



Regulatory Update

October 19, 1998

Announcements

- 1. The next Executive Committee Meeting will be held starting at 8:30AM on November 19 through noon on November 20, 1998 at Columbia Energy Services, 13880 Dulles Corner Lane, Herndon, VA 20171, (703-561-6000).** Please confirm your attendance with me at 202-333-3288 ASAP. Reservations can be made at the Dulles Hyatt Hotel (703) 713-1234 (walking distance to the meeting). I recommend using cab service from the airport to the hotel. A discounted rate at the hotel has not yet been negotiated.
- 2. The Inaugural Conference and golf tournament received excellent feedback from those who came. Many thanks are due to Jon Gipson, Dickie Jester, Marty Rogers, Chris Bernard and all the Executive Committee speakers that made the event such a success.**
- 3. As a result of NEMA's participation at the New York EI conference, it has received an offer from an important PUC to provide NEMA with comments or to help us formulate Marketer Standards.**
- 4. Mac is going to take another cut at prose in which to wrap our National Electricity Guidelines. I urge each member who wishes to have input in this document to supply Mac and me with specific wording ASAP to include in the draft that will be circulated before the next meeting.**
- 5. Chris Bernard has volunteered to Chair a National Energy Contracts Standardization Committee to develop standardized energy contract language to implement restructuring.** All those interested in participating in this important work are requested to advise Chris and me as soon as possible.

New York

- 1. NYPSC Staff's Second Draft Proposal for Uniform Retail Access Business Rules – Case 98-M-1343 – filed October 7, 1998.** The proposed rules incorporate informal comments and suggestions staff received from NEMA and other interested parties. **Members wishing to comment on these draft rules should submit their comments in writing to Scott**

Childs and Greg Stickline at Amerada Hess on or before November 1, 1998. Comments are due to the Secretary of the Commission no later than November 24, 1998. *This second version (the first was put up a couple of weeks ago) is also available on the NEMA site.*

2. Brooklyn Union Gas – Case 98-G-0824 – Submits the results of its most recent examination of the storage services that it wishes to offer to transportation customers. October 1, 1998. Currently BUG offers 2 storage services – SC 16 and SC 17, for its transportation customers. By retaining control of storage assets, the Company argues that it has been able to maintain the necessary daily operational flexibility to assure reliable balancing, swing and standby services, while guaranteeing reliability of supply to the core sales customers. The Company performed a review of 2 additional storage services as stipulated in the above agreement on April 7, 1998. These 2 options would give firm transportation customers direct access to unbundled storage:

- Option (1): release specific storage contract to firm transportation customers
- Option (2) : release a pro-rata share of all storage contracts

Both options require marketers to handle daily swings and seasonal balancing requirements. To monitor actual consumption under either option, may require “real time” metering to be installed which may be cost prohibitive for this market.

In addition, gas marketers would need to provide daily dispatch planning and gas scheduling, as follows:

- Forecasting daily customer load before the gas day
- Scheduling gas deliveries 24 hours in advance
- Monitoring transportation customer consumption in “real time”
- Making adjustments to storage activity throughout the gas day
- Ensure compliance with storage contractual constraints

Problems under both options include access to storage assets, complexity of withdrawal ratchets, injection schedules that impose undue price and supply risk if customer’s are unable to manage daily load swings. Seasonal load balancing is also a problem with either option. BUG argues that its current balancing and swing services provide greater benefits to firm transportation customers than the direct release of a storage contract would provide. NEMA has recommended (among other things) imbalance trading to NYPSC staff.

Maryland

1. **Potomac Electric Power Company's Application for Rehearing and Clarification of Order on Rehearing Applications – Case No. 8738 – October 7, 1998.** This Application is limited to the provisions of Order No. 74561 which relate to the implementation of a reciprocity requirement on interstate electric suppliers. The current provision may be interpreted to mean that once customers of Pepco in Maryland are open to electric supply choice Pepco may be prevented from joining the competition to provide generation services to customers in service areas of other Maryland utilities until such time that retail choice has been implemented in their service areas. In order to prevent this result, PEPCO suggests that the Commission modify its Order and adopt the following reciprocity requirement effective with the introduction of retail electric choice in Maryland:

- With respect to an electric generation company that provides service to retail customers in a single jurisdiction, such company (or affiliate) may compete in Maryland as soon as retail choice has been made available to 1/3 or more of such company's customer load in that jurisdiction, and
- With respect to an electric generation company that provides service to retail customers in more than one jurisdiction, such company (or affiliate) may compete in Maryland as soon as retail choice has been made available to 1/3 or more of such company's customer load in any jurisdiction.

BGE, Pepco, Allegheny Power, and Delmarva Power & Light would all be free to compete with each other, as would utilities from other states that have already introduced retail choice.

2. **In the Matter of the Commission's Inquiry into the Provision and Regulation of Electric Service – Case No. 8738 – October 8, 1998. ORDER ESTABLISHING BRIEFING SCHEDULE.** Commission's Order No. 7456, sets forth a framework for the restructuring of the electric industry in Maryland and a schedule for implementing retail access. Subsequently, BG&E, Potomac Electric Power, Delmarva Power & Light and Allegheny Power all filed Applications for Rehearing and Clarification. Interested parties are directed to file responses to these rehearing applications no later than **November 30, 1998**. Replies to responses must be filed by December 28, 1998.
3. **In the Matter of Potomac Electric Power Co.'s a) Stranded Cost Quantification Mechanism; b) Price Protection Mechanism; and c) Unbundled Rates – Case No. 8796. MOTION TO COMPEL by the Office of People's Counsel.** OPC moved for an order to compel PEPCO to

respond to its outstanding data requests in this proceeding. PEPCO is requesting to recover approximately \$642.4 million in stranded costs and the OPC wants to conduct a review of the quantification of these costs and intends to fully rebut the Company's case. The Company's filing relies on forecasts of costs and prices produced using computer simulations based on numerous assumptions about the market. OPC needs to review the extensive data involved and therefore the need for these extensive data requests.

Pennsylvania

- **PECO Energy Supplier Tariff Compliance Filing – Docket No. R-00984298. October 2, 1998.** The revised Supplier Tariff contains the changes called for by the Commission's September 8 Order. A number of changes were made to reflect the direction of the Electronic Data Exchange Working Group which is developing EDI transactions. Additionally, revisions to the sections addressing enrollment procedures and partial load requirements and language requesting EGS's to give advance notice to PECO Energy when it intends to begin offering competitive metering and billing services are also included. *This document is available on the NEMA site.*

MISC

- **Massachusetts – Question 4 on the general Massachusetts election ballot is attempting to repeal the Mass law that revamped the electric industry. A vote for “Yes” would keep the current law and a “No” would repeal it.** The “Yes on 4 Coalition” (mostly funded by Mass. Electric) has raised about \$4.3 million and the “Campaign for Fair Electric Rates” (John O'Connor and Ralph Nader) have raised about \$500,000. Nader has called the Massachusetts law the “biggest rip-off in Massachusetts history.” He is also as upset with the California law and has said he will go there to campaign against it. A recent poll by the Boston Globe and WBZ had these results: 14% to revoke; 65% to retain; 21% don't know. Rhode Island may also be impacted if the law is repealed. The RI General Assembly pledged to pass on any favorable steps taken by Massachusetts.
- **Columbia Gas of Ohio Customer Choice Program Largest in the Nation, October 14, 1998.** As of October 1, 1998 135,000 customers, about 10% of the total customer base have enrolled in the program.

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