

Restructuring TODAY

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6 stories in 2 minutes

UtiliMAX plans to

sell in New Jersey: UtiliMAX Inc, an upstart that sells electricity and telecom over the internet and through word-of-mouth, picked up an electricity supplier license in New Jersey. The Philadelphia company set up its beachhead in Sea Girt, NJ, where former state trooper William Maddox is to start the business. UtiliMAX started in Pennsylvania's PECO territory this spring (RT, 5/11), targeting big commercial users through networking with real estate investment trust people.

Columbia signs Duke

to build Phila unit: Columbia Electric (Columbia Energy Group) hired Duke/Fluor Daniel to build a 530-mw, combined cycle plant in Eddystone, Pa, near the Delaware River and the Philadelphia airport. The plant is to be on a brownfield that once housed a locomotive foundry and is to generate enough power for 250,000 homes in PJM.

PG&E seeks telecom,

energy investments: Pacific Venture Capital, a firm being seeded by PG&E Corp, looks to invest \$50 to \$100 million in a year in energy and telecom.

Kent State picks

incumbent: The state university hired FirstEnergy Services to run its energy management for three years, shopping for competitive commodity prices and improving energy efficiency on seven campuses.

FPL, Progress team up:

FPL FiberNet and Progress Telecom agreed to share their broadband resources in Florida for a combined 2,700 route miles. Through interconnections the networks are hooked up to others reaching into the Southeast and undersea to Latin America and the Caribbean.

PG&E sets Ore merchant

plant at 550 mw: PG&E Corp plans to have a 550-mw, gas-fired plant operating in 2003 in eastern Oregon near a pipeline it runs there. It expects to be especially cost efficient as it is to be built next to a 474-mw plant co-owned by PG&E and PacifiCorp.

RESTRUCTURING DIGEST:

NewEnergy (AES)

leaving Calif market: It blames a lack of price transparency for causing it to turn back commercial and industrial users to incumbents, *California Energy Markets* reported.

The peak for that capacity is typically about 350 mw. Yet NewEnergy is to hold onto customers in the San Diego Gas & Electric market where the restructuring transition period is ending, leaving all customers facing the same unclear pricing picture. NewEnergy serves about 270 mw there.

NewEnergy had touted an ability to get power at a discount to the California Power Exchange price.

"We've talked with all the customers and the vast majority understand the situation. Their biggest question is when can we resume service," NewEnergy President Clem Palevich told the news service.

Calif ISO weighs

lowering price cap: The California ISO is to consider Wednesday whether to drop its price cap to \$250/mw from \$750/mw in response to complaints about the high cost of power during a heat wave June 12 through 16, *The Wall Street Journal* reported. State Senator Steve Peace, D-Chula Vista, asked for the drop.

A tug of war is emerging between generators who argue caps discourage their investments and utilities and local politicians who are on the front line of consumer complaints about increasing prices. Meanwhile the New York ISO board meets Friday to take up a recommendation to install a \$1,000/mwh pricecap.

PSColo boosting

generation by 25+%: Public Service of Colorado hopes to increase its generating capacity by nearly 26% to 7,300 mw, the *Associated Press* reported, by contracting for nine projects to be built, including an 83-mw plant north of Pueblo, Colo, to be fueled by old tires.

AT&T pushing Pocketnet:

AT&T Wireless is swooping over ground-bound ISPs with AT&T Pocketnet, digital phones that tap the web and send e-mail for a \$6.99 fee attached to monthly service fees. The Pocketnet is steps ahead of similar wireless services from competitors PCS One and Alltel (soon to be known as Verizon Wireless) in central Pennsylvania, *The Patriot-News* (Harrisburg, Pa) reported.

Hoecker not pleased with state face savings accord

Taking state disputes to FERC for ruling gives him pause

The state savings clause language supported by NERC in the stand-alone reliability bill "is not altogether workable," FERC Chairman James Hoecker told NERC's board Thursday at their meeting in Montreal.

The provision calls for states to set reliability rules as long as they do not contradict standards to be set by a national reliability organization that is to succeed NERC.

"Inviting states to make bulk power reliability decisions is unacceptable," Hoecker said of letting states directly manage short-term reliability problems.

"The overbroad language of the proposed savings clause seems to do just that by making state reliability measures immune from most limits in federal law," he added.

The NERC-approved provision suggests that any dispute between states and the envisioned reliability organization would be taken to FERC.

"Only an 'inconsistency' with a NERC standard would transgress the proposed provision," Hoecker complained.

"However, I would point out that it is not clear that the Commission can act in areas of state reliability activities that are not covered by a NERC standard or that reflect state requirements over and above NERC's," he elaborated.

NERC sent the language to federal lawmakers (RT, 6/13) with support from APPA, EEI, ELCON, Enron, EPSA, NARUC, NASUCA, NRECA and the Transmission Access Policy Study Group (TAPS).

Their June 12 letter called for standards to be set by an electric reliability organization (ERO) and the states. States would get to set standards for "adequacy or safety of electric facilities."

The provision looks to FERC to issue orders on whether a state action protested by the ERO could continue.

Hoecker fears FERC could not stop state standards that are discriminatory in the context of open markets.

"We should not invite continued

balkanization of the nationwide grid by up to 48 sets of rules of the road," Hoecker said.

He chided NERC for not working enough with FERC on the language:

"If asked, I would be hard pressed to support such a provision. I believe, and let me be fair but clear, that this draft legislation would not have come from NERC if NERC had given the same level of consultation and support that the Commission has given NERC."

