



Regulatory Update

October 15, 1999

Announcements

1. The National Energy Marketers Association is very pleased to welcome MidAmerican Energy Company and Utilipro onto its Executive Committee. Michael Foley and Stan Price will be representing Utilipro and George Phillips, Brent Gale and Duane Dixon will be representing MidAmerican Energy on National Policy Development.
2. The Executive Committee meeting will be held at 8 AM through noon on November 10, 1999 at La Cantera resort. **All members are urged to reserve their rooms and tee times as soon as possible as the NEMA block is no longer guaranteed.** Please call 888-707-5812 or 800-228-3000 or 210-558-6500.
3. **The NEMA and NARUC Commissioner reception will take place at the Presidio Restaurant on the Riverwalk at 6:30PM on November 10, 1999.** Please feel free to invite as many Commissioners as you wish to this reception.
4. Columbia Gas of Pennsylvania will meet with parties at 2:00 P.M. on October 21, 1999, in Harrisburg to discuss settlement. Columbia will provide access via a bridge line to those parties who wish to participate by telephone. *Columbia's settlement proposal is privileged and confidential information. Members should contact NEMA for more information.*

Federal

- **Senate Electric Restructuring Draft Legislation.** Senate Energy and Natural Resources Committee Chairman Murkowski (R-Alaska) introduced draft legislation for electric restructuring. The proposed bill seeks to: (1) restrict the federal government's role in the national power market; (2) eliminate the requirements that utilities buy power from renewable energy producers; (3) simplify procedures for the building of new transmission lines; and (4) give the FERC the power of eminent domain. The proposal failed to address two controversial issues: the right of public utilities to issue tax-exempt bonds for construction and the future of Tennessee Valley Authority and Bonneville Power. A formal bill is expected for next year. *The draft legislation will soon be available at the NEMA site.*

- **House Commerce and Subcommittee on Energy and Power Chairman Barton (R-Tex) Seeks Vote on Electric Restructuring Bill H.R. 2944 for October 27.** Many lawmakers have problems with the current bill saying that it fails to promote strong competition, does not permit the aggregation of power purchases, and does not let the “little guy” have a chance to play in the rapidly changing utility sector. Hearing testimony suggests that a majority of the lawmakers support federal restructuring, but want changes to the present proposal. The Barton plan is believed to have advanced further than the Senate plan.

FERC

- **FERC Accepted NERC’s Transmission Loading Relief (LTR) Procedures.** FERC accepted NERC’s LTR procedures to be used when transmission constraints occur and need to be resolved on a regional basis.
- **FERC Accepts Proposal by NYISO to Recover Start-Up Costs.** FERC will conduct procedural hearings within the next 3 weeks to determine what costs the ISO and NY utilities can recover. The utilities and the ISO want \$52.6 million for start-up costs to be recovered from a new \$0.04 per megawatt hour transmission charge for the first year of operation.
- **Joint Offer of Settlement of the Member Systems of the New York Power Pool (NYPP) –** Member Systems of the NYPP propose a settlement of the issues raised in Ordering Paragraphs (P) and (Q) of the January 27, 1999 Order concerning the Independent Systems Operator proposal submitted by the Member Systems. *This is confidential and privileged information. Members should contact NEMA for more information.*
- **New York Power Pool (NYPP) Amended Procedural Schedule.** (Docket Nos. ER97-1523-000, OA97-470-000, and ER97-4234-000). The NYPP Procedural Schedule is amended as follows:
 - November 3, 1999 – Staff and intervenors file answering testimony and exhibits.
 - November 17, 1999 – Staff and intervenors file cross-answering testimony and exhibits.
 - December 22, 1999 – Member Systems file rebuttal testimony.
 - December 22, 1999 – Parties file Joint Statement of Issues; and each party files a witness list including an estimate of the amount of time each witness will take.

