



Regulatory Update

April 9, 1999

Announcements

- 1. Reminder-Reminder-**The names of Guests and Prospective Members whom you wish to invite to NEMA's Georgetown Garden Party Conference and Cruise must be sent to Jon Gipson at (318) 424-3800 or Headquarters ASAP so we can order the right amount of food and refreshments.
- 2.** The FERC admitted NEMA as an intervenor in the NYISO matter with a very interesting recognition of our special representative status for the industry. Copies can be faxed to you upon request.
- 3. The Executive Committee meeting will go into Executive Session (Committee Members Only) starting at 10:30AM April 22, 1999 at the Georgetown Club at 1530 Wisconsin Avenue. Other members and prospective members will be invited to join the Executive Committee starting around lunchtime through the rest of the afternoon. Guests and Prospective members and spouses are also invited to NEMA's Georgetown Garden Party starting at 6:60PM at 3254 O Street. RSVPs are required to (202) 333-3288 or (318) 424-3800.**
- 4.** NEMA members met with the Chairman of the NYPSC and all top-level staff to discuss its proposal to lower the cost of firm capacity into NY during the peak 5 winter months. Over the last two weeks, NEMA has been active in its advocacy in FERC, NY, Michigan, NC, and NJ. Copies of pleading or other documents are on the web site.

FERC

- **Docket No. EL99-57 - Entergy Services, Inc. – April 5, 1999** - Entergy Services, on behalf of the Entergy Op Co's and other potential participating parties, seeks a declaratory order providing FERC guidance on Entergy's proposal to create a "Transco", an independent, incentive-driven transmission company that will control Entergy's transmission system. Specifically, Entergy asks FERC to issue a declaratory order that the Transco proposal contained in this application is consistent with all relevant ISO principles, especially those involving independence, governance, and conflicts of interest.

- **Chairman Hoecker announced the creation of an electric monitoring team to engage in an informal dialogue on reliability issues – April 2, 1999.** He stated that the bulk power markets are still maturing and there is still not the level of pricing transparency that fully developed markets should operate under. The team will work with state regulators, ISOs, NERC reliability councils, transmission providers, and other industry participants, while monitoring pricing conditions in the electric power markets.
- **Capacity Benefit Margin (CPM) – Docket No. EL99 – April 2, 1999.** According to Chairman Hoecker, the main question is whether all transmission users are being treated fairly in regards to the capacity held in reserve under the framework of Order No. 888. The Commission needs to define the terms and processes that surround the use of CPMs. Notice of a Technical Conference on CPM is scheduled for **May 20-21, 1999** and requests to participate and comments should be filed by **April 19, 1999**.

Massachusetts

- **Natural Gas Unbundling – D.T.E. 98-32 – March 24, 1999 – Settlement on Capacity Eligibility.** The Joint Motion for Approval of Settlement Agreement and the Settlement Agreement reached by 10 LDCs, the Attorney General, Energy Marketers, Associated Industries of Mass, the Division of Energy Resources, and the Energy Consortium, relating to the eligibility requirements for the “mandatory” assignment of capacity was submitted for expedited treatment to the Department. The Agreement is intended to resolve the issues concerning the identification of customers who will be included in the mandatory capacity-assignment programs pursuant to the order. The period February 1, 1999 through the estimated implementation date of November 1, 1999, is considered a transition period between existing transportation tariffs and transportation tariffs that will be implemented for existing transportation customers including customers participating in the Bay State Gas Customer Choice Pilot Program. The agreement does not address issues relating to the final policies and terms and conditions that will enable customers to access the resource portfolios of the LDCs. *The Settlement Agreement and the Joint Motion for Approval of Settlement Agreement are both available on the NEMA site.*

Maryland

- **Electric Residential Customers can shop starting July 1, 2000 – April 2, 1999.** Legislation passed the General Assembly and should be signed by the Governor April 12, 1999. One-third of residential customers will be allowed to choose the first year with the remaining two-thirds phased in over the next 2-year period. Business customers can start January 1, 2001. Approximate rate

cuts of 7.5% would last four years. Suppliers would have to disclose the pollutants their power plants create. Counties and municipalities could not buy power for their residents unless the PSC found no other competition for residential customers.

California

- **CPUC Rulemaking 98-12-015 – Distributed Generation and Competition in Electric Distribution Service – March 19, 1999.** Administrative Law Judge's ruling explains the details of the process that filing parties should follow. Parties are encouraged to post all documents onto the Internet and the Energy Division has developed a Web site destination to post their filings. Anyone filing documents in this proceeding is encouraged to e-mail the document in an e-mail note to the following e-mail address: **r9812015@cpuc.ca.gov**. All of the documents which have been forwarded to this address will be posted and made available for viewing at the following web site address: <http://www.cpuc.ca.gov/distgen/index.htm>. *This document is available on the NEMA site.*

Pennsylvania

- **Commission Issued Tentative Order – March 18, 1999 –** Addressing enrollment procedures, eligibility list, release of customer information, supplier selection deadlines, and customer mailings for all customers to receive supplier choice in January 2000. Comments were due April 2, 1999.

