

Restructuring Today



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Where shall we put that new factory?

If you're deciding where to build a new factory that uses lots of electricity you could pick Wyoming where PacifiCorp charges 5.72¢/kwh or Bethel, Alaska, where the commercial price is 24.52¢/kwh.

Presumably, the commercial buyer gets the same fungible power in each place despite the big differences in price.

We noticed the extremes in *Energy User News* for August.

An adjacent table shows Alaska has the lowest gas price — \$4.44/mcf. What's going on in Bethel?

Gas isn't available statewide in Alaska and the Bethel plant runs on diesel, we were told by Alice Pitts at the Regulatory Commission of Alaska.

We tried to call Antony Scott, the economist at the RCA, but his position has been discontinued.

The 24.52¢ may not seem like a bargain but for residential it would seem heavenly since they pay 32.82¢ while at

Alaska Power it's 58.8¢.

Bethel doesn't have the highest rates in Alaska, Pitts said. The RCA regulates 25 or 30 IOUs, she revealed.

Since the IOU only has 2,361 customers who have to pick up the tab for infrastructure.

Alaska sounds like a prime market for fuel cells.

OK then where are the best places to put a new plant?

5.98	Ore	Eugene, City of
5.92	NC	Duke Power
5.90	Ky	Union Light Heat
5.89	Ore	PacifiCorp
5.87	Mo	Empire District
5.83	Minn	Wright-Hennepin
5.81	Pa	West Penn Power
5.80	SC	Duke Power
5.79	Ind	Ind-Mich Power
5.75	WV	Monongahela
5.72	Wyo	PacifiCorp

Now compare that with last year's bottom prices:

6.76	Ill	Commonwealth Edison
6.76	Mich	Wisconsin Electric
6.74	Mich	Upper Peninsula Power
6.70	Minn	Anoka Electric Co-op
6.70	Pa	Duquesne Light
6.68	NC	Carolina Power & Light
6.68	Fla	Florida Power & Light
6.67	Wyo	High Plains Power
6.66	Mont	Yellow Stone Valley
6.64	Ala	Alabama Power
6.64	DC	Potomac Electric

It's easy to notice that all the low prices this year were under 6¢ but a year ago were above 6¢.

Seasonal factors need to be watched too since the table for November 2003 shows that the bottom 14 utilities had a commercial price under 5¢.

Bidding on Dominion VP pilot has yet to start

Will high wholesale prices scare potential suppliers away from Dominion Virginia Power's upcoming RFP for power to feed its competitively bid supply pilot?

With a deadline for expressions of interest coming up next week (RT, 8/13) David Holt who's running it is hopeful the packages will start rolling in closer to Aug 23.

So far, none have, even though it would take "not a heck of a lot of effort," Holt said, and is required if suppliers want a peek at the RFP to come.

Stirrings at the State Corporation Commission are promising, Holt said, mentioning questions to the SCC about the utility's registration process and EDI testing (electronic data interface) to transfer data between the utility and third-party suppliers.

DVP made even more changes this year in the pilot — to serve swaths of customers who have volunteered by the tens of thousands to buy their supply from winning bidders with headroom provided by exempting pilot shoppers from the wires charge only shoppers pay.

An earlier round of bidding failed when wholesale prices rose but pilot

changes include a provision to continue bidding out un-awarded segments each month until a supplier steps in with a winning offer, Holt said.

It's like the stock market, Holt explained, where you seldom buy at the lowest price or sell at the highest but need to stay in the market to take advantage of favorable price moves.

Though it's a good opportunity to get experience serving customers in the utility's footprint, marketers are more cautious these days, Holt noted.

Gone are the days when marketers would come into a newly opened market to grab market share with little promise of profits.

Marketers now are judged by their bottom lines, Holt noted.

DVP's membership in a fully functioning RTO market is a big sticking point for marketers.

"Suppliers are pretty resolute in saying we've got to be in PJM," Holt told RT, and membership would limit price risks.

The utility has applied to join PJM and is expecting to turn over its system in November if all goes well.

Green Mountain to build national C&I renewables book

Green Mountain Energy may have put down its roots in the mass market but after more than a year of selling to Texas C&Is it's ready to take that part of its business to the next level.

GME hired TXU veteran and Texas Commercial Energy co-founder Scott Hart as president of commercial services to expand its C&I sales in Texas and nationwide.