- **Order accepting Revised NYPP Transmission Agreements.** (Docket Nos. ER97-1523-011, Oa97-470-010, and ER97-4234-008). FERC accepted and suspended NYPP's proposed revised transmission agreements. The agreements became effective upon the effective date of the NYISO OATT (October 12, 1999), subject to refund. A public hearing will be held within 15 days of this Order, at FERC, 888 First Street, N.E., Washington, D.C. *This Order will soon be available at NEMA's site.*

Pennsylvania

- **West Penn Power Co.'s Competitive Transmission Charges.** A hearing on West Penn Co.'s competitive transmission charges is set for Tuesday, October 26, 1999, at 10:00 a.m. The hearing will be held at the North Office Building, North Street and Commonwealth Avenue, Harrisburg, Pennsylvania. For more information, please contact Norma Lewis of the Public Utility Commission at 717-787-1399.
- **PECO Energy Co.'s Competitive Transmission Charges.** A hearing on PECO's competitive transmission charges is set for Wednesday, October 27, 1999, at 10:00 a.m. The hearing will be held at the North Office Building, North Street and Commonwealth Avenue, Harrisburg, Pennsylvania. For more information, please contact Norma Lewis of the Public Utility Commission at 717-787-1399.

Maryland

- **Investigation into the Preparedness of Maryland Utilities -** (Case No. 8826)
The Commission instituted a proceeding on October 1, 1999, to investigate the preparedness of Maryland utilities for responding to major outages. The procedural schedule for reports, comments, and hearings in this matter is as follows:
 - Utility Reports Friday, October 15, 1999
 - Initial Comments Friday, October 22, 1999
 - Reply Comments Friday, October 22, 1999
 - Hearings Thursday, November 4, 1999

Hearings will be held at 9:30 a.m. in the Commission's 16th Floor Hearing Room. The Commission is located at the William Donald Schaefer Tower, 6 St. Paul Street, Baltimore, Maryland. For more information, please contact the Commission at 410 767-8000.

Ontario

- **Minister of Energy Science and Technology Wilson Announces Target Dates For Electricity Competition - September 24, 1999.** The Minister of Energy, Science and Technology has accepted the Independent Electricity Market Operator's (IMO) recommendation that the beginning of November 2000 be the planning target for the opening of Ontario's electricity market. This target date is an essential step guiding the implementation plans of the IMO, the Ontario Energy Board (OEB), provincial ministries, utilities and industry. The correspondence between Minister Wilson and Mr. Baillie regarding the establishment of a Market Opening Planning Target can be obtained from the Ministry of Energy, Science and Technology's web site at www.est.gov.on.ca. Having accepted the beginning of November 2000 as the recommended market opening, Minister Wilson has also established March 2000 as the target for the beginning of retail licensing and contracting. The OEB expects to begin the application process for retail licenses later this Fall. Comprehensive consumer education will commence early in the new year prior to issuance of retail licenses. Roll-Out to Market Opening :

- Nov - Jan/00: Local Distributor Education
- Dec - Jan/00: OEB Initiates Retailer Application Process
- Feb/00: Consumer Education Campaign Commences
- Feb/00: OEB Begins to Issue Retailer Licenses for March
- Mar/00: Licensed Retailers Can Sign up Customers
- Sep/00: Confirmation of Market Readiness
- Nov/00: Market Opening

New York

- **Consolidated Edison Company (Con Edison) Retail Access Implementation Plan** – Con Edison has implemented its revised Retail Choice Program, pursuant to the September 23, 1997 Public Service Commission approved Settlement Agreement in Case No. 96-E-0897, to provide its customers with the opportunity to purchase energy and capacity from competing providers. Con Edison's retail access plan describes: (1) the company's customer education program; (2) the program parameters and the relationships between market participants; (3) the relationship of the program to other aspects of the Settlement Agreement; (4) the procedures for enrollment and other aspects of program participation; and (5) the service options available to energy service companies and retail access participants. *This document will soon be available at the NEMA site.*

- **NYISO Start-Up Delayed** - The NYISO did not begin operations on October 12, 1999. ISO staff and an independent evaluator are currently reviewing the results of the NYISO marketing trials. Once these results are completed, the market participants will be able to evaluate the new plan. Two weeks following the start-up announcement, the NYISO will then take over control of the state's electric transmission system from the NY Power Pool. The NYPP will be dissolved at that time.

