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Kelly sees FERC's role in industry changing significantly

FERC Commissioner Suedeen Kelly believes her agency's role in the power industry will change significantly in just a few years.

The federal government is likely to pass climate change legislation and a largely green-energy bill this year that will shift FERC's focus, Kelly said at the NARUC's Winter Meetings yesterday in Washington, DC.

President Barack Obama's administration is focused on bringing renewables to market, boosting domestic sources of energy, climate change and digitizing the grid.

States nationwide have been doing the same with a majority enacting renewable portfolio standards.

Many have greenhouse gas regulations on the books and many are looking to boost efficiency.

Whether or not siting rules change, FERC will tackle cost allocation and regional planning for transmission. Climate change control programs will dictate a more carbon-neutral industry, leading to more renewables and nuclear especially in the states that can stomach the latter.

Integrating renewables will require transmission, backup generation and larger dispatch areas. FERC will be looking into whether market rules have to be changed to accommodate often-intermittent resources, said Kelly, along with who pays for all the pieces needed to bring them online.

The roles of DR, energy efficiency and carbon allowances will all grow in the industry.

NARUC members have more of a role in DR and efficiency but FERC can promote them in organized markets -- and has, she added.

[Comments]

Goodman reports to NARUC on growth of competition

Competition is working, NEMA President Craig Goodman told the NARUC conference in Washington DC over the weekend.

"Empowering consumers to select competitive energy options to control their energy budget and usage is critical during difficult economic times," said Goodman. Restructured states show an increase in consumer participation and marketer entry, he added.

Among the examples shared with NARUC members was New York, showing growth to about 1.7 million competitive customers accounts while in Ohio -- Dominion East has 750,000 customers. That latter number represents a 73% migration rate for natural gas customers.

"By implementing robust retail energy choice programs, state commissions have laid the foundation for service and technology innovation that will be instrumental in reaching our national energy efficiency, conservation and demand response goals," said Goodman. "Competitive energy marketers have the ingenuity and know-how to offer cutting-edge, consumer-focused 21st century energy demand and supply solutions as our new national energy policies continue to emerge."

[Comments]

EPSA uses recent rate cuts as ammo against competition's critics

EPSA pointed to recent rate cuts as evidence against the claims of those critical of competitive electricity markets.

Those critics routinely blame rate increases on restructuring and wholesale competitive markets, the generators association reminded.

The recent rate cuts are proof that earlier increases were due to underlying market conditions such as the higher price of fuel.

"When underlying market conditions cause prices to rise, consumers are not kept in the dark and instead can respond more readily than in states with substantial time lags in how and when rates are adjusted," said EPSA.

An EPSA review found several moves that support its stand, including NSTAR customers in the Boston area seeing their prices fall by about 19% (RT, Feb-11).

In New Jersey, the results of the latest Basic Generation Service (BGS) auctions show the wholesale power market responding to lower fuel costs. Prices in this year's auctions were 6-10% lower than last year (RT, Feb-10).

The Garden State's BGS auctions "ladder" three-year supply contracts with each auction covering about 33% of demand.

EPSA also saw success in Pennsylvania where the PUC predicted rates for a typical Penn Power residential customer will fall nearly 11% while commercial customers could see a drop of 12.8%.

The rate-drops in restructured states are in sharp contrast to rate hikes that continue in many states that haven't restructured, noted EPSA.

[Comments]