

Tuesday, March 9, 2010

ELCON, EPSA, others dig into FERC ISO/RTO proceeding

Old fights over wholesale markets have crept into a FERC proceeding on ISO/RTO responsiveness, as seen in comments filed yesterday. EPSA wants to make sure that the commission doesn't broaden the scope of the proceeding and that it should be restricted to its named purpose, said its filing.

Representatives from ELCON, APPA and the Portland Cement Assn all admitted they were raising structural issues with RTO markets at a technical conference last month (RT, [Feb-05](#)).

FERC has given extensive time and consideration to the challenges faced by RTO/ISO wholesale market structures and with Order 719, it recently addressed how to better meet them.

The proceeding at FERC was opened by a request from the National Assn of State Utility Consumer Advocates seeking to have more input in the cost- and time-intensive rulemaking processes at ISO/RTOs. Consumer

advocates usually lack the funding to attend them fully.

ELCON noted that the practical application of ISO/RTO markets has been questioned by large and small consumers for years but FERC hasn't acted on those concerns.

ISO/RTOs are going to stay in place but ELCON believes it's time for FERC to take definitive action -- after the response to Order 719 by the grid operators was to claim compliance already.

FERC should start a rulemaking process that ISO/RTOs would adopt to promote full participation, balanced governance structures, effective recourse to FERC and ultimately the courts -- with clear and definitive metrics that will give consumers the ability to measure costs and benefits.

ELCON also brought the logic that since ISO/RTOs have voluntary membership, they tend to kowtow to

transmission owners who might be acting in the interest of other sectors.

EPSA disagrees with that notion and was quick to point out that many generators don't own transmission at all and the two sides of the industry are often in conflict. Market participants have numerous, extensive contractual obligations that include specific consequences for leaving RTOs, said EPSA.

The PJM Power Providers (P3) Group asked FERC to keep in place the independent structure that has been set up in the RTO its members operate in.

"While PJM and its members should press forward with certain governance reforms, particularly those related to inequities in the current voting structure, FERC should not disrupt the fundamental governance structure that is anchored by a skilled and appropriately-vetted board that is independent of any market interests," said P3 CEO Glen Thomas.

[\[Comments\]](#)

ROWE: Power industry needs policies that set carbon price

Exelon CEO John Rowe continued to beat the drum for a carbon price at the MIT Energy Conference this weekend.

"Approaches that put a price on carbon emissions, such as cap-and-trade, remain the only solutions to our energy and climate challenges that give us cleaner, more secure energy while minimizing the costs to consumers and putting more people to work," said Rowe.

Despite advocating a price on carbon for nearly two decades and seeing legislation make it out of the House last year, Rowe noted some bumps in the road. Democrats lost their filibuster-proof majority in the Senate and except for the work of Sen Lindsey Graham, R-SC, most Republicans seem to be drifting to a more negative solution.

"The attention of the Senate seems solely focused on health care," said Rowe. "And we are entering that time

every two years where lawmakers start to focus on re-election at the expense of policymaking. Everyone knows we need to move to lower CO2 energy supplies, though in the electric sector disagreements over what that supply will look like abound. Greater energy security and a policy that gives durable, sustainable jobs are also needed."

Rowe believes that a cap-and-trade system or a carbon tax are the only policy frameworks that achieve all of those outcomes. That policy will force utilities and other emitters to do the cheapest things such as efficiency and nuclear up-rates first, then the other items in merit order until the cap is met.

"We must have a system that uses the discipline of the market to control costs," said Rowe. "Prices may rise, but they will rise less than they would with cruder tools."

[\[Comments\]](#)

AEG Affiliated Energy Group hits procurement milestone in Texas

AEG Affiliated Energy Group now represents clients constituting in excess of 10 million mwh in Texas alone, it said yesterday. The firm has helped a wide array of industrial, governmental, wholesale and retail clients get great deals in the power markets. It also has represented retailers in deals such as Commerce Energy's sale to Ambit in 2008 (RT, [2008-Oct-28](#)).

"AEG Affiliated Energy Group's consistent and substantial client growth during times of great turmoil emphasizes the strength of AEG's unrivaled reputation, honest methods of doing business and intelligent electricity procurement strategies," said Executive VP Rob Potosky.

AEG is honest in informing its customers where its money comes from and it's been retained by lots of entities who know what is happening in the market. Many customers simply go for the lowest kwh price they see but that

might not end up being the best deal for them, said Potosky.

While natural gas prices have declined and brought down power prices, retailers have been getting higher margins than usual, sometimes up to twice of what they normally are. Theoretically in a competitive market other firms should undercut those with higher margins and bring the price down, but that didn't happen much of last year, said Potosky.

AEG can help customers get a better deal in such circumstances with its expertise in the markets, he added.

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Marketing wins in Connecticut retail power market revealed

Power shopping in Connecticut's United Illuminating territory grew by 4,235 accounts -- 5.7% of its base -- from January to February. That followed growth of 3,794 (5.4%) in January and 2,826 (4.2%) in December. Shopping in February saw new customers at 12 firms while six saw a dip and three held steady month-to-month.

The biggest gain in the number of accounts was at Verde Energy where the rolls grew by 1,888 new accounts. Others at the top included Discount Power with 752 new customers, Energy Plus added 637 ratepayers and Clearview Electric and MXenergy added 600 and 515 new competitive accounts respectively from January to February in UI's territory.

In percentage of growth, two firms saw huge gains with Discount Power up 1,600% -- by jumping from 47 accounts to 799 -- in its second month in the territory while Verde was up 297% (635-2,523).

