Restructuring Today

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Brent Moore taking SaveOnEnergy.com to New York soon

He's confident that he'll add New York residential shopping -- power and natural gas -- to the website by the first quarter of next year.

He's going to focus first on residential shopping, then target brokering and consulting services to big C&Is.

He's president and founder of SaveonEnergy.com (RT, 8/11), an online clearinghouse Moore wants to become the LendingTree.com (the home mortgage site) of retail energy sales.

"We're growing," Moore told us Friday.

The website now offers power choices for Texas customers.

Shopping through his site has risen "considerably" since redesigning and relaunching the portal in August.

Growth has been faster than expected, he noted.

He's opening an office in Houston to go with his Dallas headquarters to give his firm a deeper reach into South Texas.

He started the firm by catering to big C&Is then branched into the mass market with his online portal last year.

The New York shopping portal will have the same address and will use the same approach to give customers offers and information.

Moore lists several marketers' offers on his site to give customers' a complete view of the market but only recommends a handful of products to customers.

He picks what he sees as the best of the breed across different product types -- the best fixed plans, the best variable plans and best green plans.

In Texas he typically recommends about five products.

He may limit his recommendations in New York to start as he weighs marketers' offerings there.

Moore has seen big interest from New York marketers about participating on his site.

September's business has exceeded his expectations, he told us.

Moore hasn't seen the shopping slowdown he typically sees in the fourth quarter.

He attributes that to greater aggression from marketers as the clock ticks toward the end of the price to beat in Texas.

High summer bills have driven customers into the market as well and he thinks SaveOnEnergy's brand recognition is growing.

Moore has been advertising heavily with the end of the price to beat looming.

He has a good sense that incumbents are getting ready to unveil a lot of new products and strategies, he told us.

It's not going to be a tidal wave, he added, but it's an exciting time to be a player in Texas.

Illinois won't repeat hourly price auction

The Illinois Commerce Commission has decided not to repeat the hourly section of its power auction held earlier this month.

The ICC had OKd results for fixed-rate power more than a week ago but then ordered a probe of power bidding for large C&I customers who move to hourly default service rates next year (RT, 9/18).

More than 1,100 residential customers in Commonwealth Edison's footprint -- members of a real-time rate pilot -- are impacted too.

But the ICC concluded that the hourly price auction was well managed, followed the rules and didn't show evidence of collusion among bidders.

It's true fewer suppliers bid than were expected yielding hourly prices that might be "uneconomic" for customers, the ICC wrote in its investigation order.

BOTTOMLINE: ICC staff, ComEd, Ameren and auction manager NERA met last week to decide whether to repeat the auction in hopes of luring better bids.

They concluded, though, that repeating the auction wouldn't "address or resolve such concerns," said NERA.

A new law, enacted this summer, may have aggravated ICC worries about the hourly prices (RT, 7/6).

All customers -- residential included -- are to have the option of paying hourly rates.

Now the race is on to sign C&I customers during enrollment windows open for only 30 days at Ameren's utilities and 50 days at ComEd's (RT, 8/11).

When is a retail market `workably competitive?'

NEMA wants to know.

New York regulators used the term in explaining their decision that New York State Electric & Gas may keep offering a fixed-rate next year and maybe the year after that (RT, 8/24).

NEMA is asking the PSC to clarify its view.

It wants to make sure too that a monopoly can't "protect its market share by blocking market entry or undermining competition, only to return the next year claiming the market is still not workably competitive."

The PSC should confirm that the case is unique and won't set a precedent, NEMA urged.

NEMA wants the PSC to make clear that the State Action Doctrine won't apply once the retail power market is declared competitive.

That doctrine, of course, exempts

state regulators' rules from antitrust enforcement.

The doctrine wasn't intended, NEMA stressed, to protect monopolies in competitive markets.

Making that clear would "place a scintilla of risk on the utility ledger" if the utility is allowed to compete with competitive products rather than stay in its traditional cost-of-service role, NEMA noted.

NEMA asked what risk NYSEG was taking where it's allowed to earn a regulated rate of return -- without apparent risk -- and earn a profit on top of that.

The marketers doubt that's the policy signal the PSC intended to send to other utilities.

NEMA asked too how soon NYSEG must give notice that it plans to continue its fixed-rate plan for another year.

Marketers need some warning to create their own fixed-price offers once they know the utility won't be competing with them.

Mass regulators seek comments on green plan

Massachusetts regulators want comments on a unique plan proposed by Western Massachusetts Electric (Northeast Utilities) that lets eco-minded customers make tax-deductible contributions to boost clean energy that would be matched, 2-1.

The Clean Energy Choice/Western Massachusetts Power of Green Fund Program teams the utility with the Massachusetts Technology Park (MTP), administrator of the state's Renewable Energy Trust Fund.

Customers who volunteer for the plan would pay $5-10/month to support green power.