Delaware

- **Senate and House approve Electric Deregulation Bill – March 26, 1999.** Beginning October 1, 1999, Conectiv's industrial customers will be free to choose, commercial customers January 15, 2000, and residential customers on October 1, 2000. Delaware Electric Cooperative's large industrial accounts would begin April 1, 2000; commercial accounts July 1, 2000 and residential and small commercial February 1, 2001. The Senate added an amendment to the bill prohibiting any firm from using telemarketing to solicit customers. Municipal power companies are not included in the bill.

New Jersey

- **BPU issues draft interim standards ORDER to implement gas and electric restructuring- Docket No. EX99030182 – March 31, 1999 –** Regulations include:
 - Affiliate Relations and Fair Competition Standards;
 - Supplier Licensing Requirements and Fees;
 - Anti-Slamming Standards;

- Dispute Resolution Procedures;
- Consumer Protections, including contract and advertising standards;
- Government Aggregation Programs; and
- Environmental Information Disclosure.

Comments on the proposed standards are **due April 22, 1999**, except for the Affiliate Relations standards, which comments are **due by May 2, 1999**. The interim regulations must be adopted by early May, in order to allow electric retail choice to begin August 1, 1999. Public hearings on the interim standards are scheduled for April 15 - 29. *All 8 of these documents (including the ORDER) are available on the NEMA site in .pdf format.*

New York

- **Niagara Mohawk Power customers can choose power suppliers starting April 2, 1999.** To date, only two of the eligible ESCO's in Niagara Mohawk's service territory have expressed interest in serving the residential market.
- **Niagara Mohawk files Petition for Rehearing and Clarification – Case No. 98-M-1343 – In the Matter of Retail Access Business Rules.** Concerning the two business rules, made effective by PSC Opinion No. 99-3, that must be observed by utilities:
 - **Creditworthiness** – Marketers can meet the utility's credit requirement by having a minimum "1A2" rating from Dun & Bradstreet coupled with 24 months of good payment history, but the utility has the option to require the marketer to post security for any marketer that exceeds 5% of the utility's Credit Exposure.
 - **Customer Information** – Historical - Utilities must provide, free of charge, at least 24 consecutive months (or the life of the account if less) of the customer's most recent usage and billing information. Credit information shall also be made available free of charge for the most recent 12 month period. Not yet available electronically
- **Case 98-G-0122 – Proceeding to Review the Bypass Policy Relating to the Pricing of Gas Transportation for Electric Generation – March 17, 1999.** The Office of Gas and Water proposes that the service to provide for a basic gas-for-electric-generation-serviced tariff that provides the certainty marketers seek but that the price include a value component that could provide some benefit to the gas utilities and their ratepayers. *This document is available on the NEMA site.*

Virginia

- **Case No. PUE980812 - HEARING EXAMINER's RULING – March 26, 1999 – In the Matter of Establishing Interim Rules for Retail Access Pilot Programs.** The Order also established certain filing requirements to facilitate a public hearing in this matter. NEMA, as well as several other parties, filed Notices of Intent to Participate after the date established by the Commission's procedural order. The Chief Hearing Examiner found that accepting the late-filed notices will not prejudice any of the parties hereto or delay the established hearing. Comments and testimony are to be filed on or before **April 9, 1999**.

Ohio

- **Draft electric restructuring legislation sponsored by Representative Priscilla Mead (R) and Senator Bruce Johnson (R) was accepted by a joint House/Senate Committee. March 26, 1999.** Their proposal calls for retail competition to begin **January 1, 2001** but can be delayed up to six months under certain circumstances. It allows the recovery of \$9.8 billion in stranded costs. Utilities are unhappy with the bill because they feel the stranded cost recovery is not adequate. They also oppose placing customers who do not choose an alternative supplier into an auction at the end of the transition period. Businesses, consumer groups, and environmentalists also oppose the legislation because they claim the stranded cost recovery is too high. Lawmakers are under pressure to come up with a compromise because Governor Bob Taft would like to be able to approve a deregulation plan by June.

Louisiana

- **PSC voted 4-1 to proceed with deregulation in the state, even though its own staff recommended against action. March 29, 1999.** The PSC ordered its staff to continue researching deregulation and develop ways to explain the issue to consumers. In the next month, the PSC will review comments on the issue and possibly vote on a deregulation schedule. The PSC also ordered its staff to develop a retail choice pilot program to begin by **January 1, 2001**. After urging from the staff, the PSC agreed not to implement deregulation unless residential and commercial customers would benefit from lower rates. The PSC has made it clear that they want to stay with the regional pace of restructuring.

MISC

- **Megawatt Daily and Financial Times Energy sponsor April 21-22, 1999 Houston Conference – “Buying and Selling Power Assets”.** Dean Jones, VP of strategic business relations for The Williams Cos., is the keynote luncheon

speaker. Discounts of \$100 are available for NEMA members. Contact Gary Clouser, conference director, Financial Times Energy at 713-939-5841 or email at gclouser@ftenergyusa.com. *The Press Release is available on the NEMA site.*

- **EEI national survey findings show consumers want utilities and their affiliates to compete. April 1, 1999.**
 - 71% favor electricity competition;
 - 75% favor electric companies providing one-stop shopping;
 - 56% favor allowing new business affiliates to use the electric company logo;
 - 26% are very or somewhat familiar with the concept of electric competition however;
 - 36% are slightly familiar and 38% are not familiar at all.

