



Regulatory Update

October 23, 1998

Announcements

- 1. NEMA recommendations to permit marketers to trade imbalances before balancing charges apply was incorporated as part of NYPSC "Staff's Draft Proposal for Uniform Retail Access Business Rules" on October 7, 1998.** (The Draft is available on the NEMA site). Comments from the industry are due by November 24, 1998. NEMA comments are being coordinated by Greg Stickline and Scott Childs of Amerada Hess. Please forward your recommendations to them no later than **November 1, 1998**, so draft comments can be circulated to members before submission. Many thanks to Scott and Greg for chairing the NEMA conference call with staff.
- 2. The New York ISO has issued a Market Trial Proposal. Comments are due by October 28, 1998.** Copies are available upon request and will be uploaded to the site. A survey questionnaire is also available.
- 3. NEMA will be presenting its Uniform Code of Conduct at the PowerMart on October 28.**
- 4. Members coming to the November 19, 1998 NEMA Executive Committee meeting should call The Dulles Hyatt directly at 1-800-233-1234 or 703-713-1234 and ask for the Columbia Energy Rate (\$135).** If you have trouble, call Beth Holcomb (703) 713-3442 . An Agenda and draft of the electricity paper will be sent the week prior. **Members wishing to place items on the agenda should call NEM Headquarters ASAP.**
- 5. Williams has suggested that Members bring a dozen or more Company shirts or other promotional items with logo's on it to trade with other members at the next meeting.** Anyone wishing NEMA shirts must advise me so they can be ordered for you.

FERC

- 1. New England Power Pool – Docket Nos. OA97-237-000, et al. NEPOOL filed a comprehensive restructuring proposal and as part of that proposal requested market based rate authority for seven product markets.** These rates cannot go into effect until the Commission issues an order accepting the proposals. NEPOOL requested that these product

markets open December 1, 1998. On October 9, 1998 the NEPOOL Executive Committee (NEC) sent a letter urging that the Commission issue an order no later than November 13, 1998. The ISO New England has also confirmed in its own independent review that the market based product markets can and should be implemented. ISO-NE has notified NEPOOL that it needs a transition time of 2 weeks to commence the markets.

New York

- **PSC decided to issue a policy statement whereby all regulated local natural gas utilities would plan to exit the business of purchasing gas over the next 3 to 7 years.** The separation of the supplier and distribution functions is believed to be the most effective way to encourage competitors to enter the market. Each utility has operating circumstances unique to its service territory and the separation will need to be customized for each utility. The Commission will institute individual proceedings to achieve the Commission's goals. A full Policy Statement will soon be issued by the Commission and when available will be uploaded to the NEMA site.
- **Orange and Rockland – Case 98-G-0122- Proceeding on Motion of the Commission to Review the Bypass Policy to the Pricing of Gas Transportation for Electric Generation. October 14, 1998.** O&R strongly objects to the Staff's proposal. The most critical reason stated for rejection is the "mischaracterization" in the pricing of gas transportation for electric generation supposedly dominated by a "share the savings" approach which O&R no longer uses. The proposal was called naï ve and short on details, bearing little relationship to reality. The basic service as described could be as much as \$0.30 per Dt vs. \$0.05 per Mcf presently in place by O&R.

Alabama

- **Commission Investigation Into Restructuring in the Electric Utility Industry –ORDER – Docket 26427 – October 6, 1998.** The Commission ordered a 90 day extension of time for comments. All interested parties should submit their initial comments for the **June 15, 1998** Order, on or before January 11, 1998.

New Jersey

- **Investigation to the Future Structure of the Electric Power Industry – Restructuring Proceedings – ORDER – Docket Nos. EO97070457, EO97070460, EO97070463, EO97070466 – October 5, 1998.** The Board memorialized actions taken at its September 14, 1998 agenda meeting concerning testimony on the subject of Supplier Agreements between third-party suppliers (TPSs) and the regulated utility (LDC). It found that a

competitive market would be assisted if the terms and conditions of Supply Agreements, to the extent practical, were uniform among utilities. The Board ORDERS the 4 electric utilities to file proposed Supplier Agreements within 45 days of the date of this order. Those parties interested in commenting on the proposed Agreements to do so by **December 4, 1998.** The Board will accept reply comments until December 15, 1998.

North Carolina

- **Proposed Order of Public Service Company of North Carolina, Inc. for Transportation Rate Study – Docket No. G-5, Sub 386 – Study the Transportation rates charged by LDC’s to transport piped natural gas from the interstate pipeline to the customer.** The Commission found that “full margin rates” are just and reasonable and will be used to design PSNC’s transportation rates in this proceeding. The Commission will initiate a workshop or collaborative process to continue the study of transportation rates. NEMA has been invited to participate in this process.

