peak was offered and enough cleared to represent 6.1% of the peak that year.

Possible over-reliance on limited DR for the 2013-2014 year was mitigated since the region cleared additional resources without those limits above its reserve margin for that auction. But the extra capacity margin was not seen in some of the more constrained local capacity markets.

PJM's planning staff would determine the maximum reliable contribution of limited resources for the entire region and three local deliverability areas, too.

Even the unlimited products will not require every customer to respond to every call for response from grid operators at PJM, if customers belong to a portfolio of DR run by an aggregator, they will have continued flexibility.

[Comments]

RGGI's 10th auction sees leveling trends continue

The 10th RGGI auction saw prices level off at $1.86/ton for credits countable now and into the future -- with a trend in falling demand versus available credits continuing.

The offering of 2009-11 CO_2 allowances yielded $46,044,300 from the sale of 24,755,000 allowances -- 57% of those offered. The $1.86/ton was the minimum reserve price. In all, 38 firms submitted winning bids ranging from $1.86 to $10.02. Power generators bought 97% of them.

The 10 RGGI states offered a smaller number of CO_2 allowances for 2012-14 that brought in $2,179,920 from the sale of 1,172,000 allowances -- 55% of those offered for sale. The auction clearing price was $1.86 each to far fewer bidders. Four firms submitted winning bids for the future allowances from $1.86 to $2.01. Power generators bought all of the future allowances.

"The quantity of allowances for which bids were submitted decreased to 0.57 times the available supply in Auction 10 from 0.75 times the available supply in Auction 9 and 1.3 times the available supply in Auction 8," said market monitor Potomac Economics. "In the 2013 vintage offering, the quantity of allowances for which bids were submitted was 0.55 times the available supply. This decreased from 0.61 times the available supply in Auction 9 and 1.2 times the available supply in Auction 8."

The price per-ton hit a high in March 2009 at the third of 10 auctions held thus far and slipped ever since.

The allowances for 2012 and beyond have been relatively stable since September 2009 when the clearing price came in at $1.87/ton -- but in the five auctions since then, the clearing price for 2012 vintage and beyond held at $1.86/ton.

In the last couple of auctions, allowances for the current reporting period have fallen to catch up to future allocations finally landing at the same $1.86/ton in the last two auctions.

[Comments]

RGGI auction results

Date	Allocation year	Number sold	Clearing price
2008 Sept 25	2009	12,565,387	$3.07
2008 Dec 17	2009	31,505,898	$3.38
2009 March 18	2009	31,513,765	$3.51
	2012	2,175,513	$3.05
2009 June 17	2009	30,887,620	$3.23
	2012	2,172,540	$2.06
2009 Sept 9	2009	28,408,945	$2.19
	2012	2,172,540	$1.87
2009 Dec 3	2009	28,591,698	$2.05
	2012	1,599,000	$1.86
2010 March 10	2009-11	40,612,408	$2.06
	2012-14	2,091,000	$1.86
2010 June 9	2009-11	40,685,585	$1.88
2010 June 9	2012-14	2,137,993	$1.86
2010 Sept 8	2009-11	34,407,000	$1.86
2010 Sept 8	2012-14	1,312,000	$1.86
2010 Dec 3	2009-11	24,755,000	$1.86
2010 Dec 3	2012-14	1,172,000	$1.86

Source: RGGI

New Jersey board sides with IOUs on killing 'retail margin'

The New Jersey Board of Public Utilities (BPU) decided in October to eliminate the retail margin (RT, Oct-06) and the order is now in place. Regulators heard arguments from IOUs for removing the margin the converse from marketers.

IOUs argued that the competitive market is growing and the margin is thus not needed. They believe it punishes some ratepayers, they said at the time.

"It seems clear, according to the [IOUs], that the customers who have not switched are unlikely to do so in large numbers," said the BPU in issuing the order. "Maintaining the retail margin when customers year after year demonstrate an unwillingness or inability to switch constitutes a penalty to these customers."

RESA believes the retail margin should at a minimum be kept at its current level and expanded to all customer classes. Since the retail margin was established at its current level of 5 mils/KWH in 2003, it may, in fact, be set too low, the group added.

The margin helps level the playing field between marketers and IOUs, RESA said, since marketers have acquisition costs that IOUs do not have to face. Without the retail margin, the IOUs would have an advantage from the start over marketers in price, potentially hampering competition.

NEM believes the retail margin was meant to be a proxy for marketing and administrative expenses incurred by competitive marketers to serve migrating customers.

These, by their very nature, are on-going costs and should continue to be included in POLR pricing. By comparison, the utilities in New York use a merchant function charge that works similarly to provide consumers with a basis to compare utility default service and competitive market offerings, said NEM.

The marketers association took exception to the IOU argument seeking to limit the purpose of the retail margin by characterizing it having been for an "incubating purpose." Regardless of the maturity of the market, marketers will continue to incur costs to serve choice customers over and above the pure commodity rate -- as does the utility to provide default service, NEM added

[Comments]

3 stories in 1 minute

ConEdison Solutions to offer 10% savings: When rate caps expire at the end of the month, ConEdison Solutions plans to offer a rate 10% lower than PECO's Q1 2011 price-to-compare (PTC) of 9.92¢. The firm's residential fixed price of 8.89¢/KWH will be available exclusively for online enrollment and provides residents with 12 months of fixed price. The deal gets better in Q2 when PECO's estimated residential PTC will be 10.16¢. That's a 12% savings for shoppers rising to 22% is the forecasted PECO summer rate for 2011 is 11.40¢.

Constellation Energy wins endorsement: Constellation Energy was named the endorsed energy supplier to the Tech Collective, Rhode Island's Information Technology & Bioscience Industry Assn. Constellation Energy will offer Tech Collective members a complete portfolio of energy management products ranging from power supply to renewable energy certificates and demand response programs.

Gas futures hover before expected rise: NYMEX January natural gas futures ticked slightly higher Friday, adding to advances from prior days, analyst Jackson Mueller reported. The contract added just 0.6¢ to close at $4.340/MMBTU, after a collective 16.3¢ advance the previous two sessions. The market seesawed Thursday after EIA's storage report came in as expected, leaving stocks just off last year's levels. Traders believe cold weather in coming weeks will lead to larger draws, giving the market momentum upwards.

[Comments]

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