

Wednesday, June 12, 2013

Connecticut plan to auction non-shoppers sparks excitement

NEM's Goodman explains why idea should spread

Proponents of a groundbreaking retail-customer-aggregation strategy in Connecticut are now working to massage the concept, which legislators tabled

early this month when they hashed out the state's budget, Dennis Schain, a spokesperson for the Connecticut Dept of Energy & Environmental Protection (DEEP) told us Friday.

Meanwhile, the National Energy Marketers Assn (NEM) is preparing to "revisit and revamp as necessary" the idea

at a policy roundtable set for Sep 10-11 in Hartford, NEM President Craig Goodman told us Friday.

QUOTABLE: We definitely want this idea to go forward. It has universal applicability. Given additional education and support, we are hopeful this will be an important new public policy advance. -- *NEM President Craig Goodman*

The "distinctive" idea, as Goodman described it, was to let power suppliers bid on about 850,000 retail customer accounts that have yet to move into the competitive market in the state, which deregulated about a dozen years ago. About 700,000 retail customer accounts have migrated, he noted.

The proposal, emanating from the administration of Gov Dannel Malloy, D, "was to offer those [remaining] accounts to energy suppliers in auctions, in tranches of 100,000," Schain said. The suppliers who bid the most for those accounts would win them, "and the revenues from the auction will go to the state.

"The estimated contribution the governor included in his budget package was about \$80 million."

The power suppliers would divert to the auctions monies they normally would spend "mailing you brochures and calling you and knocking on your door," and the winners would get the power-supply accounts to service. "They would be paying for the right to have those accounts," Schain noted.

Connecticut is on the verge of becoming a top-tier state for competition,

Continued on page two

New Opportunities in Retail Electricity & Natural Gas Markets

A 90-minute webcast hosted by *Restructuring Today* Wednesday, June 19, 2-3:30 PM Eastern US Time

Several states are looking into liberalizing their retail power markets to tap into cheaper wholesale power prices.

The Pennsylvania PUC issued an order laying out legislative changes it would like to see to make its retail market even more successful. The Ohio PUC is moving all of its utilities away from traditional regulation into the market in the next few years and it has opened a docket looking into rule changes on the retail side to enhance competition. The District of Columbia recently instituted a purchase of receivables program and is looking at other potential changes to its retail markets as well.

Market backers are also pushing competition in other states including Michigan where shopping is currently capped, and in states that have not seriously looked at the issue since the California Energy Crisis.

Where are the biggest opportunities for growth in retail markets? What is going to be the end result of all the changes in various states? Can this growth be sustained if natural gas prices go back up?

Find out answers to these questions and more on Wednesday, June 19 from 2-3:30 pm ET when *Restructuring Today* is hosting a webinar that will help you plan future growth strategies and get you up to speed on the latest regulatory changes.

[Register now](#) for "New Opportunities in Retail Electricity & Natural Gas Markets" and hear from a panel of industry experts -- plus ask your own questions during the live Q&A.

Call +1-301-769-6812 (888-637-7776 toll-free in US & Canada) and we will take your registration by phone or visit www.restructuringtoday.com/retailpower now to order securely online.

Ohio gas broker describes standard choice rate as unfair

The standard choice offer (SCO) for natural gas is not functioning as a competitive market price, Buckeye Energy Brokers President Thomas Bellish wrote this week in a filing with the Ohio PUC. Suppliers are "consistently forced to provide offers at higher rates than the SCO rate," he added.

"We consistently see offers on the [PUC's] apples-to-apples chart that are higher than the SCO rate." Bellish was

responding to the commission's review of the gas retail market development in Ohio.

Since "customers must commit to gas flow before knowing the SCO rate, the date that the rate is set should be moved up," Bellish wrote. "Having the SCO set on the NYMEX close is too late.

"Regulations provide for 45-days notice before contracts and so 45-days notice for the SCO rate would be consistent. We recommend that the SCO

rate be set 45 days prior to gas flow."

A key problem is that the "SCO rate does not contain enough allocated costs," he added. "The costs to local utilities spent on the SCO, the auction expenses and customer service time are not placed on top of the SCO adder.

"We do not know what the additional adder should be but zero creates an un-level playing field," Bellish said.

[\[Comments\]](#)

Connecticut plan to auction non-shoppers sparks excitement

From page one

Goodman said. “Generally, states normally have been open and active far longer than Connecticut to reach these kind of migration statistics.”

The retail-customer-aggregation-auction proposal would set an historical precedent, Goodman and Schain said.

“It was the first such proposal that we’ve seen in the United States,” Goodman reported. “I personally would be surprised not to see it surface elsewhere and more frequently.”

“The idea of providing competitive energy services by funding programs directly with private capital is fairly remarkable.”

As far as DEEP knows, no plan containing all of the elements of the Connecticut proposal has been tried elsewhere in the US, Schain added. A similar program is underway in Chicago, DEEP said in a February report -- and the regulated power market in Pennsylvania has a similar program as does Ohio’s regulated natural gas market.

Power market surprises

The idea heightened interest in the Connecticut power market, Goodman said. “Now the Connecticut gas market, in our opinion, should receive a lot more attention.”

That level of interest is unusual, he acknowledged. “In our experience of the last 15 or so years, natural gas usually

opens first and electricity follows. It’s kind of surprising we have such an active electricity market in Connecticut.”

To transition remaining “standard service customers” to the competitive supplier marketplace, the strategy was to give standard service customers “the same savings opportunity that customers who have already made the shift to retail choice market are given,” DEEP explained in its 2013 comprehensive energy [strategy](#) for Connecticut, publicized in February.

