

Tuesday June 5 2007

## Watch Audrey Zibelman create brand new markets

Audrey Zibelman is looking forward to creating a brand-new market.

As you know, she's been the COO at PJM Interconnection for some time and really understands how markets work. PJM is the largest market in the world, they say.

Her next job is as CEO of the Nodal Exchange LLC and that means it falls to her to create an exchange that's based on nodal markets. That requires calculating down to (LMP) points on the system.

She starts next week.

Her plan is to develop forward contracts -- "much more effectively."

PJM and the other RTOs looked

at making the move but decided that it would be best if a third party were to create the market. The goal is futures contracts that allow more price discovery and a better hedging ability to cut risk and volatility.

How will that happen?

Here's the key difference. Nodal Exchange intends to develop auctions much like those in use today but because the pricing is at the nodes and generation points on the system, "we'll be developing products that match the physical energy position and the financial transmission right," she told us yesterday.

A gap exists today in the market

between the FTR and the value of the power.

She's going to explore selling more products for demand responders.

She sees an interest in getting price sensitive folks into the marketplace.

That would tend to lower prices -- but the prices are real time.

An industrial buyer may not be able to decide to sell their load back into the market.

Zibelman sees customer having an easier time making such decisions.

She expects to work with market users -- many market users -- clearinghouses and investors to develop new products next spring.

## SaveOnEnergy finds market for Texas wind power

SaveOnEnergy.com is teaming up with Commerce Energy to offer customers throughout ERCOT a 50% or 100% wind option through a new website called EnergyDallas.com.

The wind power emanates from farms in the Texas prairies.

The firm formed a new website for the wind product since most people who go to the flagship site are looking for savings only, CEO of SaveOnEnergy Brent Moore told us.

Along with buying the low emissions,

customers are donating money to the Dallas Habitat for Humanity -- something Moore hopes will raise the product's appeal.

Moore's team helped the charity put up a house last year and he had been looking for a way to help it financially.

If consumers "can get a competitive price and do it cleanly, they'll do it all day long," said Moore.

Commerce's wind energy package had a relatively competitive price.

"Energy deregulation creates a number

of price and product innovations for consumers and small-business owners," said Steven Boss, Commerce Energy's CEO.

"Affordable, clean energy is one of those benefits."

But Moore sees wind's price sinking as more capacity comes online and with Congress contemplating a price on carbon.

With his marketing firm set to expand to another four states soon, Moore said he would offer some kind of a renewable product in those areas, too.

## PJM tries distance charges called 'marginal loss pricing'

PJM started marginal loss pricing -- a system used in other RTOs -- this Friday, hoping for savings of \$100 million a year, the RTO said yesterday.

"The start of marginal-loss pricing demonstrates the terrific cooperation among PJM members through their preparation and training and the extensive changes made to systems and applications both by PJM and its members," said Andrew Ott, PJM vice president for markets.

When power is dispatched from a generator, it loses more of the initial mws the further it goes down the lines.

The controllers at PJM's headquarters in Valley Forge, Pa, will direct the closest generation to load to transmit there whenever possible, thus saving power and money.

The New York ISO and ISO New England use such a system.

Organized markets make marginal loss costs visible with their emphasis

on transparency, letting the savings be realized.

The other way to fix marginal loss is updating the grid but that's a much more costly proposition than altering dispatch formulas.

While the global warming debate in Congress and in state capitols has brought efficiency to the forefront, PJM got marginal pricing for the savings.

But since less generation will be needed, less emissions will go out.

## Maryland shopping grows ever higher

Power shopping continued to rise incrementally in Maryland for the fourth straight month to 5.3%.

The rate in January stood at 4.9%, then 5% and 5.1% in February and March respectively.

Load bumped up by nearly 28 mw following a jump of almost 227 mw in March.

Baltimore Gas & Electric signed up the most new accounts, jumping up by 2,920 new accounts. Allegheny Power and Delmarva Power both added accounts too, with 45 and 577 new customers respectively.

Pepco was the only firm to lose accounts, dropping by 388 customers, counting losses in residential and small and

medium C&Is. Large C&I for Pepco remained the same.

Competitive load nudged a bit in April, moving from 37.6% to 37.7%.

The biggest jump in load was 20.6 mw at BGE.

Residential and small and large C&Is all saw jumps in load while large C&Is saw a drop.