Other top gainers in percentage included Clearview Electric with a jump of 30.5% (1,967-2,567), Energy Plus was

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Connecticut power shopping - February 2010

United Illuminating

Marketer	Residential	C&I	Total	January
Clearview Electric	2520	47	2567	1967
ConEd Solutions	4,412	1,170	5,582	5,676
Constellation NewEnergy	407	2,969	3,376	3,392
Direct Energy Business	12	801	813	805
Direct Energy Services	18,901	2,803	21,704	22,220
Discount Power	643	156	799	47
Dominion Retail	14,768	1,261	16,029	15,993
Energy Plus	3,158	479	3,637	3,000
Gexa Energy Connecticut	279	266	545	539
Glacial Energy/New England	66	369	435	439
Hess	53	464	517	520
Integrays Energy	8	1,554	1,562	1,562
Liberty Power Holdings	0	50	50	50
MXEnergy	4,570	542	5,112	4,597
Public Power & Utility	6,115	1,309	7,424	7,391
Rescom Energy	683	157	840	762
Sempra Energy Solutions	31	698	729	732
Suez Energy Resources	2	199	201	185
TransCanada Power Marketing	8	471	479	479
Verde Energy	2,472	51	2,523	635
Viridian	3,026	323	3,349	3,037
Total	62,134	16,139	78,273	74,028

Marketing wins in Connecticut retail power market revealed

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up 21.2% (3,000-3,637) and MXenergy saw a gain of 11.2% (4,597-5,112).

Dips in shopping were at seven firms month-to-month with Direct Energy Services seeing the biggest, losing 516 (-2.3%) from January to February. Also seeing drops were ConEd Solutions

with 94 fewer customers (-1.7%), Constellation New Energy slipped by 16 ratepayers (-0.5%), Glacial Energy was down four accounts (-1%) and both Hess (-0.6%) and Sempra Energy Solutions (-0.4%) saw three fewer accounts from January to February.

By class, residential and C&I saw gains of 3,915 and 330 accounts

respectively in February. That is growth of 6.7% for residential customers and 2.1% for C&I. January saw improvements by those classes of 3,541 (6.5%) and 253 (1.6%) respectively while December growth came in at 2,741 (5.3%) for residential accounts and 85 (0.5%) for C&I.

[\[Comments\]](#)

United Illuminating

UI last resort service	Number	%
Total number all accounts	269	100%
Total of all megawatt-hours	110,396	100%
Third party accounts	242	90.0%
Third party megawatt-hours	102,563	92.9%
UI C&I standard service	Number	%
Total number all accounts	37,922	100%
Total of all megawatt-hours	163,309	100%
Third party accounts	15,897	42.0%
Third party megawatt-hours	107,830	66.0%
UI residential standard service	Number	%
Total number all accounts	290,024	100%
Total of all megawatt-hours	180,599	100%
Third party accounts	62,134	21.4%
Third party megawatt-hours	42,237	23.4%

Source: Connecticut Department of Public Utility Control

Wisconsin PSC finds dearth of CO2 storage potential

The Wisconsin PSC issued a report on carbon sequestration that confirmed carbon can be safely stored in bedrock -- but that the state lacks the needed attributes for significant storage. Regulators want public input on the report, titled [An Investigation to Explore the Potential for Geological Sequestration of Carbon Dioxide Produced by Wisconsin's Electricity Generation Fleet](#) (PDF format, direct download from link).

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It was compiled following a report by the Governor's Global Warming Task Force.

Wisconsin relies on coal for about 38% of its installed capacity and 66% of actual generation.

New regulations limiting greenhouse gas emissions appear to be inevitable and could radically change the economics of coal-fired power generation unless the associated CO2 emissions are reduced, noted the report.

A study group formed by the Wisconsin Department of Natural Resources that looked at carbon capture & storage (CCS) found that several promising technologies are being developed and tested.

Researchers have identified several types of geologic formations that potentially have the needed attributes for long-term storage of CO2 including depleted oil and gas reservoirs, saline aquifers, coal beds and basalt.

"Based on information available today, Wisconsin does not appear to have any suitable geologic formations of these types," found the report.

There is one formation in Wisconsin called the Midcontinent Rift System that can't be completely dismissed as a potential CO2 storage site since it has not been fully characterized, but available data suggest only a small probability that it has the needed attributes.

"Most of the CCS research to date assumes that CO2 will be stored in close proximity to where it is captured," but geologic storage of CO2 in Wisconsin does not appear to be feasible, the study group said.

The report points out that power providers in Wisconsin would have to explore alternative strategies if they are to make use of CCS technologies.

[\[Comments\]](#)

2 stories in 30 seconds

FERC extends mitigation

on accused generators: FERC in a letter order filed yesterday agreed to extend temporary mitigation measures against three generators accused of manipulating reliability payments. The New York ISO and stakeholders have been working on a more permanent fix, but those discussions have yet to come up with

tariff amendments. The temporary fix was going to lapse without FERC action (RT, [Feb-18](#)).

Next generation nuclear

testing wins DOE cash: DOE announced \$40 million in funding yesterday for two firms to help develop the Next Generation Nuclear Plant. The

funds are going to Westinghouse and General Atomics and it will help the DOE to determine whether it's worth it to proceed to build a demonstration plant. The technology involves high temperature gas-cooled reactor technology that can produce power and process heat that can be employed in industrial practices or with cogeneration.

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