



Regulatory Update

March 19, 1999

Announcements

1. This week, NEMA filed a Protest in the NERC TLR proceeding at FERC, and an intervention in Michigan. NEMA will likely be submitting comments in the PSE&G Restructuring Proceeding in NJ and will be presenting its proposal for reliability in NY next week. NEMA was granted intervenor status in the Mid-West ISO proceeding at FERC, as well as in proceedings in IL, VA, GA and North Carolina. NEMA may also file interventions in other dockets at the FERC in Michigan and Wisconsin next week.
2. **UtiliCorp Energy Solutions** has been elected to NEMA's Executive Committee. **OLAMETER** has joined as a Regional Member from the Northeast and Canada. **AGF Direct** has joined NEMA as a State member and has volunteered experts to represent NEMA in Massachusetts and elsewhere. **Sentry Protective** also joined NEMA this Week.

FERC

- **Marketers Request Rehearing – RM95-9 OASIS Standards – March 12, 1999.** Marketers are asking FERC to reconsider its decision to require transmission providers to publicize in real time to a transmission customer's competitors, suppliers and purchasers all of the details of the customer's short-term transactions.

FEDERAL

- **Senator Introduces Bill S516 that prevents a Federal "Date-Certain" Electric Deregulation Deadline – March 4, 1999.** Craig Thomas (R/WY) reacted to the one-size-fits-all push for electric restructuring and particularly with regard to rural electric markets. Thomas introduced the same bill last session but it never passed on the Senate floor, but he believes it has a better chance this time since the Chairman of the Committee on Energy, Frank Murkowski, has indicated a willingness to consider giving states more control over their electricity markets.

Virginia

- **Commission issued proposed rules regarding retail gas and electric programs – March 9, 1999.** The rules focus on 3 areas: 1) the relationship between LDCs and competitive service providers; 2) the LDCs and competitive service providers responsibilities to retail customers; and 3) the process and standards for licensing competitive service providers. Comments are due April 9, 1999, and hearings are scheduled to begin April 19, 1999. *Several documents related to these rules have been posted on the NEMA site, they include:*
 - Interim Rules For Retail Access Pilot Programs – Task Force Report – March 9, 1999.
 - Pilot Program Performance Rules – Working Draft – February 22, 1999.
 - Terms Applicable to Retail Access Pilot Program Interim Rules – February 18, 1999.
 - Minimum Requirements for Licensure of Energy Service Providers and Aggregators – Working Draft – February 16, 1999.
 - Minutes of February 16, 1999 – Task Force Meeting.

Wisconsin

- **Governor asks PSC to study electric restructuring – March 15, 1999.** If the legislature approves the budget, the PSC would complete a study within 12 months, and a report would not be expected until summer of 2000. It appears that deregulation is not a fast-track issue in Wisconsin. Electric reliability remains the top priority.

Texas

- **Senate Passes Electric Deregulation Bill 7– March 17, 1999.** The bill will now be sent to the Texas House after a near-unanimous vote that would open most of states utilities to competition beginning January 1, 2002, Only municipals and rural electric cooperatives would be exempt from the legislation. The bill calls for power companies to auction off at least 15% of their generation and imposes limits to how much power generation a utility can control within its region. House hearings are expected as early as March 29. The Governor has pledged his support to the bill.

Iowa

- **House Committee vote expected on Electric Restructuring – March 19, 1999.** The bill will probably be considered by the full House within 3 weeks and must pass both the House and Senate before the current session ends in early May. The bill allows customers of IOU's to choose their supplier effective May 1, 2002. Customers of Rural Electric Coops and Municipals

will get to choose by October 1, 2002. Residential and small-commercial customers can delay selecting a supplier until at least December 31, 2005. MidAmerican Energy said it is supportive of the bill.

New Jersey

- **PSE&G agrees to shopping credit - March 17, 1999.** In return the company will reduce the proposed rate cut from 8.2% to 5%. The residential credit proposed is 5.71 cents/Kwh in 1999 and 5.86 cents/Kwh from 2000 to 2003. The BPU must approve the agreement. NEMA is considering comments in this proceeding at this writing. The company also agreed to a 4-year transition to a full competitive market ending July 31, 2003 with the start date of August 1, 1999.

Florida

- **The PSC unanimously approved settlement between Equipower and FP&L. – March 16, 1999.** Commercial customers will receive immediate reductions of between 6.7% and 8.0% effective April 15, 1999 for 3 years.

California

- **California Energy Commission Rulemaking to Solicit Comments and Proposals on Distributed Generation and Competition in Electric Distribution Services – R.98-12-015 - March 17, 1999.** *Numerous parties have submitted comments and several are available on the NEMA site:*
- **The CPUC reports the number of customers who have switched electric suppliers increased – March 2, 1999.** Residential participation remained at 1.1 % in January with 82,692 customers. The total load rose marginally from 11.6% to 12.2%.

Michigan

- **Detroit Edison receives MPSC Order – March 8, 1999.** (Mentioned last week for Consumers Energy) The order approved an Experimental Retail Access Service Tariff for Detroit Edison and further ordered the utility to open a minimum of 90 MW of load to supplier choice before the 1999 heating season. In addition, Consumers Energy and Detroit Edison will offer 2.5% of their customers' supplier choice on September 20, 1999 with full competition to begin January 1, 2002. Both have agreed to provide standby capacity for choosing customers for their top incremental rate plus \$0.01Kwh for those requesting it. Petitions to intervene are due March 22, 1999, with a prehearing conference scheduled for March 29, 1999.

- **The Commission on March 8, 1999** - also opened a proceeding to review existing affiliate transaction rules for gas and electric utilities. NEMA will be participating in this proceeding.

MISC

- **Georgia Gas Marketer Ends Incentive Offer– March 11, 1999.** SCANA will stop offering the \$50 credit or gift certificate to customers who switch from AGL by April 15, 1999. SCANA has signed up more than 200,000 customers in the program and the offer has allowed them to obtain a much higher market share than anticipated. The PSC is hoping that one-third of customers will have chosen a supplier by the beginning of May. The one-third level will trigger a 100-day clock to start, in which any remaining AGL customers who have not switched will then be “assigned” a marketer before next winter.
- **Electric Deregulation: How Far? How Fast? – March 16, 1999.** The Atlantic Monthly Forum will hold a debate with key players to examine state’s rights, stranded cost issues, and other factors on March 23, 1999. Place: National Press Club, 529 14th Street, N.W. 13th Floor, Washington DC. Time: 8:30 a.m. – 10:00 a.m.