### Maryland Power Shopping - April 2007

	Residentials		Small C&Is		Medium C&Is		Large C&Is		Total Shopping	
	Accts	%	Accts	%	Accts	%	Accts	%	Accts	%
Allegheny Power	11	0.0%	4,258	15.5%	732	57.3%	111	77.1%	5,112	2.1%
Baltimore G&E	26,210	2.4%	28,741	26.4%	5,985	59.3%	565	91.0%	61,501	5.0%
Delmarva Power	1,116	0.7%	4,176	13.5%	512	60.5%	75	91.5%	5,879	2.9%
Pepco	25,529	5.4%	9,204	28.7%	7,370	48.3%	508	84.8%	42,611	8.2%
<b>Total</b>	<b>52,866</b>	<b>2.7%</b>	<b>46,379</b>	<b>23.3%</b>	<b>14,599</b>	<b>53.1%</b>	<b>1,259</b>	<b>87.1%</b>	<b>115,103</b>	<b>5.3%</b>

### Peak Load Served by Marketers (mw)

Allegheny Power	0.0	0.0%	53.6	24.7%	141.2	68.0%	239.9	83.9%	434.7	29.9%
Baltimore G&E	97.8	2.6%	236.4	32.8%	984.1	69.0%	1,372.5	95.6%	2,690.8	36.9%
Delmarva Power	6.2	1.2%	55.6	30.7%	97.6	72.3%	118.4	94.6%	271.6	29.6%
Pepco	104.92	6.6%	37.81	33.2%	609.28	66.4%	810.43	92.7%	1,562.44	44.8%
<b>Total</b>	<b>208.92</b>	<b>3.2%</b>	<b>383.41</b>	<b>31.1%</b>	<b>1,832.18</b>	<b>68.2%</b>	<b>2,541.23</b>	<b>93.4%</b>	<b>4,965.74</b>	<b>37.7%</b>

Source: Maryland PSC

## Plant builder appeals to FERC on mixed messages from ISO New England

Ivenergy Thermal wants FERC to overturn ISO New England's decision not to let one of its projects proceed because it missed a deposit due date.

The firm wants FERC to grant its complaint fast track status so it can sell power from its Sutton Energy Project.

The project is a natural gas peaking plant in Sutton, Mass set to be up and running by the Summer of 2009.

It's the first plant the firm sought to build in New England. Ivenergy wants its project to be considered in the ISO's Forward Capacity Market (FCM) auction to be held in February, it said in a FERC filing last week.

The firm submitted its application

by the February deadline, but didn't include its deposit since the ISO had said that was not needed until FERC approved the FCM's qualification rules.

FERC did that on April 16. But the ISO had told Ivenergy that its peaking plant would not be in the FCM due to the late payment 11 days earlier.

When it told Ivenergy that its project would not be in the FCM, the ISO still had posted on its website that the deposit would not be due until the rules passed.

But in those very rules it said the payment had to be submitted with the application.

"Ivenergy should not be forced to comply with a deposit deadline which was directly at odds with information on ISO-NE's own website," the firm wrote.

Because it's not a NEPOOL member, Ivenergy didn't get notice of the due date until six days after it had passed, the firm noted.

When Ivenergy called the ISO, officials told them they shouldn't have relied on the website FAQ alone, the firm wrote.

Since FERC passed the rules, it would take another ruling by them to include the Sutton project since the deposit due date was in the original filing, the ISO told Ivenergy.

## Strategic Transmission, FirstEnergy face off in FERC filings

Strategic Transmission admits PJM and FirstEnergy gave some important data to get the firm's project in New Jersey rolling, but it's still missing a critical piece.

Strategic needs to know the estimated costs value of advancing its proposed upgrades to the 230 kv circuit by two years, it said in a FERC filing yesterday.

PJM told the firm that the project would boost transfer capability by 197 mw and could save consumers \$130.6 million.

FirstEnergy told Strategic that the project would cost some \$6.28 million in capitol expenses.

But without the cost value, Strategic can't move ahead.

PJM's position is that it's FirstEnergy's job to provide it but FirstEnergy wants FERC to dismiss Strategic's initial complaint outright.

That's because FirstEnergy claims Strategic is just trying to finance the circuit and reap inordinate benefits from it.

FirstEnergy's Jersey Central Power & Light owns the lines and will be in charge of performing the upgrade.

