Restructuring Today
CHRONICLING EFFORTS TO OPEN COMPETITIVE ENERGY MARKETS
Wednesday, August 13, 2014

In this issue



# NEMA sounds alarm about Connecticut reforms draft

COMMENTS

The National Energy Marketers Assn (NEMA) yesterday submitted written exceptions to draft retail market reforms released Aug 1 by the Connecticut Public Utilities Regulatory Authority (PURA) (RT, Aug-5), saying the draft "would have a severe negative impact on the competitive retail market" in the state. The proposed reforms were in response to residential and small-business customers who signed up for variable-rate plans only to see huge bill increases during the deep cold in January.

The increases hit those customers without warning and the customers had no way to contest the charges.

Connecticut's lawmakers passed PA 14-75 to help but PURA's rules are even more stringent, NEMA said. Some retailers questioned whether PURA had that authority and the agency said it did.

The law was incorporated into PURA's draft without prior public review, NEMA noted, thus, the Aug-1 draft was "the first opportunity participants have had to review and respond to the authority's decision for implementing the law," NEMA said.

Compounding that problem, it added, while PA 14-75 pertained to residential customers, "the authority would improperly extend the requirements… on rate plan standards, notice requirements, rate posting and disclosure requirements to small, non-residential customers" – a protected class for which "the authority should not and cannot substitute its judgment."

Further, although the authority finds that it is "inappropriate to restrict the market for suppliers by eliminating variable [rate] plans," NEMA said, it "then proposes a number of [constraints] to these offers so burdensome for suppliers to comply with that it will severely restrict, if not effectively eliminate, variable plans from being offered."

Among those limits was a requirement that variable-plan products be directly billed by the competitive supplier, while consolidated billing would be permitted for monthly and fixed-rate plans. Imposing such "duplicative billing costs" on the nascent electric industry "will result in only the few largest suppliers being able to compete in the market," NEMA said.

The draft would require 72 hours of advanced notice before a variable-rate plan price increase. "For a product that, by its nature, varies with the market" – that would make it "impracticable to comply with," it added.

The proposal would limit contract duration for variable, monthly and fixed plans to one year, NEMA said, and "the draft decision sets forth no rationale or basis for this restriction."

**Supplier contracts at risk**

The draft said "the assignment of a contract to another supplier constitutes 'a material change in the terms of the contract,' and thus, requires 'the express consent of the customer.'" Suppliers would be required by the draft to give 30 days' notice to the customer of the assignment and to provide 15 days' notice to the authority of the assignment.

NEMA "urges the authority not to include these improper restrictions on assignment of customers," it said, adding, "The proposed notice and authority preapproval restrictions impermissibly interfere with supplier contracts. Moreover, assignment of customers often occurs because of exigent circumstances in the marketplace in which time is of the essence for the transfer of the customers to [take place]."

**NEMA reaches out for help**

At the same time NEMA submitted its "procedural and substantive challenge to the Connecticut PURA draft decision rendered without proper notice and due process of law," the Washington, DC-based industry group distributed a nationwide appeal to supporters.

"We would appreciate your… help to change the landscape in this state and others [that] experienced the anomalous winter demand spike for which no hedging products have yet been developed. NEM members are actively working to develop such products for the future and we will alert you when they are ready," NEMA President Craig Goodman said in prepared remarks.

# PennEast Pipeline to bring Marcellus Shale gas back east

COMMENTS

PennEast Pipeline Company of Wyomissing, Penn, announced plans yesterday to build a 100-mile pipeline to bring lower-cost natural gas produced in the Marcellus Shale region to homes and businesses in Pennsylvania and New Jersey. The PennEast Pipeline is designed to provide gas service to the equivalent of 4.7 million homes, up to 1 BCF (BCF)/day, offering consumer savings in lower energy and gas transportation costs.

The pipeline would start in Luzerne County in northeastern Pennsylvania and end at Transcontinental Gas Pipeline's (Transco's) Trenton-Woodbury interconnection in New Jersey.

This past winter, gas prices in New Jersey traded as high as $100/DKT (1,000 cubic feet). Natural gas in the area that PennEast will access traded in the range of $3-4/DKT and the proposed pipeline will help cut price volatility, PennEast said.

Prior to the development of the Marcellus Shale, gas lines were built to bring gas primarily from the Gulf of Mexico region and Canada into the Northeast. Pennsylvania is the fastest growing gas producing state in the country, said EIA, and the PennEast sponsor firms saw the chance to use locally produced gas to serve growing markets in the mid-Atlantic.

PennEast is investing nearly $1 billion to build the pipeline with the costs split among the four entities that are jointly involved in the project:

• AGL Resources, an Atlanta-based energy services holding firm with operations in gas distribution, retail operations, wholesale services, midstream operations and cargo shipping;

• NJR Pipeline Company, a subsidiary of New Jersey Resources which provides gas and clean energy services including transportation, distribution and asset management;

• South Jersey Industries, a member of the MSCI Global Climate Index that offers solutions to climate change and helps customers control energy costs, and

• UGI Energy Services, a subsidiary of UGI Corporation that markets gas, power and liquid fuels to about 30,000 customers in nine states and Washington, DC.

