

Energy Choice

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BidURenergy.com Launching Widespread Mass Marketing Campaign

BidURenergy.com, the online broker owned by Energy Curtailment Specialists, is launching a "widespread" marketing effort as it prepares for its September 4th official launch, including a dedicated mass marketing campaign targeting residential and small volume customers (Matters, 5/27/09).

BidURenergy's broad-based marketing will include a variety of forms, including sports team sponsorships (including the Buffalo Bills), a "significant" internet-based marketing effort, commercials (with some limited television), direct mailing, and various networking with local trade associations, ECS CEO Glen Smith told *Matters*. The initial focus will be on New York.

BidURenergy will also roll out an affinity program which will compensate customers for referrals.

The move represents a growth in BidURenergy.com's focus to include more mass market brokering. When first developing BidURenergy, ECS initially planned on focusing solely on the commercial and industrial market. However, by the time an official announcement of the new service was made in May, ECS modified its plan to include a limited focus on residential customers. That focus has since grown, prompting the mass marketing effort.

Smith said supplier demand, as well as the low incremental costs to add residential service to its platform, prompted the decision. Commercial and industrial sales will still be the primary focus of BidURenergy, however.

Similar to other online residential brokering sites, mostly in Texas, BidURenergy will post

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Pa. LDC Price to Compare Should Include Gas Cost Adjustment, NEM Says

The Price to Compare charged to bundled natural gas customers in Pennsylvania should include the Gas Cost Adjustment, or E-factor, in determining the price, the National Energy Marketers Association said in comments on a rulemaking to eliminate additional barriers to retail competition.

In March, the PUC opened a rulemaking to, among other things, examine issues including a change to monthly instead of quarterly Purchased Gas Cost adjustments, Purchase of Receivables, and capacity release (Matters, 3/27/09).

NEM said that the current migration riders are confusing to customers, and that customers would benefit from including the E-factor in the Price to Compare. The E-factor is a mechanism by which the utility recovers the under/over collection from its forecasted Gas Cost Recovery (GCR) rate. Because the utility is permitted to charge interest on the under-collections, and the utility is charged a percentage penalty for over-collections, there exists a "significant incentive" for the utility to underestimate its GCR rate, NEM said.

Large E-factor rates, some more than 20% of the gas cost rate, remove significant portions of the cost of commodity service from the Price to Compare, which creates the misconception that competitive offers are more expensive than artificially understated LDC rates, NEM noted. Including the E-factor in the Price to Compare would give customers a more accurate basis to make rate

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The Employers' Energy Alliance of Pennsylvania is seeking approval of its application at the August 27 public meeting so that it can be certified by September 4 in order to meet a PPL EDI testing deadline. The supplier said that meeting PPL's deadline is "critical" to being qualified to serve customers in PPL as of January 1, 2010. The Employers' Energy Alliance of Pennsylvania will serve as the supplier for members of the Erie-based Manufacturer & Business Association.

Conn. OCC Appeals Billing Errors Statute Ruling

As expected, the Connecticut Office of Consumer Counsel has appealed to Superior Court (New Britain district) the DPUC's declaratory ruling affirming the Department's interpretation of Conn. Gen. Stat. §16-259a (billing errors). As only reported by *Matters*, the DPUC has held that the statute does not limit the period of time over which billing corrections may be collected -- only the time over which errors may be discovered (*Matters*, 8/18/09). The OCC argues that the statute places a limit on the time which load serving entities have to both discover and collect billing errors.

Consumers Favors Interim Suspension of Customer Participation in MISO Markets

Consumers Energy filed comments in support of a petition from several Michigan electric utilities to temporarily restrict the participation of Michigan customers in the Midwest ISO's wholesale markets until the Commission issues a final order on a requested investigation into the appropriate licensing rules and regulations that may be necessary for retail customers to participate in the MISO wholesale markets as demand side resources (Only in *Matters*, 8/18/09). Until such an order, the utilities sought to limit aggregation of retail customers for RTO wholesale market participation to the Load Serving Entity supplying electricity to the particular end user.

Enserco to pay \$1.4 Million FERC Fine

FERC accepted a stipulation under which Enserco Energy (a subsidiary of Black Hills Corporation) will pay a civil penalty of \$1.4 million for self-reported violations of the

Commission's open access transportation program, including circumventing the competitive bidding requirements for long-term, discounted rate capacity releases (flipping) and violations of the shipper-must-have-title requirement. The flipping transactions involved the transportation of 13.9 Bcf of gas on 20.6 Bcf of discounted pipeline capacity acquired through flipping transactions. The shipper-must-have-title violations involved 7.8 Bcf of gas.

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"standing offers" for residential electric and gas service, which will allow residential customers to instantly compare prices and, if desired, enroll with a supplier, as opposed to the process used for non-residential customers where a blind auction is run for each customer.

Aside from the previously announced suppliers of Energetix and NYSEG Solutions, Smith was able to confirm that Hudson Energy Services will be offering service through BidURenergy.

Unlike Texas, where there are about half a dozen "name" online brokers contesting the mass market, and even more boutique websites offering online brokering, New York has not seen the same saturation of mass market broker websites. Although one or two, such as SaveOnEnergy.com and WhiteFence, have offered New York residential electric and gas service for some time, they have not rolled out widespread marketing plans targeting New York residential customers.

SaveOnEnergy.com said it is improving its residential enrollment transaction capability to prepare for a launch in the fourth quarter, accompanied by a full-scale New York marketing effort in early 2010 including television, radio, and billboards. SaveOnEnergy said it is currently in discussions with a handful of suppliers about expanding its New York presence.

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comparisons, NEM added.

Additionally, should the PUC adopt monthly Purchased Gas Cost adjustments, the E-factor should be adjusted monthly as well, NEM said.

NEM supported monthly changes in the Purchased Gas Cost adjustments as enhancing opportunities for sustained competition.

"[M]arketers must perceive a continuous opportunity to participate in a true market and provide consumer with value and options in order to justify substantive resource investments in the Commonwealth," NEM said.

However, NEM noted that statute contemplates that if the Commission orders monthly Purchased Gas Cost adjustments, LDCs shall also offer a 12-month fixed product, citing 66 Pa. C.S. § 1307(f)(II). Introducing a fixed price option would be contrary to the Commission's goals of removing barriers to competition, NEM said, noting that the goal of stating the LDC commodity rate as a pass-through of costs would be undermined. Procuring fixed rate supplies would impose a new cost on LDCs whose costs would have to be appropriately allocated to customers, NEM added.

NEM opposed a suggestion from Vice Chairman Tyrone Christy to require LDCs to forecast natural gas prices 12 months out and disclose such forecasts to customers. The policy would be, "speculative at best and perhaps harmful to consumers at worst," NEM said, noting commodity prices can change by the minute and even differ by source. As an alternative, LDCs could be required to post rates from the previous the previous 12 months on their website, to make consumers aware that gas prices frequently change.

Regarding POR, the Commission's proposed rulemaking order would require negotiations to set the discount rate, as the Commission would decline to impose specific constraints. NEM asked that even if the Commission wishes to refrain from setting strict parameters, it should offer guidance regarding the discount rate, suggesting the PUC adopt the findings with regard to POR at PPL Electric Utilities. Specifically, NEM said that the discount rate should not reflect uncollectibles if uncollectibles remain in base rates, to prevent a double collection of such costs from shopping customers. The discount should only reflect incremental expenses, NEM added.