Strategic denied FirstEnergy's claims that it's just trying to cash in -- pointing out that firm makes plenty of money with its merchant generation.

Strategic will be the one paying the cost value estimate and it doesn't understand why FirstEnergy would drag its feet on something that could save its customers so much money.

## NUS Consulting tracks rising power prices per utility

The price for power for large commercial customers jumped 2007, though less than in 2006, said a report by New Jersey-based NUS

Consulting Group.

"The survey once again reveals that higher energy prices seem to be here to stay," said Richard Soultanian, co-

president of NUS Consulting.

"Retail deregulation is currently either stalled or ineffective in much of the country and many people are looking for answers to their ever increasing electricity bills."

C&I customers in 2006 saw increases of just under 11% for their power.

In 2007 it bumped up another 4.7% in real value. The report found the average price of power in the US is 9.28¢/kwh as of April 2007.

That's compared to an average of 8.86¢/kwh in 2006.

The survey also found customers in California, Maryland and New York paid the highest prices.

The survey sampled 24 of the largest IOUs in the country using an industrial model of monthly use of 450,000 kwh and a monthly demand of 1,000 kw.

Of those surveyed, the largest price escalation was 36.1% over the past year at ComEd Illinois' C&I customers.

Other utilities with the largest jumps according to the survey include ConEd of New York at 25.6%, National Grid at 16.4% and Xcel Energy in Minnesota at 22.1%.

The highest power prices can be found in those states that have deregulated their retail power markets, said an NUS representative.

Considered in the past by many as a means of cutting power prices, the central promise of deregulation has yet to be fulfilled for many, said the report.

"In today's market, consumers must be vigilant in tracking their energy costs or they run the risk of losing their competitive edge," said Soultanian.

### How much does power cost?

Utility	State	¢kwh in 2007	¢kwh in 2006	% change
Consolidated Edison	NY	18.29	14.56	25.27
National Grid	NY	14.06	12.09	16.35
Baltimore Gas & Electric	MD	12.98	12.94	0.35
Southern California Edison	CA	12.65	14.59	-13.27
Pacific Gas & Electric	CA	11.45	11.82	-3.11
Commonwealth Edison	IL	11.05	8.12	36.05
Public Service Electric & Gas	NJ	10.61	11.99	-11.46
Reliant Energy	TX	10.55	9.94	6.12
TXU	TX	10.53	10.95	-3.82
PECO Energy	PA	9.82	9.34	5.06
Progress Energy	FL	9.30	9.48	-1.90
Florida Power & Light	FL	9.16	9.68	-5.30
Georgia Power	GA	8.42	7.21	16.73
Entergy	LA	8.39	7.14	17.48
DTE Energy	MI	8.03	7.86	2.15
Consumers Energy	MI	7.54	6.83	10.35
Xcel Energy	MN	7.50	6.14	22.14
Pennsylvania Power & Light	PA	7.37	7.42	-0.60
Progress Energy	NC	7.37	6.87	-15
Alabama Power Co	AL	6.30	6.01	4.85
Ameren UE	MO	5.46	5.46	0
Ohio Power	OH	5.34	5.50	-2.75
Duke Power	NC	5.28	5.46	-3.32
Dominion Power	VA	5.20	5.18	0.25

Source: 2007 Electric Survey Summary, NUS Consulting Group

## Maine's got \$50k-each for small green power demos

The Maine PUC is offering up to \$50,000 to nonprofits through the Voluntary Renewable Resources Fund for projects using renewable power.

The VRR fund has \$300,000 available for small-scale community projects that can be used as demonstrations to educate consumers on the value and cost effectiveness of renewables.

Projects could include wind, water,

solar, wood (it's called the pine tree state), trash-to-energy, fuel cells and geothermal.

"Maine is a state rich in natural resources and this fund encourages the development of clean projects small in scale that can be replicated community to community," said Kurt Adams, PUC chairman.

"Our hope is that as these projects become more prevalent throughout the

state, more communities will want to pursue renewable energy projects for their electricity use."

The grant's been used to fund a hydrogen fuel cell demo that promotes hydrogen as a storage medium for renewable energy.

Non-profit firms hoping for a grant have to apply by August 30 and award winners will be announced in October.