“This outcome could be achieved through a transitioning of customers to the competitive marketplace, with the additional benefit of raising revenue for the state’s taxpayers in the process.”

Lower rates guaranteed

To assure that the transitioned customers realize savings in their power rates, “the winning retail electricity supplier must guarantee that the rate offered to the customers for one year would be at least 5% below the utility standard offer on the date of the transaction,” DEEP wrote.

“Moreover, the transitioned customers must be allowed to return to standard service or to choose a different retail electricity supplier if they wish, with appropriate market information provided to these customers in coordination with the Public Utility Regulatory Authority (PURA),” DEEP said. It meant for the auctions to take

place this year and the transfers to take place next year, it added.

The average power bill of an existing standard service customer is about \$1,003/year, DEEP said, estimating that customers would see “guaranteed savings of \$65/year as a result of this program.”

New agency stakes claim

With the recent creation of DEEP, “the state has new planning and policy capabilities that can help it anticipate and adapt to trends and technology development, changes in fuel prices, electricity markets and state and federal environmental and energy policies that affect the cost, reliability and environmental impact of our electricity sector,” DEEP said.

DEEP was established on July 1, 2011 with the consolidation of the Department of Environmental Protection, the Department of Public Utility Control and energy policy staff from other areas of state government, said its website.

The agency established the Clean Energy Finance & Investment Authority in its first year, to help the state “engage the private market in new ways to advance Connecticut’s long-term policy objectives,” DEEP said.

DEEP to address concerns

To move the aggregation concept forward in the legislature, DEEP will look into “concerns about consumer protections and flexibility,” Schain said. DEEP will “make sure people still have a choice and still could switch suppliers if they wanted -- even if their account was part of an auction,” for example, he added.

“They could still stay with the standard service contract if they wanted to.” The plan is to “make sure that people would be fully aware of what was happening and of when the initial pricing period after the auction ended.”

NEM event open to public

All of Connecticut’s utility regulators along with executives from the governor’s office and “all of the key legislators” and utility executives in the state are invited to NEM’s policy leadership roundtable in early September, Goodman said, noting that it will be open to the public.

The innovative aggregation idea is “very significant and we would try to help implement it either directly through legislation or indirectly through regulation,” he added.

“The first thing it would do is help Connecticut tremendously, immediately

Introductory discount offer

First-time *Smart Grid Today* subscribers

SAVE \$400 plus get a \$50 Amazon gift card!

Smart Grid Today is the go-to resource for thousands of industry professionals. Each day, our team of experienced journalists delivers exclusive and trusted news, in-depth analysis and strategic insight to help you navigate the changing landscape and make informed decisions each step of the way. *Smart Grid Today* features timely, highly concise and easy-to-understand reporting on these and many other important issues:

- Automated meter reading
- Distributed generation
- Emerging technologies (R&D)
- Home-area networks
- Dynamic and TOU pricing
- Regulatory policy
- Distribution automation
- And much more

Subscribers also get access to *Smart Grid Today*’s subscriber-only section where you can search current and past issues, including over 5,000 articles.

LIMITED-TIME, INTRODUCTORY DISCOUNT OFFER: First-time subscribers, sign up now and save \$400 on a one-year subscription plus get a \$50 Amazon gift card. Please call +1-301-769-6804 (888-471-4447 toll-free in the US and Canada) or visit www.smartgridtoday.com/smart_grid_today_amazon_offer and use promo code AMAZON.

and without imposing new taxes. It would be a seamless way of attracting private capital to help fund public services.

“And, from a national perspective, there is no question that ... this idea will likely be brought up in other places, as well.”

[\[Comments\]](#)

1 story in 30 seconds

Dynamic Energy makes solar easy for stone firm:

Dynamic Energy installed a 193.5-KW solar PV system at the Stone Quest facility in Carteret, NJ, it told the press this week. Stone Quest is a natural stone specialist and the solar system is expected to produce about 211,000 KWHs in its first year of operation. That should cut about 149 metric tons of CO2 emissions/year, the firm said. Dynamic Energy provided financing, engineering and construction for the system that will provide “a significant percentage of Stone Quest’s energy needs through a power purchase agreement.” That arrangement means Stone Quest made no investment, it just pays for the power produced by the system, avoiding all the expenses associated with solar system ownership, Dynamic Energy said.

[\[Comments\]](#)

Do you share *Restructuring Today*?

Unlike widely circulated newspapers, magazines and free online publications, *Restructuring Today* shuns paid advertising in order to maintain our editorial integrity. Without income from advertising, we depend almost solely upon subscription sales for revenue.

Each time *Restructuring Today* is photocopied or forwarded by email, it

compromises our ability to deliver the exceptional product you’ve come to expect.

Since you may not be familiar with today’s copyright laws, we have compiled a list of what you legally can and can’t do with *Restructuring Today*.

Please visit www.restructuringtoday.com/copyright for details.

Tell us what you think. We want to hear from you. Send your comments, questions and suggestions about this issue of *Restructuring Today* to news@restructuringtoday.com.

Abbreviations: To see a glossary of *Restructuring Today*’s abbreviations, go to www.restructuringtoday.com/glossary.

Archives: Access over 10,000 searchable articles (www.restructuringtoday.com/articlearchive) and over 3,000 downloadable PDF issues (www.restructuringtoday.com/issuearchive) online -- so you can quickly find background on issues, policy efforts and firms of interest.

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.

support@restructuringtoday.com

www.restructuringtoday.com