

Restructuring Today



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PJM's Harris is out -- abruptly retires amid monitor controversy

PJM abruptly announced the retirement of CEO Philip Harris yesterday in the midst of a brewing controversy at FERC over the RTO's Market Monitoring Unit (MMU).

The RTO's press release was void of details about why Harris left but our sources tell us it was over comments he allegedly made to his staff, saying PJM never wanted a monitor.

Harris allegedly said at a PJM event that the RTO "didn't ask for a market monitor," a statement that came to light in a filing by Director of the MMU Joseph Bowring ([RT, 7/17](#)).

The Organization of PJM States

highlighted Harris' alleged remarks in its own filing, saying they showed a remarkable level of hostility towards the lawful governing of PJM by FERC ([RT, 7/18](#)).

A PJM spokesperson wouldn't say why Harris retired, citing confidential discussions he had with the board.

Enough of the PJM staff believed those comments only served to throw gasoline on the fire and asked the Board to get rid of Harris, our sources told us.

The Board then ceded to staff's wishes and asked Harris to leave.

Both Bowring and PJM cited personality conflicts as contributing

to the market monitoring controversy, though the RTO attributes far more of it to staff clashes.

PJM's release praised Harris for his years of leadership, saying the CEO made it the benchmark for others in technological and operational excellence.

The board tapped Senior Vice President Karl Pfirman to serve as active CEO while it does a search for Harris' replacement.

The Board of Directors is undergoing changes, too, with Howard Schneider to be the new chair and Lynn Eury the vice chair.

Energy shoppers get big rewards at SaveOnEnergy.com

With commodity prices the same across the board, retail power firms competing on SaveOnEnergy.com have taken up giving away gift cards and bill credits to find an edge.

The first time a firm offered perks was in January and the trend spread to many others that sell via SaveOnEnergy.com, the firm's CEO Brent Moore told us yesterday.

Moore expects more firms to offer perks with some even chipping in items such as frequent flier miles as

competition on his site heats up.

Direct Energy offers a \$50 American Express gift card to consumers who sign with them through the site.

Commerce offers a \$50 Target gift card and TXU gives consumers a \$75 bill credit.

SaveOnEnergy.com recently expanded its operations into New York, Ohio, Illinois and New Jersey.

New York was a big success for the firm and the site is attracting lots of C&I customers in the Midwest -- but after only

a month, New Jersey hasn't been very successful, said Moore.

He wants SaveOnEnergy.com to run in every deregulated power and natural gas market in North America within the next 18 months. He wants the firm to be the Travelocity of Energy.

As it grows, SaveOnEnergy.com will boost spending on advertising to get the word out.

The firm runs TV, radio and print advertising in its home state of Texas.

Climate change in Pacific NW could deplete hydro supply

Climate change could have big effects on Northwestern hydro power if carbon dioxide levels in the atmosphere continue to grow.

Climatologists are seeing the snow line creep up Washington's mountains, meaning less runoff in the spring, University of Washington climatologist Nathan Mantua told us yesterday.

Mantua and colleagues figured out the snow line goes up a thousand

feet for every extra couple of degrees Fahrenheit in average temperature.

The past century saw temperatures go-up about 1.5 degrees -- higher than the global average.

Climatologists can't say whether that's caused by global warming. They haven't reached the point of identifying effects on a region as small as the Pacific Northwest.

The uncertainty comes from wide

variations in recorded temperature but Mantua noted circumstantial evidence such as the receding snow line and trees growing at higher elevations.

As the effect becomes more pronounced it will cut into the runoff water hydropower firms now hold behind dams in the summer and let loose later to feed the winter-peaking region.

As temperatures rise in the region,

demand will go up in summer leaving less power for import-hungry California to the South.

The temperature goes up in relation to carbon dioxide content -- now at about 380 ppm.

Before the industrial revolution got humming, in the mid 1700s the CO₂ level was at about 270 ppm.