- **NYISO Transitional Operating Committee Meeting - Thursday, October 21, 1999.** Time – 1 p.m. to 4:30 p.m. Place – Ramada Inn, 450 Nott Street, Schenectady, NY – 518-370-7151. The meeting was arranged to correspond with the NYISO Transitional Business Issues Committee scheduled for the next day, at the same location. Those interested in attending must register by October 19th with Greg Campoli, Secretary to the TOC – (508)-356-6159. *The following are hot linked to the NEMA site in .pdf format:*
 - Directions to the Ramada Inn.
http://www.energymarketers.com/documents/NYISO_Ramada_directions.PDF
 - Planning Issues on Reliability.
http://www.energymarketers.com/documents/NYISO_Planisue.pdf
 - Proposed Agenda.
http://www.energymarketers.com/documents/NYISO_1099.pdf
 - Minutes from the September 22, 1999 Meeting.
http://www.energymarketers.com/documents/NYISO_Minutes_101399.pdf
 - NYPP Operating Committee Scope Document Meeting Material.
http://www.energymarketers.com/documents/NYISO_Scopes.pdf

California

- **POWER Paper From the California Energy Institute – Regulation and the Leverage of Local Market Power in the California Electricity Market – Bushnell & Wolak – September 1999** - Regulators of electricity markets around the world continue to struggle with the problem of incentivizing generators whose output, due to their location in the grid, has no viable substitutes. Such generators possess 'local' market power. Since these generators also compete in broader regional markets, the actions taken to exploit their local market power can also effect market outcomes over larger areas. In California, a contract structure known as the reliability must-run (RMR) contract was developed to address the problem of local market power.

However, the contract form that was in place during 1998 created serious incentive problems. We find that, during the months of June through September 1998, RMR contracts had the effect of raising overall supply bid prices from most producers, thereby leading to higher energy prices in the California regional market. *This paper is available on the NEMA site at: http://www.energymarketers.com/documents/CA_EnergyInstitute_pwp070.pdf*

Texas

- **PUC Considers Rule Changes to Prohibit Utilities from Passing Along Economic Development Support Costs to Customers.** PUC officials believe the change would level the playing field for different types of utilities once deregulation takes effect in 2002. The rule change would force utilities to divide transmission/distribution and retail units into separate businesses, and would prevent both types of companies from passing ancillary costs, such as economic development spending, on to customers.

Oklahoma

- **Joint Electric Utility Task Force – Final Report on Electric Restructuring Issues – October 1, 1999.** *This final report is available on the NEMA site in .pdf format at: http://www.energymarketers.com/documents/OK_ElecTaskforce_Final_Report.pdf*

Ohio

- **Ohio Edison's Stranded Costs Estimated to be \$6.9 Billion.** The amount represents the stranded assets of Ohio Edison, The Illuminating Company, and Toledo Edison when competition begins January 1, 2000. Additional proposals are expected to reduce stranded assets by \$2.3 billion with an additional \$810 million by offsetting the above- and below-market values of its generating assets compared with the plants' book values. FirstEnergy proposes recovery of the \$3.8 billion stranded costs over the five year period from 2001 through 2005. The company will split into three entities: a business support unit, a competitive energy unit, and a regulated utility for electricity distribution.
- **The PUC Issues Initial Set of Transition Rules – (Case No. 99-1141-EL-ORD)** The PUC issued an initial set of transition rules that cover distribution and generation, operational support, corporate separation, unbundling of transmission, consumer education, and employee assistance. The rules must still be approved by the PUC. Utilities will be allowed to recover the costs associated with moving to a deregulated marketplace, which is to begin January 1, 2001. A spokesperson for American Electric Power said that the company will file their plan sometime in December. *The Rules for Electric Transition*

Plans and Consumer Education plus two attachments are available on the NEMA site at:

http://www.energymarketers.com/documents/OH_PUC_99-1141.pdf

http://www.energymarketers.com/documents/OH-PUC_99-1141att.pdf

http://www.energymarketers.com/documents/OH_PUC_99-1141att2_questions.pdf

New Hampshire

- **NH Electric Coop's 70,000 Members Request for Proposals for Transition and Default Service – October 8, 1999.** The Coop has reached a settlement with PSNH to end its existing wholesale contract that allows the NHEC to purchase their energy needs directly from a competitive retail supplier beginning January 1, 2000. Fred Anderson, General Manager and CEO, NH Electric Cooperative, Inc. HYPERLINK <mailto:nhechq@nhec.com> nhechq@nhec.com and web site: HYPERLINK <http://www.nhec.com> www.nhec.com . The RFP can be found on the NHEC web site