"We see great opportunity in the commercial market going forward," said GME CEO Paul Thomas, who believes "Scott Hart is the right person to get us there."

GME has been marketing "cleaner than typical system power" to small and medium Texas C&Is at savings of 10% or more off prices-to-beat since May of last year.

The green marketer's usual turf is green pricing via utilities.

The huge program for Florida Power & Light is an example or even as supplier to aggregators such as the giant Northeast Ohio Public Energy Council. "We're here

4 stories in 1 minute

Defense gives solar

firm contract: Palo Alto, Calif, solar cell firm Nanosolar won an R&D contract from the Defense Advanced Research Projects Agency (DARPA) for \$10.3 million. Sen Barbara Boxer, D-Calif, attended the press briefing. They make solar cells from foil printed with self assembling nano-scale materials to make them cheaper and more lightweight and durable than today's cells, said Nanosolar. A field of about 100 firms competed. The solar market is growing at 40%/year in the past eight years, the firm said. The California Energy Commission and the National Science Foundation have given the firm financial support, Nanosolar noted yesterday.

McDonald buys green

for 33 restaurants: The owner of 33 Southern Alberta McDonald's restaurants — Max Pasley Enterprises — made a deal with ENMAX Energy (City of Alberta) to buy a quarter of the power for its restaurants via the city's Greenmax wind power program. The power is to come from McBride Lake wind farm — Canada's largest — that ENMAX co-owns. Greenmax is one of the largest green power marketing programs in North America with 10,000 plus residential customers and about 200 commercial. ENMAX was the first Canadian

utility with a wind-power option in 1998.

Flint wants someone to install switches,

90,000 switches: Flint Energies, a 72,500-member electric co-op in middle Georgia, has an RFP to find a prime contractor to install 90,000 TWACS load-control switches in the 17 counties it serves. Lorie Hamby at lhamby@flintemc.com can send a copy.

3M grid booster to

fight grid constraints: Xcel Energy is first in line to try out a new 3M overhead power conductor with twice the transmission capacity of conventional conductors of the same size — hoped to be a breakthrough for reliability and congestion cutting. The Minneapolis-based utility plans to install the aluminum composite conductor reinforced (ACCR) early next year on a 10-mile transmission line near the Twin Cities — part of a \$100 million expansion at the firm's Blue Lake peaking plant in Shakopee. DOE's grid study named advanced conductors as a key technology for grid upgrading. The product was extensively tested by 3M, DOE and Xcel at a variety of labs and at Western Area Power Administration sites in North Dakota and Arizona, the Salt River Project, Hawaiian Electric and BPA in Washington state.

to rewrite the rules in terms of how businesses think about and buy energy," Hart said, and "can save companies money, while at the same time offering them a value proposition no other provider in the Texas market can do — a cleaner energy product.

"Look for Green Mountain Energy Company to be much more aggressive in its approach to the commercial market," Hart vowed.

Hart is to operate out of Dallas.

Hart plans to sell aggressively to small, medium and large firms.

Can NARUC make telecom more competitive after court action?

The Intercarrier Compensation Forum (ICF) — CLECs AT&T and MCI plus others — filed a proposal yesterday on interexchange access fee reform, NARUC reported.

They'll address charges long distance carriers have to pay incumbents for traffic on local networks.

ICF briefed the FCC Friday and agreed to brief NARUC's intercarrier compensation task force this week.

NARUC seems eager to weigh the impact on "customers we're pledged to protect — urban, suburban and rural," said NARUC Telecom Committee Chairman (Michigan Commissioner) Bob Nelson.

The task force has become the primary national vehicle for direct, focused, ongoing and transparent comparison among competing ways.

The text of the NARUC principles is at <http://www.naruc.org/displaycommon.cfm?an=1&subarticlenbr=342>.

1,100+ Maryland C&Is switch to marketers

... as market-based SOS rates kicked in for all except Baltimore Gas & Electric and Allegheny Power residential customers, the PSC reports.

Shopping was most active last month in Pepco's Maryland footprint where 1,021 C&Is switched from Pepco to competitive supply.

Another 31 C&Is switched from a competitor — to another marketer or back to the utility.

Pepco shopping for most C&Is rose with small C&I shopping at 14.3% versus 13.5% in June and large shoppers at 43.2%, up steeply from 25.6%.

