



Regulatory Update

September 3, 1999

Announcements

1. NEMA is very pleased to welcome its newest members: **Abigail Bailey** of Texaco, **Robert Kreppel** of National Fuel Resources, **Tom Ulry** of energy.com, **Bill Barkas** of Allegheny Energy, **Scott Serota** of Excelergy and **Ted Demmon** of New England Energy. Formal announcements of each of these new members will be forthcoming. **Please join us in welcoming our new members for a reception in their honor on November 10, 1999 in San Antonio.**
2. **NEMA's Executive Committee meeting will be held between 8AM and Noon on November 10, 1999 in San Antonio at La Cantera Resort. A New Member Reception will held at the resort between 5PM-7PM on November 10, 1999.**
3. **The Joint NEMA-EEI-Wholesale Power Contract Standardization Project will convene a meeting of the entire group on FRIDAY, September 24 from 9:00-5:00 p.m. at EEI's offices, 701 Pennsylvania Avenue, NW. If you plan to attend this meeting, please inform Kathy Seaman at 202/508-575. If you have any questions or concerns, you can reach Kathy at 202/508-5757 or Andy Katz at 202/508-5616. *The latest draft of the standard contract is on the NEMA site.***
4. **NEMA conference calls this week (1) **Provider of Last Resort and Low Income Issues- Wed-9/8/99- 2:00 PM** (2) **Steering Committee for April 17, 18, 2000 Meeting/Conference/Trade Show-- Thurs. 9/9/99 - 3:00 PM****

Uniform Business Rules

- **A first draft of NEMA's National Operational Standards to Implement Retail Competition should be ready for member mark-up by 9/15/99.**
- **CUBR Documents – Circulated and Uploaded.** Revised documents on the following topics were circulated and uploaded to the NEMA site: Dispute Resolution Process, Performance Standards and Performance Incentives, EDI

Trading Partner Agreement, Retail Electric Settlements the Metering Manual and the Customer Usage Consent Form.

New York

- **Office of Gas and Water Staff Recommendation– Future Role of LDCs - Case 97-G-1380 – Approved August 19, 1999.** The Staff recommended that marketers serving firm customers must have firm primary delivery point pipeline capacity for November through March, but also allow them an alternative to use secondary capacity and pay for back-up service from the gas utility for this winter. The staff also recommends that the Commission should find that a gas utility that releases 7 months of capacity to marketers has met its obligation to minimize stranded costs and foster the development of a competitive marketplace.
- **Office of Gas and Water Staff Recommendation– Case Nos. 97-G-1380, 93-G-0932, 98-G-1785, 99-G-0878 – Natural Gas Market Restructuring and Petitions by Brooklyn Union and Keyspan for Waivers that marketers have 5 months winter firm capacity - Approved August 19, 1999.** Staff recommended that the petitions be approved as modified to offer an additional option for meeting winter requirements. Marketers will be allowed to sign up for a service that will permit them to meet the requirement on a month-by-month basis. Marketers who sign up for this service and fail to meet the requirements would be required to pay for the full months standby service plus a penalty. Both companies will file new tariffs (revisions for Brooklyn Union) for standby service.
- **Office of Gas and Water Staff Recommendation to Commission’s March 24, 1999 Order Concerning Capacity Assignment - Case 97-G-1380 – Approved August 19, 1999.** Staff recommended that those companies that implemented the Commission’s decision to cease required capacity assignment should be made permanent. Central Hudson Gas and Electric, Corning Natural Gas, Niagara Mohawk, Orange & Rockland, comply with the Order and no further compliance is necessary. The other utilities should be required to make several minor changes in order to comply with the Commission order. Brooklyn Union and Marketspan did not include in their filings that marketers serving firm loads must demonstrate that they have firm, non-recallable, primary delivery point capacity to the citygate for the 5 winter months, November through March. ConEd should remove the requirement that marketers must have 12 months of firm transportation rather than 5 as required in the Order. The Staff also recommended that National Fuels Reliability Capacity Charge be rejected at this time and refund any amounts that have been billed through the RCC since April 1, 1999.

California

- **Southern California Gas – Modify Rule No. 30, Transportation of Customer Owned Gas - Advice No. 2837 - August 9, 1999.** Windowing tariffs total systems capacity was changed to read 2,300,000 Dth. The purpose of the filing was to comply with the Commission Decision 99-07-003 that directed SoCalGas to file an advice letter containing windowing tariffs within 30 days of the date of the decision. The tariffs are to facilitate a better understanding of the method used to allocate receipt point capacity in its gas scheduling process. In compliance SoCalGas requested authority to modify the general terms and conditions applicable to transportation of customer-owned gas over the utility system. The company requests that they become effective September 15, 1999. *This document is not yet available electronically.*

Michigan

- **MPSC Press Release – Four Orders Issued to Help Out Electric Choice - August 31, 1999. CASE Nos. U-10973-R, U-11180-R, U-11941, U-11954.** One order requires Consumers Energy to file within 30 days a proposal for adding additional electric capacity. Another grants approvals for Consumers Energy to sell electricity to PECO Energy and finalize power supply cost reconciliation for 1996 and 1997. Consumers Energy and Detroit Edison voluntarily will implement customer choice for 2+ % of each companies electric load on September 20, 1999.
- **Detroit Edison accepts bids for capacity rights from potential participants – August 30, 1999.** Bidders can include power producers, marketers, aggregators or customers. This first phase of the five-phase transition to Electric Choice will remain open until September 20, 1999. Each phase will make 225 MW of capacity available for a total of 1,125 MW of Detroit Edison capacity. January 1, 2002 will start the option for all Michigan customers the option to participate in Electric Choice. Michigan is the only state with a phased-bid format. More information is available over the site: www.detroitdison.com.
- **MPSC Electronic Filings – Electric Utility Restructuring -** All the documents filed electronically in this proceeding can be found on the MPSC at: <http://ermisbbs.cis.state.mi.us/cgi-bin/efile/viewcase.pl?casenum=11290>.