FERC and NERC can and should continue to collaborate, Hoecker added, suggesting for example that the two create a shared database on industry and wholesale transactions.

"At the inception of this restructuring process and as possible conflicts arise between NERC and RTOs, I want the Commission more involved in developing solutions," he said.

Utility telecom show opens in Phoenix quickly enough?

Customers, customers, customers -- everyone was talking about customers, what they want and what can be done for them at an e-commerce panel of the UTC, now the United Telecommunications Council but recently the Utility Telecom Council.

"Customer satisfaction rules," declared Brad Wright, in the keynote address. He's senior solutions analyst at Cisco Systems. "Customers are gods," he added, and should be treated accordingly.

One of Cisco's functions is to save customers money. They had an independent accounting firm come in and figure out how much Cisco saves customers. Last year it was \$825 million.

To give his talk a feeling of urgency, Steve Sell, formerly of TXU Energy and now with Deloitte Consulting, advised:

"Wherever you're at, you're not moving fast enough."

The emphasis on customers takes a heavy toll on dot-com start-ups, Wright said. One in six succeed. In any given field, only the top two or three can make money, Wright learned.

Wright reported seven new-to-the-internet customers come on line each second. One in four of the people on line this minute are buying something, he added.

While Forrester, the consultants, predicts web sales of \$3.2 trillion by 2003 we're "just beginning to scratch

the surface."

Wright, before joining Cisco nine years ago, as an Air Force officer, worked on the Defense Department global data communications networks and creating the world's first Internet Monitoring Center.

At Cisco he participated in developing web technologies for problem solving at a time when Cisco was boosting revenues 90% annually.

He compared internet speed of growth with radio. It took radio nearly 40 years before it got up to 50 million users, The internet hit 50 million in less than four years.

NEM's Goodman likes electronic signature

The digital signature bill awaiting President Bill Clinton's wet signature should streamline and cut costs of getting customers across the country, NEM President Craig Goodman expects.

The bill complements the pending electric restructuring bill, he added. States that hedge against online switching for fear of eroding consumer protections could be emboldened by a federal statute encouraging the use of electronic signatures, Goodman asserted.

"There is a real opportunity for PUCs to show leadership on this issue," he said.

There is no stranded cost concern and no loss of consumer protection because users get written notice before the switch, Goodman noted.

New Jersey's Board of Public Utilities is addressing whether the federal bill would preempt an internet shopping program that would limit the number of eligible consumers during a trial period (RT, 6/23).

The BPU is to vote early next month on starting the pilot after Labor Day.

"New Jersey is very important because this issue is on top of the burner," Goodman said.

Calpine buys Skygen

Calpine is buying SkyGen Energy (was Polsky) and development rights from Panda Energy International.

Calpine is to pay \$450 million and assume financial obligations from SkyGen to get three operating facilities with 780 mw, three projects under construction with 5,258 mw and 16 project plans for 6,615 mw.

Calpine set up a strategic alliance with Panda that includes a plan to buy Panda's development rights for a 1,000 mw gas-fired plant in Coweta, Okla that is to start running in June 2002.

The San Jose, Calif, IPP is to buy 24 General Electric gas turbines and 12 steam turbines from Panda that are scheduled for delivery in 2001 and 2002.

Plus, Calpine is to get from Panda development rights for seven other projects totaling 9,600 mw of gas-fired plants.

Calpine is to pay Panda \$126 million for development costs, payments for turbines and the project underway in Oklahoma.

Calpine CEO Peter Cartwright commended Panda CEO Bob Carter and SkyGen founder Michael Polsky for breaking ground in the IPP area. Polsky is to serve as president of SkyGen and sit on Calpine's board.

Calpine counts 26,700 mw of generation capacity in operation, under construction or planned for development.

Aerie Networks signs for \$1 billion fiber for 20,000 miles

Aerie Networks is to pay \$1 billion over four years to Corning Inc for optical fiber for a 20,000-mile, national broadband network.

That is 8.9 million fiber miles.

Aerie is a collection of pipelines and communications systems intent on building the biggest right of way system (RT, 4/13).

The rights of way for close to 15,000 miles are held by BP Amoco, Buckeye Partners, CMS Energy, Explorer Pipeline, Kinder Morgan, Marathon Ashland Pipe Line, National Fuel Gas, Plantation Pipe Line, PG&E Corp, Sempra Communications, Sun Pipe Line, TEPPCO and others.

The telecom and tech partners are AT&T, Intel, LCI, Lucent Technologies, MCI, NorTel, Qwest, Sprint, Sprint PCS and Williams.

President Gore favors billions of dollars for energy efficiency

A multi-billion dollar program funded by tax surpluses would give tax incentives to consumers who buy energy efficient cars and appliances and power plants

that improve their generators.

Vice President Al Gore is trial ballooning the idea.

Development of advance alternative fuels is targeted too.

The plan follows a letter from President Bill Clinton to Congress (RT, 6/23), urging a \$4 billion package of tax incentives and \$1.4 billion in the fiscal year 2001 budget for DOE's investments in energy efficiency, renewable gas and onsite power systems.

The Gore plan is expected to be more financially ambitious.

Clinton called for a slew of "critical" energy proposals, including a comprehensive electric restructuring bill as well as reauthorization of the Strategic Petroleum Reserve, setting up of a home heating oil reserve for the Northeast and replenishment of low income energy aid funds.

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