## Oregon PUC urges lawmakers to restore BPA benefits

The Oregon PUC asked the state's congressional delegation to provide interim relief to 1.2 million residential and small farm customers who face a 13% rate hike due to a federal appeals court ruling ([RT, 5/22](#)).

At the same time, the Oregon PUC joined the Washington, Idaho, Montana utility commissions to urge the justice department to give Bonneville Power Authority the OK to reconsider the federal appeals court ruling.

"When we reluctantly raised customers' rates this week due to the

cutoff of BPA benefits, we also made a commitment to do everything within our power to restore the benefits customers are entitled to," said Oregon Commission Chairman Lee Beyer.

"We are optimistic our Congressional delegation will see how serious this issue is and we strongly urge them to get involved in crafting solutions. Each day that passes without relief costs Oregon customers \$351,000."

In a letter to the delegation, the commission asked for legislative action to restore residential exchange

benefits through a legislative rider for Fiscal Year 2008.

The letter also called for a halt to action on the "regional dialogue" until the customer benefit issue is resolved and urged that the BPA take a second look at its formula that distributes benefits throughout the region.

"Oregon has a great financial stake in the distribution of benefits from our regional power system," said the letter.

"Three out of four households in Oregon are served by private utilities.

They deserve no less than fair access to low-cost federal power."

### 9 stories in 3 minutes

#### Envirepel awaits

**SDG&E decision:** Envirepel Energy is hoping San Diego Gas & Electric will accept its 240 mw of renewable power projects including what would be the largest biomass plant ever submitted to a California Utility. The California firm doesn't have a single biomass plant up yet but if SDG&E accepts its offer it will have 264.5 mw worth of plants under construction. That would account for some 50% of the state's installed biomass capacity. The firm uses a gasification combustion technique that burns wood or green waste cleanly.

#### Calpine gets funds

**for Ontario plant:** The firm got its finances lined up for a 1,005 mw natural gas-fired plant in Ontario, Canada by securing \$650 million in financing, the firm

said yesterday. The plant continues Calpine's efforts to become greener with the low-carbon emitting fuel of gas and renewables.

#### Markey hears climate

**predictions on-high:** The House Select Committee on Energy Independence and Global Warming took a field trip to a mountaintop in New Hampshire yesterday. Chairman Edward Markey, D-Mass, wanted to hear the effects of global warming on his home region from the scenic vista. The region's maple syrup and skiing industries would suffer. Average winter temperatures in the Northeast have risen 4.4° since 1970, said Markey. The committee is going around the country to look at climate change's effects in different regions.

#### Swedish turbine maker

**opens LA factory:** The country's burgeoning wind power market ([RT,](#)

[6/4](#)) has drawn Swedish turbine manufacturer Nordic Wind Power. The firm opened up a factory in Los Angeles and hopes to get its product to market next year.

#### Gas contract for

**July slips a bit:** Despite a tropical storm brewing in the Caribbean, the July natural gas contract still settled down 5.7¢ Friday to \$7.878, analyst Jackson Mueller reported. The contract had risen as high as \$7.925 then fell to \$7.80 before regaining some lost ground.

#### DTE Energy

**plans storefronts:** The utility will open two new customer service centers in Detroit. One is set to open June 11 and the other's slated for a July 23 opening. The offices are designed to boost face-

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## 9 stories in 3 minutes

### *From page four*

to-face contact with customers and make the utility appear more customer-friendly.

### **GE ships 1,000<sup>th</sup>**

**big wind turbine:** GE Energy and FPL Energy reached a milestone Monday in shipping the 1,000th 1.5 mw wind turbine. The turbines were used for various

FPL renewable projects, the latest in Colorado.

### **Hilton builds fuel**

**cell cogen system:** Hilton New York finished installing a fuel cell power system that the firm said is three times more energy efficient than the conventional electric grid. The fuel cell is part of the firms program to boost green power and is expected to continuously provide power and

hot water to guests while cutting greenhouse gas emissions.

### **Dominion to sell**

**gas exploration:** The firm agreed to sell its natural gas exploration and production facilities in Texas, Michigan and Alabama for about \$4 billion to Loews Corp. The estimated reserves stand at about 2.5 trillion cf. The sale is expected to close in August.

**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](mailto:editor@restructuringtoday.com).

**Abbreviations:** To see a glossary of RT's abbreviations, go to [www.restructuringtoday.com/about/glossary.html](http://www.restructuringtoday.com/about/glossary.html).

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