Indiana

- **NIPSCO – Cause No. 40342 – October 14, 1998 – re: Pilot Program that became operational on April 1, 1998.** The Administrative Charge under Rate 345, Supplier Aggregation Service (SAS) is \$1.50 per meter per month or a minimum of \$2,500 per aggregation contract per month, whichever is greater. In order to determine if marketer participation will increase, given the experimental nature of the Pilot Program, NIPSCO will waive the minimum \$2,500 Administrative Charge, effective November 1, 1998, for at least the remainder of the first year of the Pilot Program. NIPSCO will continue to bill SAS marketers the \$1.50 per meter per month administrative charge. NIPSCO is also considering: (1) expansion of the program to all customers, subject to caps on annual participation levels; (2) development of a new city-gate option; and (3) development of additional storage flexibility, for implementation in 1999.

Pennsylvania

- **Application of PP&L for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code – Docket No. R-00973954 – October 16, 1998. ORDER Implementing Competitive Billing and Metering Specifications.** Among the petition approved on August 27, 1998 was a competitive billing/advanced metering option, in which competitive electric generation suppliers would be authorized on or after January 1, 1999 to perform consolidated billing and to provide, install, maintain and read advanced technology electric meters capable of being remotely read.

On October 2, 1998, PP&L submitted to the Commission a set of “Competitive Billing and Metering Specification” that reflect the consensus of the Joint Petitioners. The Commission adopted these specifications as they are substantially consistent with Appendix C adopted in the PECO restructuring proceedings and PP&L shall file tariffs in a manner consistent with this order within 5 business days after entry of this order. The Joint Petitioners shall address however, 2 outstanding issues raised by the Commission on Economic Opportunity (CEO): 1) How bill inserts and educational materials will be made available to PP&L customers; and 2) Will these materials contain funding mechanisms to allow customers to contribute to such programs as Operation Help, in a timely matter.

- **PECO Energy Comments – Binding Interim Guidelines Addressing Electric Distribution Companies’ Activities Relating to Their Provider of Last Resort Functions – Docket No. M-00960890F0017 – October 14, 1998.** 1) PECO submits that the Commission does not have authority to issue such “guidelines” under the Competition Act; 2) further EDC restrictions are unjustified and unnecessary, based on the Full Settlement in which PECO is already subject to a comprehensive Interim Code of Conduct, as well as a GENCO Code; 3) No rules are needed to address on returning customers – as they should be treated as any new applicant for energy services; and 4) EDC’s ability to market its provider of last resort service should be restricted only by truthful statements. In sum, existing safeguards adequately delineate the EDC’s activities and any additional requirements are beyond the Commission’s authority. *These comments are available on the NEMA site.*

- **PECO Joint Petition For Full Settlement Competitive Provider of Last Resort Paragraph 38 – Docket Nos. R-00973953 and P-00971265 – TENTATIVE ORDER – October 20, 1998.** Paragraph 38 pertains to the selection, via competitive bidding, of a competitive supplier of last resort. The competitive default service (CDS) provider will be responsible for offering service to up to 20% of PECO’s residential market. The CDS provider will not be paid to stand ready, but instead will be paid if, and when, a customer ends his or her relationship with an EGS and reverts to CDS.

By **January 1, 1999**, the Commission will issue final standards for PECO governing the responsibilities and obligations of the competitively determined provider of last resort in PECO’s service territory. Many issues need to be resolved prior to implementing Paragraph 38, including: Chapter 56 issues, market price and rate cap issues, pre-qualification, time period encompassed by bid, renewable resource base mix, customer information, financial integrity, EDC code of conduct reciprocity issues, and the selection criteria for CDS providers. To facilitate resolution of the

outstanding issues, the Commission is seeking comments on Annex A. Interested persons may submit **comments before November 20, 1998.** *NEMA will attempt to obtain an electronic version of this tentative order.*


California

- **Rulemaking on the Commission's Own Motion to Assess and Revise the Regulatory Structure Governing California's Natural Gas Industry – 98-01-011.** Energy Division's Report on Proposed Natural Gas Consumer Protection Program. The Commission determined that a consumer protection program should be in place prior to lifting the core gas aggregation program limits, and directed that a proposal be developed and served on parties for comment. The components of an effective program identified in D.98-08-03 are:
- Screening process for market service providers
 - Provider registration
 - Third-party verification
 - An education program
 - Complaint resolution process
 - Written notice and disclosure
 - Consumer privacy

Comments on this report may be filed with the Commission's Docket Office by **November 16, 1998.**

MISC

- **Special Discount Offer for NEMA members who Register for the Conference to "Facilitate Competitive Retail Gas Access" November 16-17, 1998, Washington, DC.** To receive a **\$200** Discount off the conference and workshop fee contact, by **November 6, 1998**, Cynthia Rugg – 781-939-2402, email: c.rugg@cbinet.com.



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