Michigan

- **Michigan Industrial Energy Cooperative (MIEC) Issues RFP for Electric Services – October 11, 1999.** The Coop was created to offer electric suppliers the advantage of serving a group of individual customers whose electricity usage is complementary when aggregated. The MIEC members are currently served by Consumers Energy. Responses to the RFP are due by October 29, 1999. The MIEC and its advisors intend to complete evaluation of power supply proposals by November 12, 1999. Contact : Jack Madden of GDS Associates – 770-425-8100 for Technical/RFP Inquiries, web site: www.gdsassoc.com/electricweb/rfp/miec.

Virginia

- **SCC gives Columbia Gas permission to extend Customer Choice until October 1, 2000– October 3, 1999.** As of last month, 29% of the 7,705 eligible customers had enrolled in the Columbia Gas Customer Choice program. The program is open to 26,500 Columbia customers in Manassas Park and the counties of Culpeper, Fairfax, Fauquier, Green, Loudon, Louisa, Madison, Orange and Prince William. Columbia will be working with the SCC to extend customer choice to all of the company's 178,000 Virginia customers.
- **Virginia Electric and Power Company – Electricity Retail Access Program – (Case No. PUE980813).** Post-hearing briefs are due on October 20, 1999. For more information, please contact M. Renae Carter, Office of General Counsel, at 804-371-9671.



Document Details

Title: NY - ISO Ramada Inn Directions

Description: Materials for the October 21, 1999 Meeting.

Document URL:

http://www.energymarketers.com/documents/NYISO_Ramada_directions.PDF

Document Size: 3885 Bytes

Document Details

Title: NY - ISO Planning Issues

Description: Materials for the October 21, 1999 Meeting.

Document URL: http://www.energymarketers.com/documents/NYISO_Planisue.pdf

Document Size: 55532 Bytes

Document Details

Title: NY - ISO Pro: posed Agenda

Description: Materials for the October 21, 1999 Meeting.

Document URL: http://www.energymarketers.com/documents/NYISO_1099.pdf

Document Size: 4912 Bytes

Document Details

Title: NY - ISO Sept. 22, 1999 Meeting Minutes

Description: Materials for the October 21, 1999 Meeting.

Document URL:

http://www.energymarketers.com/documents/NYISO_Minutes_101399.pdf

Document Size: 43608 Bytes

Document Details

Title: NY - ISO NYPP Operating Committee Scope

Description: Materials for the October 21, 1999 Meeting.

Document URL: http://www.energymarketers.com/documents/NYISO_Scopes.pdf

Document Size: 36518 Bytes

Document Details

Title: CA - POWER Paper 070

Description: Regulation and the Leverage of Local Market Power in CA Elec Market - Bushnell & Wolak - Sept. 99

Document URL:

http://www.energymarketers.com/documents/CA_EnergyInstitute_pwp070.pdf

Document Size: 736064 Bytes

Document Details

Title: OK - Joint Electric Utility Task Force

Description: Final Report on Electric Restructuring Issues - October 1, 1999

Document URL:

http://www.energymarketers.com/documents/OK_ElecTaskforce_Final_Report.pdf

Document Size: 221319 Bytes

Document Details

Title: OH - Commission Entry

Description: Case No. 99-1141-EL-ORD, Rules for Electric Transition Plans and Consumer Education Plan

Document URL: http://www.energymarketers.com/documents/OH_PUC_99-1141.pdf

Document Size: 15675 Bytes

Document Details

Title: OH - Staff's Proposed Rules

Description: Case No. 99-1141-EL-ORD, Rules for Electric Transition Plans September 30, 1999

Document URL: http://www.energymarketers.com/documents/OH-PUC_99-1141att.pdf

Document Size: 185827 Bytes

Document Details

Title: OH - Commission Questions -Filing Requirements

Description: Case No. 99-1141-EL-ORD, Attachment 2 Rules for Electric Transition Plans September 30, 1999

Document URL: http://www.energymarketers.com/documents/OH_PUC_99-1141att2_questions.pdf

Document Size: 11880 Bytes