Their contributions would be matched by equal contributions by MTP to the Renewable Energy Trust Fund and matched again, dollar-for-dollar, by a contribution to the customer's town for clean energy projects.

The customer gets to deduct his contribution and Clean Energy Choice gets $3 for every $1 he puts in.

The utility developed the plan after finding in a 2004 survey that one in every three customers would be willing to spend an extra 10% on their utility bills for renewable energy.

Renewable projects developed with the funds are to be built in the utility's footprint. A Dept of Telecommunications & Energy hearing on the plan is set for Oct 5.

OK New Jersey got off to a good start, but. . .

Other states have "leapfrogged" New Jersey even though the state had an early start on opening its retail power market, Retail Energy Supply Assn Attorney Roger Schwarz testified Thursday.

RESA wants the Board of Public Utilities to decide now to move more customers to hourly basic generation service (default) rates -- beginning in June 2008.

It favors setting a cutoff of 500 kw (RT, 9/22).

The size of customers paying hourly rates is dropping next year to 1,000 kw from 1,250 kw.

Hourly default service rates are applied to much smaller C&Is elsewhere, Schwarz noted -- 500 kw at National Grid (formerly Niagara Mohawk Power) in New York and 300 kw at Duquesne Light in western Pennsylvania.

Schwarz urged BPU to change the way BGS power is bought for C&Is using 100-1,000 kw.

Power should be bought on one-year contracts beginning with February's big BGS auction -- not laddered three-year contracts as it's bought now.

Moving those customers' power supply to one-year contracts is "hardly" radical, Schwarz told the BPU.

C&Is using as little as 25 kw -- the size of a Subway sandwich shop -- are to pay rates that change quarterly in Maryland next year, Schwarz pointed out.

"It's a regional economy," he noted. "And states are using improvements to their competitive energy markets as an economic development tool."

New Jersey's now blunted price signals will make it hard to meet the governor's goal of meeting 20% of the state's energy needs through conservation and efficiency by 2020, Schwarz added.

RESA urged the PSC to eliminate next year the default supply service availability charge (DSSAC) that covers capacity charges for C&Is paying hourly rates.

The amount of the charge was set administratively last year instead of being set by bidding suppliers.

"Let's just say that the auction didn't work out as well as in previous years," Schwarz testified.

BGS suppliers can include in their bids a C&I Energy Pricing service charge -- covering PJM capacity charges, ancillary services and other non-capacity market risks, RESA suggested.

Shoppers shouldn't have to pay the charge anyway, Schwarz pointed out.

Watch demand response firms become national soon

Demand response firms are to keep growing to be national in scale, a panel of experts told a Restructuring Today audio conference Friday.

Large C&Is with national footprints want the same solutions and programs across the country, explained Phil Giudice, EnerNOC's senior vice president of corporate development.

Some have even tried to get demand response in other countries.

EnerNOC has bought three firms over the past year but it's not about just buying up megawatts, he explained. The deals were done to get new technical solutions and software systems rather than customer accounts.

Dan Delurey, executive director of Demand Response & Advanced Metering Coalition, encounters "huge" interest in demand solutions from state regulators.

He sees a great opportunity for demand response to grow.

Bud Vos, Comverge's vice president of marketing, products and strategy, agreed.

Last year's Energy Policy Act boosted awareness of demand response, he noted.

He sees a suite of new demand-side

products and services waiting in the wings. Demand response is attractive to regulators for a simple reason, added Giudice. Its economics compare favorably with building new generation.

The panel agreed ERCOT could be a big market for demand solutions where rules are set up correctly.

To hear a CD of the conference including questions and answers, call Theresa Varuolo at 1-800-486-8201 or email her at tvaruolo@ghinews.com.

Hey, look at Michigan's progress!

Michigan gas choice at last is moving in the right direction -- even at Consumers Energy where for years residential and C&I shopping had been declining.

Gas choice programs for smaller customers represent only 4% of total competitive gas sales in Michigan, the PSC reported.

About half the 900 bcf of the gas used in the state last month was bought from LDC competitors, but most was through 20-year-old gas transportation programs for large customers.

Smaller customers got to choose beginning in the late 1990s through pilot programs.

SEMCO has been seeing shopping only since this May after a long pause since its choice program was made permanent.

Michigan Gas Shopping -- August 2006

Choice Programs only	Residential	C&IS	Total	%	Year Ago Total	Year Ago %	Change %
Consumers Energy							
Shoppers	86,255	10,364	96,619	5.8%	96,271	5.7%	0.4%
Annual Volume (bcf)	9.0	7.0	16.0	15.0	6.7%		
Michigan Consolidated Energy							
Shoppers	133,300	20,600	153,900	13.6%	141,300	12.5%	8.9%
Annual Volume (bcf)	15.7	12.1	27.8		22.9		21.4%
Semco Energy Gas							
Shoppers	32	33	65	0.0%			
Annual Volume (bcf)	0.0000685	0.0004236	0.0004921				

Source: Michigan PSC Competitive Energy Division

Cal ISO narrows exemptions from tougher green power export rules

The ISO is reforming its intermittent imbalance program to make sure ISO customers subsidizing green power enjoy its benefits (RT, 9/14).