Residential shopping dropped to 10% from 11.3% a month earlier and medium C&I shoppers dipped to 24.1% from 26.3% (see table).

Pepco large C&I shoppers can choose among 10 marketers with nine serving medium C&Is and five serving small C&Is.

That's up from just two suppliers in January.

Connectiv (Pepco Holdings) large C&I shoppers grew to 78.8% from 47.1% the month before taking 87.5% of large C&I peak load with them to eight marketers — up from five marketers serving C&I accounts in January.

That brought Conectiv peak load served by markets to 2,608 mw or 16.8%, up from 13.7% a month earlier.

BG&E large C&I shoppers rose to 62.4%, up from 48.7% the month before, while medium C&I shoppers zoomed to 15.7% from 4.3%.

Eleven marketers serve BG&E's medium C&Is and 13 serve larger customers compared to just nine in January.

Large C&I customers who didn't shop in Maryland after the first of last month can choose between a fixed SOS rate or hourly prices based on PJM hourly LMP.

All of the large C&Is still on Pepco

supply — 694 — are on its fixed-price service while two Conectiv customers are on hourly pricing versus 16 on fixed SOS rates.

More than 380 BG&E large C&Is have shopped but 187 are on fixed-rate SOS and 15 take hourly SOS rates.

AB 2006 sits in limbo; Hernandez backs Schwarzenegger

Gov Arnold Schwarzenegger's energy plan would restore competitive markets by 2006 opening electric competition for large and small consumers, said David Hernandez, CEO of Liberty Power.

Hernandez believes competition would prevent cost shifting of stranded costs among customers and would prevent utilities from negotiating private contracts with their regional affiliates.

"We have been able to enjoy success and growth in markets dominated by utility spinoffs. Prohibiting privately negotiated wholesale purchases between utilities and their affiliates ensures that

Strategic saved schools \$100+ million

Strategic Energy (Great Plains) signed the Lewisville (Texas) Independent School District to a multi-year power supply contract through its partnership with Energy for Schools (EFS), an aggregation with 140 school district, community college and education service center members.

The schools are saving \$25 million/year via EFS's supply deal and Lewisville's savings are expected to be \$1 million/year.

Atmos affiliate to get special scrutiny

Georgia regulators will look closely at Atmos Energy's use of affiliate Atmos Energy Marketing (AEM) as its asset manager for the LDC's gas supply program this winter.

AEM won the bid to manage Atmos assets for the sixth year in a row and the PSC expects the same issues to be raised this year as last "regarding the ambiguity of Atmos' RFP relating to the rights and obligations of the eventual winner, whether ratepayers would receive

the California marketplace will not evolve into another monopolistic situation," he added.

AB 2006 championed by Schwarzenegger is key to renewed investment in California, said Hernandez.

Action on AB 2006 has been postponed until maybe midweek.

Maryland Power Shopping — July 2004

	Residential Shoppers	Small C&I Shoppers	Med C&I Shoppers	Large C&I Shoppers	All C&I Shoppers
Allegheny Power	0.0%	0.0%	0.0%	0.7%	0.0%
Baltimore G&E	0.0%	0.2%	15.7%	62.4%	1.8%
Conectiv	0.1%	5.7%	20.7%	78.8%	6.3%
Pepco	10.0%	14.3%	25.1%	43.2%	17.6%
Total	2.4%	3.5%	20.3%	44.4%	5.7%
Peak Load Served by Marketers					
Allegheny Power	0.0%	0.0%	0.0%	0.0%	0.0%
Baltimore G&E	0.0%	0.9%	19.0%	84.7%	41.9%
Conectiv	0.1%	10.0%	22.5%	87.5%	37.2%
Pepco	12.0%	19.5%	28.6%	60.6%	42.8%
Total	3.2%	4.0%	21.2%	69.9%	37.8%

Source: Maryland PSC

It was pulled back from the Senate Appropriations Committee to the Rules Committee where Chairman John Burton, D, is keeping it in his pocket.

He may be brokering a deal.

In its present version — the Edison bill without markets — is sure to get a veto.

Tell us what you think.. We want to hear from you. Send your comments, questions and suggestions about today's RT to editor@restructuringtoday.com.

Abbreviations: To see a glossary of RT's abbreviations, go to www.restructuringtoday.com/glossary.html.

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