm's existing 11.3% plus recovery of construction work in progress and prudently incurred abandoned plant costs.

PJM approved the line in its Regional Transmission Expansion Plan and noted the line has the promise of bringing 1,300 mw of wind generation from the RTO's

western regions to large populations on the East Coast.

The line will be run with smart grid technology and should save \$113 million annually to the Mid-Atlantic Region, a figure that could grow if the portion under the Chesapeake becomes an HVDC line.

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SaveOnEnergy.com teams up with big Dallas music venue

SaveOnEnergy.com signed a three-year partnership deal with Nokia Theatre at Grand Prairie in Dallas, Texas.

The competitive energy sales portal will get significant onsite signage and logo placement throughout the theater -- that's named for the Finnish mobile phone giant and run by the world's second largest concert promotion and touring firm, Anschutz Entertainment Group.

The theater will save about 25% on power over the lifetime of the deal and that adds up to \$500,000 over three years.

"We are focused on strengthening our brand in Texas and the Nokia Theatre partnership is the next step in an aggressive branding campaign planned for the next several years," said SaveOnEnergy.com CEO Brent Moore.

"We want consumers to understand that SaveOnEnergy.com is the simple, smart way to shop for competitive electricity rates for their home or office."

The Nokia Theatre at Grand Prairie seats 6,350 people inside and plays host to major music acts including the Eagles, Bruce Springsteen and Kanye West.

"Brent Moore and his team have already demonstrated their ability to save the theatre significant amounts on electricity expenditures and we look forward to showcasing those same types of savings to the concertgoers of North Texas when they visit our facility," said Nokia Theatre Vice President Larry Fontana.

[\[Comments\]](#)

Building automation alliance drives technology for energy efficiency

Austin firm NovusEdge signed up as a member of the NewEnergy Alliance -- that aims to create buildings with smarter energy use.

The alliance is trying to forge a new power load response model to surpass the typical utility-driven DR offerings -- and give customers more control over their energy costs.

"Our Asset Aware Networks offering is based on open building automation systems and existing customer infrastructure," said NovusEdge VP of Business Development Anno Schloten.

"This helps us fulfill the alliance's goal of providing best-in-class innovative technologies to promote sustainable energy strategies."

The alliance is aimed at creating "energy responsive" buildings by

integrating automation systems with real-time energy market data and pricing signals, said Constellation NewEnergy Vice President of Alliances Leighton Wolfe.

The strategy includes driving innovation across the building automation system industry by sharing best practices, new technologies and advanced energy strategies to bring the economic and environmental benefits of DR to each building with an automation system.

Constellation NewEnergy is taking part through its subsidiary Constellation Alliance. Other members include Cimetrics, Clasma, Delta Controls, Energy Control, Gridlogix, LonMark International, Novar, Richards-Zeta and Tridium.

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Massachusetts power shopping holds the line

Massachusetts power shopping continued to hold the line, remaining at 13.1% of customer accounts from April to July. As 329,833 customers shopped in July, competitive load came in at just 2 million kwh, said the state's Division of Energy Resources.

The tally of shoppers dipped in July by 14,893 but shopped load moved up by about 127 million kwh.

Of seven incumbents, five reported their shopping percentage from month-to-

month was unchanged. Of the remaining pair, one moved up and the other down.

Western Massachusetts Electric was the only firm to report a boost in shopping, moving up 0.2% to finish the month at 7.5%.

The only firm to show a drop in shopped accounts was Massachusetts Electric where 15,228 fewer customers shopped month-to-month for a dip of 0.9% to 5.7%. While overall kilowatt

hours grew in July, none of the seven firms showed a rise in the share of competitive load.

Six of the seven firms registered a drop in that share with Western Massachusetts dropping the most at 7.6% while Boston Edison slipped the least at 1.4%.

Other firms that lost shopped load were Fitchburg Gas & Electric (3.1%), Nantucket Electric (2.6%), Massachusetts Electric (2%) and Cambridge Electric (1.9%).

The only firm not to show a dip in July was Commonwealth Electric where shopped load remained at 63% from

month-to-month. The number of firms with over half their load shopped fell from four to three in July as Western Massachusetts dropped out of the club. Those with 50% or more shopped load totaled five but June saw Fitchburg slip below the mark.

[\[Comments\]](#)

Massachusetts power shopping - July 2008

By customer class	Basic service			Competitive generation		
	Customers	kwh	Customers	%	kwh	%
Residential-- non low income	1,874,686	1,289,998,138	233,244	11.1%	173,658,687	11.9%
Residential -- low income	178,714	100,722,875	12,146	6.4%	7,524,818	7.0%
Residential -- Time-of-Use	323	606,887	43	11.7%	266,683	30.5%
Small commercial & industrial	216,645	266,039,233	58,362	21.2%	141,662,094	34.7%
Medium commercial & industrial	31,220	331,767,077	14,233	31.3%	311,022,814	48.4%
Large commercial & industrial	1,964	245,296,789	4,790	68.6%	1,403,208,085	85.1%
Farms	581	1,231,284	47	7.5%	608,298	33.1%
Street lights	9,315	7,003,558	6,968	42.8%	15,090,936	68.3%
Total	2,313,448	2,242,665,841	329,833	13.1%	2,053,042,415	47.8%
Utilities						
Boston Edison	680,053	701,745,639	43,642	6.0%	726,230,574	50.9%
Cambridge Electric	48,042	59,770,376	2,322	4.6%	104,979,993	63.7%
Commonwealth Electric	173,311	159,896,506	196,322	53.1%	272,197,798	63.0%
Fitchburg Gas & Electric	27,739	22,871,999	490	1.7%	18,947,273	45.3%
Massachusetts Electric	1,181,864	1,099,990,455	71,418	5.7%	791,404,539	41.8%
Nantucket Electric	12,396	12,044,929	243	1.7%	1,823,359	13.1%
Western Massachusetts Electric	190,043	186,345,937	15,396	7.5%	137,458,879	42.5%

Source: Massachusetts Division of Energy Resources

3 stories in 1 minute

Progress Energy Carolinas files efficiency programs:

Progress Energy Carolinas filed three energy-efficiency programs including a residential solar water heating pilot program -- with the North Carolina Utilities Commission (NCUC). The filings came on the heels of four new programs approved by the NCUC in October including residential load control, new residential construction and new and retrofit programs for C&I and government energy users. The firm is completing program design on the first four approved programs.

The new programs include a residential home energy improvement plan, a C&I efficiency program and a residential solar water heating pilot that offers 150 customers a \$1,000 incentive to help defray the cost of new solar water heating gear.

FAO Schwarz signs

up for DR with ECS: New York toy store FAO Schwarz is enrolling in a DR program through Energy Curtailment Services. FAO Schwarz plans to shut down lighting and computers in its offices and other areas not serving the sales floor.

"We encourage our fellow Manhattan businesses to consider joining us in this initiative," said FAO Schwarz CEO Ed Schmults.

Energy market reversal

helps boost gas price: NYMEX natural gas futures surged Friday, erasing a loss from the previous day on short covering and a reversal in the energy markets overall, analyst Jackson Mueller reported. The contract added on 35.2¢ to close at \$6.783.

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