A low-end scenario from the Intergovernmental Panel on Climate Change would be for concentrations

to hit 550 ppm by mid century under business as usual.

But it could go as high as 1,000 ppm, Mantua noted. Climatologists don't model carbon levels beyond 2100 because too little is known.

TXU's over-eager customer renewals trigger \$5 million fine

The Texas PUC ordered TXU Energy Retail to pay a \$5 million fine yesterday for automatically renewing 4,000 small commercial contracts for a year.

Automatically renewing customers that don't respond to renewal requests can be done for 31 days maximum under PUC rules.

The PUC staff started probing the issue Oct 6 and it got full cooperation during the investigation that resulted in the settlement.

PUC staff during the investigation concluded TXU interpreted the rule incorrectly and didn't knowingly violate it.

The retail arm of the utility giant was

ordered to tell effected consumers that they can't be held to the terms of their contracts and can switch services without paying any cancellation fees.

The notice can't impose a time limit on when customers can leave their contract nor can it force them to provide 30 days' notice.

Illinois legislature to end rate controversy

The dispute over what to do about power rates in Illinois is nearing its end.

Ameren Illinois reached a settlement with state officials to end an impasse over rates and is making \$488 million available to customers as bill credits or checks for bills already paid.

The rate relief package is expected to be worth \$1 billion over the next four years, said officials of the firm.

Customers could see monthly bills drop \$7 on average and rate relief for

some customers will approach \$200 this year.

Details of a potential deal were leaked over the weekend but on Monday lawmakers made it official.

Illinois House Speaker Michael Madigan, D-Chicago, and Senate President Emil Jones Jr, D-14th District, said they support the agreement with the firm though they disagreed earlier on whether a rate freeze was needed.

"After months of intense and

often heated discussions with utility companies, generators, legislators and the Attorney General's office, we can declare a victory for consumers," Senate President Emil Jones said.

"That victory includes the continuation of reliable service in homes and businesses throughout Illinois and true rate relief."

More details of the rate relief could be available in the coming days, said Ameren CEO Scott Cisel.

"This agreement provides the relief our customers have been asking for since the beginning of the year," said Cisel, promising long-term reform aimed at keeping power rates stable throughout the state.

"This is good news for electric customers throughout Illinois."

Much of the aid will be earmarked for seniors, low-income customers, not-for-profit organizations and small businesses hit hardest by the January 2007 rate hike.

The Ameren Illinois utilities also will waive outstanding late fees for their customers.

The clash between Illinois power providers and state lawmakers began after Attorney General Lisa Madigan filed a compliant over a POLR procurement auction that she said was weighted against the consumer.

The new rates that came from the February auction were the first to follow the expiration of 10 years of rate caps.

Acting on Lisa Madigan's

Heres whats in the package

The package includes for Ameren Illinois customers:

- Discounts on 2007 bills that range from 40% to 70% of the increase from 2006 rates;
- Added credits for electric space heating customers;
- Customers get lump-sum amount to reflect discounts back to January 2007 and credits out to 2010 to phase in market rates;
- A rebate check for most customers except those with accounts over 60 days past due will get rebates applied to their accounts, and
- Ameren will waive all late charges for customers from January to September 2007.

And for the Illinois Power Authority, there measures are included:

- Replacing the reverse auction;
- The firm can build plants or enter a deal with private or government agencies to build plants and sell power at cost to government aggregators, municipalities and co-ops;
- The preference for new plants -- in order -- new clean-coal technology that captures carbon, renewable energy facilities or plants that use state-mined coal, and
- The measure encourages aggregated buying by municipalities on behalf of residents.

complaint, lawmakers brought bills forward to freeze rates where they stood before the auction -- something the firms said could bankrupt them.

Lisa Madigan yesterday threw her support behind the agreement.

"This settlement includes significant rate relief for hard hit consumers as well as long-term reforms that should help us protect Illinois consumers from future electric rate shocks," said the Attorney General.

