



## **Regulatory Update**

**October 1, 1999**

### **Announcements**

- 1. NEMA, EEI, CUBR and EPSA agreed to seek a broad-based industry wide consensus to uniform business rules. Copies of recent press articles on this effort are on the NEMA site.**
- 2. NEMA was invited to a wide-ranging press briefing and radio interview this week. Audio feed for the interview will be uploaded to the NEMA site today.**
- 3. GE has requested NEMA to circulate several job vacancies among its members. Please call headquarters if you would like a copy.**
- 4. NEMA will be filing motions to intervene in Mississippi and Pennsylvania restructuring proceedings next week.**

### **Federal**

- House Commerce Subcommittee on Energy and Power will release second draft of electric restructuring proposal.– September 23, 1999.** Chairman Barton (R-TX) stated that he does not have enough votes for his bill to make it out of subcommittee. Democrats insist their views be included in order for them to support. Many Democrats support a renewable energy portfolio, while Republican leaders in both houses are opposed to any renewable mandate.

### **FERC**

- FERC announces new organization for the Office of Markets, Tariffs and Rates - September 27, 1999.** Rates and Tariffs will be divided into three geographic divisions to review natural gas and electric rates and services. The three directors are Alice Fernandez (East), Rob Cupina (Central) and Michael Coleman (West). Michael Coleman is currently Director of Opinions and Corporate Applications. Michael McLaughlin will head up the Division of Corporate Applications and will be responsible for merger/corporate/asset transfer applications and oil transportation issues. The director for the division of Market Analysis has not yet been named, but the division will monitor

standards of conduct and market behavior. Dan Larcamp is Director of OMTR, Kevin Madden and Shelton Cannon were named deputy directors, and Dick O'Neill will become Chief Economic Advisor. FERC has yet to name the Director for the new Office of Energy Markets, whose responsibility will be to certify new gas pipeline projects and authorize and monitor hydroelectric projects. *The press release and organizational chart are available on the NEMA site.*

- **NYISO Order Approving Agreement on Governance and Denying Requests for Rehearing – Docket Nos. ER97-1523-005, et al. - September 15, 1999.** FERC accepted the proposed sector voting governance structure of the NYISO filed by the New York Power Pool (NYPP). The governance structure divides the NYISO Management Committee into the following five sectors and voting percentages: (1) Transmission Providers (20%); (2) Generator owners (21.5%); (3) Other suppliers, including marketers and energy service companies (21.5%); (4) End-use consumers (20%); and (5) Public Power/environmental parties (17%). FERC is satisfied that the governance structure affords fair representation across a broad spectrum of market participants. *This order is available on the NEMA site.*
  
- **Mid-Continent Area Power Pool (MAPP) – Supplemental Compliance – Docket Nos. OA97-163-005; ER97-1162-004; and OA97-658-005 - September 1, 1999.** MAPP filed its supplemental compliance filing explaining how will implement the Commission's requirement to eliminate the charges under border members' individual transmission tariffs when such charges are applied in addition to charges under MAPP's Schedule F. *The Schedule F Transmission Procedures is available on the NEMA site.*
  
- **Protest of Coral Power, L.L.C. (Coral) and Enron Power Marketing, Inc. (EPMI) – Docket Nos. ER97-1523-013; OA97-470-012; and ER97-4234-010 – September 15, 1999.** Coral and EPMI protested the New York Power Pool's (NYPP) revised tariffs filed in compliance with the Commission's July 29, 1999 Order. The companies claim that the following four changes must be made to NYPP's revised tariffs in order for the tariffs to fully comply with the Commission's July 29, 1999 Order: (1) requirements of Installed Capacity Providers (ICAP) of the ISO Services Tariff must be changed to exempt non-ICAP resources from recall; (2) time limitations should be imposed on the ISO for posting and responding to requests for generator comments; (3) posted bid information should include load bid data; and (4) use of decremental bids to dispatch external generators should be revised to determine external generators' schedules using a price forecast based on average hourly load rather than peak load.

## Uniform Business Rules

- **FINAL CUBR Documents – September 27, 1999.** *The “final” CUBR documents in all subject areas are now available on the NEMA site in a self-extracting zip file. Also available on the site is the Meeting Minutes from the SET/EDI Working Group meeting held in Atlanta on September 23-24. The Working Group is not a CUBR-Member only group, instead the Working Group is open to all interested entities. The goal is to involve all interested market participants to develop uniform, best business practices for SET, including Data Dictionaries, Process Flows, and Implementation Guides. All of the Working Group meetings are scheduled around already existing meetings for UBR development, X12, or UIG meetings. The Working Group will meet before or after the meetings. Since the NEMA/EEI/CUBR/EPISA meetings are subject to change, the Chicago dates may change. The Group will finalize the meeting schedule at the Orlando meeting.*
  - October 18-19, Chicago (Tentative EEI/CUBR/EPISA/NEMA Meeting).
  - November 1-2, Chicago (Tentative EEI/CUBR/EPISA/NEMA Meeting).
  - November 15, Chicago (Tentative EEI/NEMA/CUBR/EPISA Meeting).

