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ISO-NE accuses generators of hidden agenda in reliability order

ISO-NE told FERC Friday that the most recent changes to its Winter Reliability Program did not come from generators or any stakeholders.

The New England Power Generators Assn (NEPGA) and PSEG argued that the ISO had to dial back the fines from the original proposal because it ignored their concerns about them the first time around (RT, Aug-21).

But the changes were not originally proposed by stakeholders and the ISO noted that the original proposal won 85.62% of their votes, though just 17.1% of the generation sector supported the package.

Exelon even proposed an amendment at the Markets Committee in favor of stringent penalties, noting that generators that do not perform to their obligations should be subject to paying the replacement costs of barrels of oil, the ISO noted.

ISO-NE told FERC it was surprised by the results of the first round of bidding, given the level of support that the program got. It spent the days after the first round talking to bidders and it was only then that it realized the strict penalties had scared them off and led to high risk premiums in the bidding.

NEPGA argued that the ISO was not responsive to generators' concerns but the grid operator countered with a laundry list of ways it changed the original proposal to deal with those concerns before it was filed at FERC.

The ISO told FERC the two entities were really pursuing a broader agenda to shift the balance of penalties and incentives in its market design. Specifically, the ISO claimed NEPGA and PSEG were trying to influence the "pay for performance" capacity market revisions and the pending complaint from

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CFTC exempts retail power, gas from futures regulation

The CFTC published a rule in the Federal Register Friday that exempts retail power and gas transactions from part of the Commodity Exchange Act. The national Energy Marketers Assn (NEM) and others representing the retail power and gas industry asked for the clarification -- that such deals do not fall under the futures regulation regime that was changed with the passage of Dodd-Frank.

That act directed the CFTC to start policing certain "retail commodity transactions" that were denominated as spot transactions, but operated like futures contracts and had been exempt from the commission's oversight due to a court precedent.

The commission initially said that deals where the commodity was actually delivered and used would be exempt from the new regulations.

But NEM asked early this year that it specifically foreswear jurisdiction over the types of deals that its members enter into to serve residential and commercial customers their electricity and natural gas needs.

Customers value long-term, fixed price energy contracts because they give them pricing certainty that can assist with personal or business budgeting needs, NEM said in comments filed with the commission.

The deals are often scheduled to start at a later date, whenever the local utility can do a meter read and get the customer switched. But they are not

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SPP 'recognizes' complainants KMEA, Sunflower Electric Power

The Southwest Power Pool (SPP) told FERC last week that it will recognize the Kansas Municipal Energy Agency (KMEA) as the market participant for generation assets in a recent complaint. SPP will recognize the Sunflower Electric Power Corp as the market participant for the loads of the KMEA members in question, it said.

Recognizing them both will allow the eventual "winner" of the FERC proceeding to be registered in time for the Integrated Marketplace launch next year.

KMEA filed a complaint at FERC against SPP and Sunflower, alleging the latter improperly registered as the market participant for some of its load and supply for the upcoming launch of a Day-2 market in the RTO (RT, Aug-9). The firm refused to deregister the 10 small municipalities' systems so the energy agency had to file the complaint.

SPP told FERC it cannot determine which entity is the proper registrant for the municipalities' load and generation, but it encouraged FERC to settle the dispute as fast as possible.

Sunflower formed the Mid-Kansas Electric Co to buy the assets of Aquila in the state in 2007 and it had a contract with KMEA members that had been served by the firm to balance actual load and resources controlled by the cities.

The contract was mutually beneficial, although the parties disagreed recently over which should run the cities' assets in the new marketplace.

The complaint is a failed attempt to "bootstrap" a simple state-law contract dispute into a Federal Power Act-jurisdictional matter," said Sunflower. The existing contract should not be abrogated because the new marketplace is launching, it added.

Historically, FERC has only ended contracts when they were against the public interest, which is not the case here, Sunflower said.

[Comments]

Pennsylvania PUC reminds shoppers to check expiring contracts

The Pennsylvania PUC reminded customers Friday that they should be aware of expiring contracts for power and any terms and conditions relating to their end.

"Just as with cable television or cell phone service, when your initial contract with an electric supplier expires, the provider may begin to change your rates," PUC Chairman Robert Powelson said in prepared remarks. "The price changes that may occur with that contract expiration can be avoided by periodically reviewing your agreement just as you do with other services around the house and shopping for other options."

The PUC is hearing from consumers who locked in power prices for a year or more and are now experiencing price changes as those deals expire. When some fixed-price deals expire, customers stay with the retailer on month-to-month rates but they are free to get a new deal with any firm at that point, the PUC noted.

Customers should mark their calendars about a month before their current deal is supposed to run out and check for new offers and shop again if needed, it added.

Retailers have to tell customers before the expiration of their contracts using mailers so consumers should pay attention to any communications from the firm they do business with.

The commission's shopping website, PAPowerSwitch.com, lets consumers sign up for weekly email alerts telling them about changing market prices -- and they serve as a good reminder to pay attention to prices.

Customers should be aware of the terms and conditions of the deals they sign up for and know how the price compares to the utility's rate, said the PUC.

"Customers can save real money by shopping for an alternative electricity supplier," said Commissioner Wayne Gardner. "That being said, customers should always educate themselves regarding the basics of their contracts terms: What's the price, how long is that price good for and is there a fee if I want to cancel for a better deal."

[Comments]

1 story in 20 seconds

Gas futures lose 6¢ on sell-down after gains: NYMEX September natural gas futures moved lower Friday in a sell down after previous gains to a near one-month high, analyst Jackson Mueller reported. The contract dropped 6¢ to close at $3.485/MMBTU. The market seems to have exhausted the support of both the last storage figure from EIA and weather outlooks, the latter of which has changed little in recent days. EIA's storage report last week came in at 57 BCF, which was below expectations but high enough to narrow the deficit against last year's storage stocks.

[Comments]

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entered into for speculative purposes but rather to deliver physical energy to the consumer, noted NEM.

CFTC does not believe the new section of the CEA applies to such deals, it said Friday, especially in light of the fact that the customer regularly gets delivery and consumes the physical commodity over the term of the contract and pays for it in regular increments.

[Comments]

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the generator lobby about its members' obligations.

The generators should focus on the merits of each issue as they work their way through the stakeholder process and before FERC rather than "impugning the ISO" with such assertions, the grid operator said.

[Comments]

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