Commonwealth Edison in April put together a \$64 million rate relief package letting the firm be dropped

from state bills being contemplated by lawmakers.

Ameren's package now ends the confrontation over the power auction at the start of the year.

Also born from the struggle between lawmakers and power firms over rates - average rises ranged from 26% to 55% -- was the Illinois Power Authority.

The agency was created by HB 4091 and introduced by House Speaker Michael Madigan, D-Chicago and will have a five member board appointed by the governor and tasked with, among other duties, power procurement.

The IPA would fall under Illinois Commerce Commission oversight and would be paid for in part by the Ameren rate relief package.

When he introduced the bill in April Michael Madigan said that government can provide power more cheaply than private-sector firms.

A US DOE EIA report agreed but measured the difference in the single digits.

The agreement still needs approval of the General Assembly and lawmakers said that could happen as soon as this week.

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6 stories in 2 minutes

PG&E signs for more

PPM wind power: Pacific Gas & Electric and PPM Energy entered into a 15-year contract for 85 mw of wind power from a PPM wind farm in Oregon. PPM's Klondike III facility is under construction until the end of this year. This is the second big wind contract between the two firms. PG&E gets 12% of its power from renewable resources -- 8% shy of the 20% by 2010 target California's government set. Some 11% of the firm's renewable power mix comes from wind.

Gas slips to second

lowest price this year: The NYMEX August natural gas contract took a hit Friday on a profit taking sell-off fueled by unresponsive storage and little weather, analyst Jackson Mueller reported. The contract settled at \$6.446, down 26¢, erasing most of the gains from the previous two sessions. The downward trend

continued Monday with the contract losing 41.6¢ by midday, bringing it to \$6.03 -- matching the previous inter-day low for the year. Gas had yet to hit the \$5 range this year yesterday.

SoCalEd passes out

gifts to win efficiency: Southern California Edison is encouraging its customers to conserve this summer amid expected record temperatures. The utility pays customers rebates for swapping old room air conditioners for efficient ones, buying whole house fans, putting a reflective roof up and a host of other efficiency improvements. SCE plans to hand out iTunes gift cards to those who get their central air conditioners tuned and offers a \$200 rebate for consumers willing to let the utility cut down their AC use in the summer.

Colorado, New Mexico

talking transmission: The Colorado PUC and New Mexico PRC are set to meet today in Denver to talk about regional transmission planning.

Regulators in New Mexico are hoping that commissions in other states throughout the region will have similar meetings to discuss various energy issues.

KeySpan teams with

Salem, Massachusetts: The two are expected to announce a partnership today to boost energy efficiency and combat global warming through educating customers. This follows Salem's signing onto the EPA's "Community Energy Challenge," pledging to cut energy use in municipal buildings by 10%.

Comverge, Enerwise

deal completes: Comverge completed its takeover of Enerwise Global Monday, creating the largest demand response firm in the nation. The new firm will have over 1,400 mw under contract ([RT, 6/28](#)) and will expand Comverge's reach into C&I offerings.

Oregon PUC joins call for appeals court to help in BPA dispute

The Oregon PUC is joining Washington State regulators in asking the Ninth Circuit Court of Appeals to reconsider its decision in May that caused the Bonneville Power Administration to suspend rate assistance to about 1.2 million residential and small farm customers.

The BPA decision forced 13% rate hikes for Oregon customers of Portland

General Electric and PacifiCorp ([RT, 5/22](#)).

“When Oregon customers got this unexpected dose of bad news we vowed to continue fighting on their behalf to get a fair share of low-cost power from the federal power system,” said Lee Beyer, chairman of the Oregon PUC.

“The court is one of three courses we are actively working on.”

The Oregon PUC asked the state’s

congressional delegation for help last month ([RT, 6/5](#)) and is still working on that front.

“We are also seeking short-term financial relief from Congress and are working on a new agreement that does not treat the majority of Oregonians as second-class citizens.”

The court doesn’t have a timeline for setting or denying the rehearing.

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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