

# Electric Power Daily

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## Duke's Rogers sees nuclear as key to passing climate bill

Nuclear energy and its role in reducing greenhouse gas emissions will be prominent in an upcoming Senate debate on a bill to create a carbon dioxide cap-and-trade program, Duke Energy CEO Jim Rogers said in an interview Sunday.

"You can't be serious about building a bridge to a low-carbon world unless you seriously take up the issue of nuclear," he said after speaking at the Southern Governors' Association conference in Williamsburg, Virginia. Charlotte, North Carolina-based Duke owns and operates more than 7,000 MW of nuclear units.

Rogers supports cap-and-trade and a bill (H.R. 2454) to open such a market in 2012 that was passed by the House of Representatives in June. That bill includes a renewable portfolio standard but does not include nuclear as one of the energy sources. The Senate is expected to unveil its bill language in September, with the Senate Energy and Natural Resources Committee having already passed a bill (S. 1462) with a no-nuclear RPS earlier this year.

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## Santee Cooper will halt development of 660-MW coal unit

In another major setback for coal, Santee Cooper's board of directors on Monday voted to suspend development of the utility's proposed 660-MW Pee Dee Unit 1 coal plant in Florence County, South Carolina.

The board at South Carolina's state-owned utility cited several reasons for its decision to put the controversial Pee Dee project in limbo, including the sagging economy, proposed federal regulations that would make coal-fired power more costly, and the plan by Santee Cooper's largest wholesale customer — a group of South Carolina electric cooperatives — to purchase increasing amounts of its power needs from Duke Energy Carolinas.

That last reason was a reference to Duke's ongoing, behind-the-scenes effort to reach an agreement under which Duke would provide increasing amounts of wholesale power to five distribution co-ops in upstate South Carolina under a long-term deal that would start in 2013.

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## New York PSC tries to help marketers profit from smart grid

New York is breaking new ground among states in trying to stop "utility information monopolies" from emerging out of smart grid, according to the head of the National Energy Marketers Association.

Craig Goodman, NEMA president, said in an interview Monday that he is carefully watching as the New York Public Service Commission attempts to find ways that marketers can participate in early-stage smart grid on a level playing field with utilities.

The PSC is investigating ways to use competition to increase demand response for residential and small business customers in New York City. Regulators are focusing on the city because it has the greatest peak load growth and highest wholesale power costs in the state.

Goodman sees demand products as the new frontier in restructuring, and the New York City program as testing ground for products from retail and wholesale suppliers.

"The value of negawatts could ultimately be higher than megawatts,"

### Climate Change

#### Duke, Southern CEOs expose utility sector rift on climate bills

With the Senate expected to take up an energy and climate change bill in a matter of weeks, Duke Energy CEO Jim Rogers and Southern CEO David Ratcliffe on Sunday gave Southern governors a good sense of just how differently major utilities continue to view the federal push to mandate greenhouse gas cuts from their sector.

During a panel at the Southern Governors' Association annual conference in Williamsburg, Virginia, Rogers said that a national transition to cleaner power generation can be done. "I believe that we can modernize and decarbonize," he said.

An active advocate for carbon dioxide cap-and-trade and spokesman for the US Climate Action Partnership, Rogers said that the US faces a tough uphill battle to catch up to other countries in developing renewable energy technology, but it can lead in the arena of nuclear power.

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#### WCI should count indirect carbon offsets, SoCal Ed says

The Western Climate Initiative should consider allowing projects that produce indirect greenhouse gas emission reductions as carbon dioxide offsets under the regional carbon cap-and-trade scheme, said Southern California Edison in comments recently filed on WCI's offset white paper released July 24.

Edison said these projects, such as those involving energy efficiency, would lead to lower GHG output on the electric generation system outside of their specific project locations. "If an energy efficiency project that can reduce the need for fossil fuel generation on the interconnected western grid is practical from a cost standpoint and otherwise meets offset quality criteria, it should be an eligible offset," said California's second largest utility.

"SCE understands the concern that allowing indirect offsets would present difficult measurement challenges. However, the WCI should seek to develop reasonable accounting

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Goodman said. "There is tremendous opportunity. A lot of our members are really gearing up to take advantage of the explosion in demand response."

To that end, NEMA has proposed a pilot in New York City that will allow marketers to offer demand response and take on any financial risk associated with the program, eliminating need for ratepayer risk.

For example, marketers might offer electricity to small customers at a certain price if they curb peak usage. The marketer would buy extra off-peak power under the assumption that the customer will comply and use less on-peak and more off-peak electricity. If the customer failed to curb peak usage, the marketer would be left with the added expense of excess off-peak power.

"The marketer has incentive to follow or hedge his load or make algorithms based on historical load...buy around the involuntary demand response product," he said.

The approach would allow demand response and smart grid to "leapfrog" the developing market without the investment of billions of ratepayer dollars, he said. Instead, demand response would advance through use of the risk management, purchasing and load shaping skills of the marketer.

For the program to work, the marketers need detailed demand response load profiles for residential and small business customers, information that would need to be supplied by utilities. The load profiles would offer load shifting goals that marketers would use to tailor demand response products.

NEMA on Friday petitioned the PSC to require that Consolidated Edison make the information available to marketers. Goodman underscored that for competitive smart grid to work, open access to load profile information is "an absolute bottom line necessity."

Marketers fear that utilities will instinctively try to monopolize the demand market, having lost most of the supply market, he said. "One of the greatest fears is that

utilities claim they own all of this information."

NEMA's pilot proposal is not meant to supplant smart meters, but is a first step in the transition to a smart grid for small customers, he added. Because it is too expensive and complex to install smart meters immediately on a mass scale, the load profile information will serve as a proxy for the kind of data smart meters will eventually supply about customer usage.

"We can start monetizing DR behavior and DR products and DR services immediately before there is even a smart meter in place. This is the new age of demand-side energy economics. This is where it starts, rather than ends,"

Goodman said. — *Lisa Wood*

## **Md., New Jersey appeal denial of PJM complaint**

Rejected by the Federal Energy Regulatory Commission, energy regulators from New Jersey and Maryland took their complaint over the PJM Interconnection's transitional capacity market design to a federal appeals court.

The Maryland Public Service Commission and the New Jersey Board of Public Utilities on Monday informed FERC that the appeal had been filed August 14 in the U.S. Court of Appeals for the Fourth Circuit in Richmond, Virginia.

The state agencies appealed FERC's September 2008 denial of the complaint filed by a coalition of state officials, industrial power buyers, and municipal and cooperative utilities challenging the transitional auctions for forward capacity under PJM's Reliability Pricing Model. The appeal also named FERC's June denial of a request for rehearing.

PJM spokesman Ray Dotter said Monday that "nothing's changed," since FERC ruled on the issue. "The commission has upheld that the auctions were fair and produced fair results, and that hasn't changed."

The original complaint to FERC said that auctions during the transition between PJM's prior capacity mechanism and full