Texas

- **Gatesville Claims to be the Largest Electric Retail Competition Pilot Project in U.S. - September 1, 1999.** Bryan Texas Utilities was selected from among 4 suppliers who competed to provide power to this rural community of 2,825 residential, commercial, and institutional customers. Texas-New Mexico

Power is the local distribution provider and will also continue to provide billing and customer service. The electric rates are expected to drop 8-10% from BTU starting November 1, 1999 and the rates are frozen through December 31, 2000. Consumers will have an opportunity in October to opt out of participation in the pilot project. More information is available on the site: www.gatesvillepilot.com.

New Jersey

- **PSE&G conducts third training seminar for suppliers – August 29, 1999.** Over 40 representatives of energy suppliers showed up for the invitation-only session. So far, PSE&G has done testing to allow suppliers to enroll customers over each other's computers for only 2 of the 29 licensed suppliers. PSE&G will step up the pace over the next month to be ready for the **November 14 target start date**. GPU expects to finish testing its systems for the first 17 licensed suppliers, but has not guaranteed a November completion date for those that follow.

Virginia

- **Virginia Power rejects SCC staff recommendation to expand electric pilot – August 31, 1999.** The companies determined that the 24,000 customers size was appropriate (rather than the staff proposal to increase it to at least 5% of the total customer base) based on other pilot programs around the country and that a bigger pilot could pose serious administrative problems and threaten the pilot's success. Virginia Power also took issue with the SCC staff's suggestion that the utility should look at different markets for electricity sales it loses to competition. Virginia Power has proposed to sell the excess electricity to a power pool serving utilities in PA, NJ and MD, but the staff suggests that it could get more for the power elsewhere.
- **SCC Report calls for Competition in Electric Metering and Billing Services – September 1, 1999.** The report filed with the Virginia General Assembly recommends that the SCC be given authority to decide on the timing and type of metering and billing competition. The SCC report suggests that opening these services to competition will promote diverse pricing and billing options that can help stimulate competition in the retail electricity market. The SCC will discuss the report at the September 28th meeting of the Legislative Transition Task Force. *This document is available on the NEMA site.*

Delaware

- **PSC Issues Rules for Certification and Regulation of Electric Suppliers – August 31, 1999 – Docket no. 49. Exhibit A.** In the matter of the adoption of rules and regulations to implement the provisions relating to the creation of a competitive market for retail electric supply services. *This document is available on the NEMA site.*

- **Conectiv Calls PSC Order “Fair, equitable and balanced” – Docket No. 99-163 - August 31, 1999.** The orders implement the law that will allow for large commercial and industrial customers of Conectiv to be able to choose their supplier October 1, 1999. Other medium to large commercial and industrial customers will be able to choose January 15, 2000. Residential and small C&I will be able to choose their own supplier October 1, 2000. The order approves Conectiv’s rate structure, which provides recovery of stranded costs in Delaware and restricts the practice of some marketers to promote switching their customers back and forth between the default supplier and an alternative supplier. *The order is available on the NEMA site.*

Illinois

- **ICC Hearing Examiner Rejects Utilities request to Maintain their Vertically Integrated Structure – August 23, 1999.** The proposed standards prohibit utilities from favoring their unregulated subsidiaries by using their control over the transmission and distribution systems. The examiner did concede and recommend that utilities be permitted to combine the marketing and advertising operations of their regulated and unregulated businesses. The examiner did not find the combination of marketing functions to be inherently misleading.

Pennsylvania

- **PECO to mail out new Electric Choice Information – September 1, 1999.** Customers who have not yet enrolled in the Electric Choice program will be asked to return the postage-paid card immediately or PECO will release customer account information to power marketers, unless the customer formally objects by returning the card. Those who have enrolled will not receive the package.

MISC

- **Breakpoint Reached for Deregulation – Critical Mass and Economies of Scale Now a Reality - August 31, 1999.** According to a Cambridge Energy Research Associates’ study the number of customers choosing non-utility providers has reached 3 million, with another million projected to change by December 31st. According to the report consumers are saving on average 5% to 15% off their utility bills. The number of natural gas choice customers is three times greater than the number of electric customers. Georgia and Ohio have led the way with each taking different paths to get there. The report states that the top 5 players are: Columbia, SCANA, Georgia Natural Gas Services, Energy America and United Gas Management. They feel that new marketer entries face many hurdles than those all ready in the game but that some of the Internet-based aggregators may be well positioned to compete in this business.

- **Electric Retail Competition Open to 20% of U.S. Market – August 31, 1999.** A report by Energy Insight states that the percentage of the U.S. electricity market open to competition has swelled to 20% while the total retail market open to competition stands at almost 3.1 billion MWh, evenly split between residential, commercial and industrial customers.