## New York

- **NYISO – Market Trials IV Daily Status Reports – Daily Status Reports for September 25, 1999, September 28, 1999 and September 30, 1999 are available on the NEMA site in .pdf format.**
- **NYISO - Open Access Transmission Tariff – Proposed Memorandum of Understanding – September 28, 1999.** *This is privileged and confidential information for settlement purposes only. Members should contact NEMA headquarters for more information.*

## California

- **Rulemaking 98-12-015 - Commission’s Own Motion to Solicit Comments and Proposals on Distributed Generation and Competition in Electric Distribution - September 21, 1999.** *The Commission adopted a two-track procedural roadmap to address policy questions and issues concerning distributed generation, distribution competition, and the role of the utility distribution company (UDC) in competitive electricity markets. Track 1 calls for a new rulemaking proceeding to facilitate implementation of distributed generation within a year from the start of the proceeding. Track 2 requires staff to submit a study and report (but no formal proceeding) on distribution competition issues and the role of the UDC in competitive electricity markets and services. *The Commissioner’s Ruling on Procedural Roadmap and a Draft Decision of Commissioner Duque and ALJ Wong – Opinion Regarding Distributed Generation are both available on the NEMA site.**

## Michigan

- **Consumers Energy Electric Choice Program – September 23, 1999.** Suppliers submitted capacity bids at three times the level allotted for the first block available in the program of 150 MW that represent 2.5% of their electric load. The winning bids are posted on the Consumer Energy's web site: [www.consumersenergy.com](http://www.consumersenergy.com).

## Pennsylvania

- **PUC Universal Service Task Force Invitation – September 21, 1999.** The Commission has extended an invitation to those who desire to become a member of the Universal Service Task Force that will convene to review universal service programs and their funding. The task force must issue a report and make recommendations to the Commission by December 31, 1999. The first meeting of the task force will be held on October 13, 1999, in Hearing Room 1 from 10:00 a.m. until 12:00 noon. All persons interested in participating as a task force member must inform the Commission by October 6, 1999.

## Arizona

- **Electric Competition Settlement between ACC and Arizona Public Service – September 24, 1999.** APS will make 20% of its business available to competition by October 1, 1999, with the remaining 80% available by January 1, 2001. The agreement provides for a 7.5% reduction in residential rates over a five-year period and a 5% reduction in rates for large users over four years. The rate decrease will be offset by \$350 million in stranded costs. APS agreed to offer a shopping credit ranging from 4.5 cents per kWh for residential to 3 cents for large industrial users. APS will spin off its power plants and power sales contracts and transfer them to its unregulated affiliate and will be able to pass 67% of the cost along to ratepayers. Many competitive suppliers oppose the settlement saying that the shopping credit is too low, are not satisfied with the stranded costs and how they will be sold and will take a hard look on whether to compete under these conditions.

## Maryland

- **Commission's Inquiry into the Provision and Regulation of Electric Service – ORDER No. 75608 – Case No. 8738 – September 24, 1999.** The Supplier Authorization Working Group (SAWG) has added the following criteria to its proposed Supplier Authorization application: (1) a requirement that suppliers notify the Commission within 30 days of substantial changes in the information contained in the application upon which a license was conferred; (2) a requirement that the supplier provide "publicly available" environmental and reliability problem information to the Commission; and (3) a Section to include environmental and reliability problems that lead to official actions by federal and state regulators. *Not electronically available.*

## Alabama

- **Investigation into Restructuring in the Electric Utility Industry – Staff Electric Industry Restructuring Task Force - Interim Report No. 1 – Docket No. 26427 – September 8, 1999.** The Task Force recommends that there be a hearing to determine whether restructuring of the electric utility industry is in the public interest, and to define the Commission’s role and regulatory authority to institute retail electric competition. The Task Force also recommends that Stranded Costs, Market Structure, Market Power, Reliability, Public Purpose Programs, and Customer issues be held in abeyance until decisions are reached in the hearing concerning public interest and the Commission’s regulatory authority. The Task Force found that Tax, Public Power, Holding Company, and Environmental issues are beyond the jurisdiction of the Commission, but recommends that staff prepare a white paper on the Tax issues, and continue to monitor and research the Public Power, Holding Company, and Environmental issues. Acts before Congress and rulemakings by the FERC, related to electric utility restructuring, will be made part of this docket. *This report is available on the NEMA site.*

## Virginia

- **Virginia Electric and Power Company Electricity Retail Access Pilot Program — Stipulation – Filed.** The stipulation will (among other things) provide for a determination of class market prices that will be used to set the “Wire Charges” and establish the Pilot size and scope.

## MISC

- **Regional Transmission Organizations (RTO) – Comments on Auctioning Unscheduled Flows of Electricity by Utility Economic Engineers – Docket No. RM99-2-000 - August 18, 1999.** UEE recommended that FERC investigate having each RTO continuously auction inadvertent interchange as a way to price unscheduled flows of electricity. UEE asserts that a continuous auction could be accomplished through a pricing formula that has reliability measurements as independent variables. UEE suggests that a formulaic auction of inadvertent interchange would move the electricity industry towards the paradigm of a competitive market, and reduce the inherent conflict between reliability and economic efficiency.