The program lets intermittent resources pay imbalances daily instead of every 10 minutes but ISO customers have to foot the bill.

The ISO had proposed a tariff change that would stop new green power projects from qualifying for subsidies if their power is exported.

It now favors imposing an export fee on subsidized power rather than preventing exports.

The ISO as well tightened exemptions from the rules.

Munis had urged letting existing generation export power without penalty since it had been built with the expectation that exports were OK.

Thus the ISO had originally suggested grandfathering all existing intermittent capacity from the new rules.

Several stakeholders last week told the ISO that exemption was too lenient.

The exemption shouldn't apply to all existing intermittent generation, the Energy Users Forum, Pacific Gas & Electric and California PUC argued.

Only megawatts now under contract to be exported should be grandfathered, they urged.

The ISO proposed narrowing the exemptions.

Only exports under existing contracts or used by generation owners to serve their own retail native load would be exempt.

Critics didn't get everything they want, though.

They had urged the ISO to stop the exemptions when contracts expire.

The ISO would let the exemption continue where the contract is renewed through existing evergreen language in the pact.

FERC differs with Wisconsin Public Service on Calpine plant

Wisconsin Public Service claimed letting GE take over a Wisconsin Calpine plant would create market power. FERC said no.

WPS had argued that the deal giving control of the 600-mw plant to GE subsidiary Fox Energy would boost GE's vertical market power (RT, 7/10).

The IOU cited GE's position in the turbine service and maintenance industry, arguing that GE could share other plants' outage schedules with its Fox Energy unit to maximize profits.

FERC disagreed.

It found that through a tolling pact WPS effectively controls the plant's output thus mitigating potential manipulation.

GE would control just 61 mw of output, the commission noted.

That's just 1% of gas-fired capacity in

Wisconsin and less than 0.3% of gas-fired capacity in the Midwest ISO.

Thus it's unlikely that GE would be able to impact market prices even if it did share competitive data among its units, FERC ruled.

Tell us what you think. We want to hear from you. Send your comments, questions and suggestions about today's RT to editor@restructuringtoday.com.

Abbreviations: To see a glossary of RT's abbreviations, go to www.restructuringtoday.com/about/glossary.html.

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Last chance to register!

What's ahead from EPACT -- one year later?

Live interactive audio conference, September 26, 10:30 - 12:00 pm eastern time

Restructuring Today has assembled leading experts to talk about (and answer your specific questions on) the most massive rearranging of energy law in modern times. The panel was carefully picked from many involved in EPACT legislation that made last year the big year for energy legislation.

This audio conference will not try to cover the entire 1,700+ pages of EPACT since that's not doable. Instead the panel will zero in on special parts of the new law -- one year later.

Here are the panelists and why each one was picked by *Restructuring Today* Editor George Spencer:

• **Thomas Kuhn, president, Edison Electric Institute**. There are many reasons why electric utilities can be thankful for EPACT. Electric reliability is certainly a major one.

• **William Massey, the former FERC commissioner**, now with Covington & Burling, represents COMPETE, the new association that seemed to come out of nowhere just when it was most needed to make sure the new law made clear Congress' pro-competition policy.

• **Ed Zaelke is a partner at Morgan, Lewis & Bockius** and is chairman of the American Wind Energy Assn. He was picked to tell us about investments in wind and the benefits for competition.

• **Susan Kelly, general counsel, American Public Power Assn**, gave us the idea for the conference and is deeply involved in APPA compliance. Her role is to tell about public power's compliance efforts.

How will you benefit from attending? EPACT produced massive changes into the Federal Power Act. FERC in turn has made massive changes to implement that act. This conference call will tell about the winners, the losers and draws. The *Restructuring Today* audio is a handy summation of who did what to whom and how the commission did in implementing the statue.

Details

Cost and time efficient. Gather as many of your staff as you wish around a table on September 26 to participate at one low cost. Everyone is covered under the single rate of $150/location.

Can't listen live? No problem. Purchase a CD of the program and listen when you can.

Convenient. You dial a toll-free number from your home, office or cell phone. Then just sit back, listen and learn what those involved in the legislation think about EPACT.

Interactive. The 90-minute audio conference will include 60 minutes of discussion by the presenters, followed by a 30 minute Q&A period when you can ask questions concerning your specific needs.

Risk-free. If you attend the live conference and are not satisfied, we'll refund your registration fee. An audio CD of this event will be available for paid registrants that can't attend.

What's ahead from EPACT -- one year later? audio conference, September 26, 10:30 - 12:00 PM Eastern time

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