UGI is manager for development of the project and will run the pipeline.

"In response to the abundant supplies and low price of natural gas, customer demand has increased significantly," UGI CEO John Walsh said in prepared remarks. "This project serves to meet that growing demand in the mid-Atlantic marketplace, while providing greater system resiliency and reliability for local utilities."

Pipelines are the safest, most environmentally friendly and most efficient way to move gas, said the US Dept of Transportation, Pipeline & Hazardous Materials Safety Administration (PHMSA). Data show that, while gas demand grew 55% over the past 30 years, serious pipeline incidents fell 90% over the same period due to significant efforts by pipeline firms to upgrade and modernize their infrastructure.

PennEast will start preliminary engineering studies in the coming months and get a formal application to FERC. If all local, state and federal approvals are forthcoming in a timely manner, building could start in 2017.

The new pipeline is expected to benefit the region's economy and create jobs. During the seven-month construction phase, the PennEast project is estimated to create in excess of 2,000 new jobs and lots more ancillary jobs.

# Florida to let ratepayers contribute to solar voluntarily

COMMENTS

In a four to one vote yesterday, the Florida PSC approved FPL's voluntary solar partnership pilot program and associated tariff for all customer classes – residential, commercial and industrial. "Florida Power & Light's voluntary solar pilot program lets FPL customers support solar power if they choose to – but does not increase electric bills for those who don't," said PSC Chairman Art Graham, in prepared remarks.

The utility proposed to let its customers contribute $9/month voluntarily to help pay for solar-energy projects, giving them a chance to help expand Florida's solar production.

The money for the three-year pilot program, which would be paid by customers on a voluntary basis, would help to build and run "relatively small solar generating facilities," at high-profile sites – including Fort Lauderdale and West Palm Beach – to educate the public about the benefits of renewable power.

The size of the projects will be determined by the amount of contributions received, said a Florida PSC staff analysis, which recommended approval of the initiative.

Program enrollment begins in January 2015, and FPL plans to start solar-project construction at the same time. The first 300 KWs will include 2-5 individual projects at 50-100 KWs each, with fuel and emission savings estimated at 5¢/KWH, the PSC said.

Renewable energy generated from the facilities will displace energy produced by fossil fuels and serve all FPL customers, it added.

The PUC agreed to these guidelines:

• Customers sign up voluntarily for the program;

• FPL will start accepting customer contributions in May 2015;

• Customers taking part will pay $9/month to help advance solar power in Florida;

• Program participation will be offered on a month-to-month basis, with the stipulation that it can start and end at any time;

• Non-participating customers will not subsidize the program, and

• Program participants will receive quarterly performance reports and a program website will track the energy generated and corresponding fuel and environmental benefits.

Based on the participation, revenue and operating costs of the three-year pilot program, the PSC will decide whether it should be continued.

# 2 stories in 90 seconds

COMMENTS

**ISO-NE to launch redesigned website:** ISO-NE will launch a new, redesigned website at 2:00 PM, Saturday, Aug 23, when the Day-Ahead Energy Market re-offer period closes. During the transition period, visitors to the ISO-NE website may experience intermittent connectivity issues, the operator said. Additionally, data publishing to the ISO website will be delayed until the switch is complete. All data will be published promptly after the site goes live, the ISO added, but the change will not disrupt any other market participant software or applications. "We have worked hard to make this transition as smooth as possible for all of our users," said the ISO.

**Panda Power starts building new plant:** Pennsylvania Gov Tom Corbett, R, joined Panda Power Funds of Dallas yesterday to break ground on the firm's 829-MW combined-cycle "Patriot" generating station in Lycoming County, Penn. The project is only the second power plant in Pennsylvania, after Panda's Liberty power project, specifically sited in the heart of the Marcellus Shale, the firm said. The plant's proximity to Marcellus gas is expected to provide it with significant operating-cost advantages. During the ceremony, Corbett announced that the power project will contribute an estimated $5.85 billion to Pennsylvania's economy during construction and the plant's first 10 years of operation. The facility "will be one of the cleanest natural gas-fueled power plants in the nation, utilizing state-of-the-art emissions-control technology," it added.

**Restructuring Today** (ISSN 1522-7324) is published 247 times per year on business days by Modern Markets Intelligence Inc. for the publication's owner, GHI LLC. Both firms are located at 4908 Hornbeam Drive, Rockville, MD 20853-1475 USA, 888-980-4446 (toll-free) or +1-301-769-6903 . Fax is 301-769-6917. The standard annual subscription rate is $687 in US funds (plus 6% sales tax in the District of Columbia and Maryland). Significant discount rates for bulk subscriptions are available including highly affordable and convenient corporate-wide accounts. **Sam Spencer**, publisher; **James Downing**, editor; **Season Crawford**, associate publisher, vice president of marketing and customer service director; **Liz Yap**, production director.

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