

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

Central Illinois Light Company d/b/a	:	
AmerenCILCO,	:	
	:	No. 05-0160
Proposal to implement a competitive	:	
procurement process by establishing Rider BGS,	:	
Rider BGS-L, Rider RTP, Rider RTP-L, Rider	:	
D, and Rider MV	:	
	:	
Central Illinois Public Service Company d/b/a	:	No. 05-0161
AmerenCIPS	:	
	:	
Proposal to implement a competitive	:	
procurement process by establishing Rider BGS,	:	
Rider BGS-L, Rider RTP, Rider RTP-L, Rider	:	
D, and Rider MV	:	
	:	
Illinois Power Company d/b/a AmerenIP	:	No. 05-0162
	:	
Proposal to implement a competitive	:	
procurement process by establishing Rider BGS,	:	
Rider BGS-L, Rider RTP, Rider RTP-L, Rider	:	(Consol.)
D, and Rider MV	:	

DIRECT PANEL TESTIMONY OF

**MARIO BOHORQUEZ**  
CONSTELLATION NEWENERGY, INC.

**WAYNE BOLLINGER**  
PEOPLES ENERGY SERVICES CORP.

ON BEHALF OF THE  
COALITION OF ENERGY SUPPLIERS

COMPRISED OF:

CONSTELLATION NEWENERGY, INC.  
DIRECT ENERGY SERVICES, LLC.  
MIDAMERICAN ENERGY COMPANY  
PEOPLES ENERGY SERVICES CORPORATION  
U.S. ENERGY SAVINGS CORP.

1 **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

2 **Q. Mr. Bohorquez, please state your name, employer, business address, and**  
3 **professional background.**

4 A. My name is Mario A. Bohorquez and I am employed by Constellation  
5 NewEnergy, Inc. (“NewEnergy”), a certificated alternative retail electric supplier  
6 (“ARES”) and an intervening party in this proceeding, as Director of Supply for  
7 the Illinois Market. My office is located at 550 W. Washington Blvd. in Chicago.  
8 I have approximately twenty (20) years of professional experience in wholesale  
9 and retail electricity markets, both regulated and competitive. In my current  
10 position with NewEnergy, I focus my efforts on the Illinois electricity markets,  
11 both wholesale and retail. I previously have testified in proceedings before the  
12 Illinois Commerce Commission, with respect to retail open access issues.

13

14 **Q. Mr. Bollinger, please state your name, employer, business address, and**  
15 **professional background.**

16 A. Wayne Bollinger, Peoples Energy Services Corporation (“PES”), 130 East  
17 Randolph Drive, Suite 2300, Chicago, IL 60601. I am currently the Director of  
18 Energy Supply for PES and I am responsible for the procurement, delivery, and  
19 pricing of electricity. I joined PES in April 2001. From April 2001 until  
20 November 2004, I was also responsible for the procurement, delivery, and pricing  
21 of natural gas. Prior to joining PES, I was Manager of supply at Exelon Energy  
22 Services, formerly known as Unicom Energy. My duties included management of  
23 supply procurement for natural gas for Illinois, Ohio, and California and

24 electricity in Illinois and Ohio. I also had responsibilities for nomination and  
25 forecasting activities and due diligence for business acquisitions. From 1980 until  
26 1998, I was with Natural Gas Pipeline/MidCon Corporation where I held various  
27 positions in the engineering, planning, and marketing groups. I have a BS in  
28 Electrical Engineering from North Dakota State University, a Professional  
29 Engineering license in the State of Illinois and an MBA from DePaul University.

30

31 **Q. On whose behalf are you testifying?**

32 A. We are testifying on behalf of the Coalition of Energy Suppliers (“CES” or the  
33 “Coalition”). The CES is composed of Constellation NewEnergy, Inc.,  
34 MidAmerican Energy Company, Peoples Energy Services Corporation, Direct  
35 Energy Marketing, Inc. and U.S. Energy Services Corp. This *ad hoc* coalition has  
36 been formed to propose measures to foster the development of a competitive retail  
37 electric market in Illinois. The positions set out in this direct testimony represent  
38 the positions of Coalition as a group, but do not necessarily represent the positions  
39 of individual CES member companies. However, each member of the Coalition  
40 believes that the positions set forth in this testimony represent an improvement  
41 over the competitive procurement proposal advanced by AmerenCILCO,  
42 AmerenCIPS and AmerenIP (collectively, “Ameren”) in this proceeding.  
43 Additionally, some members of the CES believe that further changes are  
44 necessary to improve Ameren's procurement proposal. Those Coalition members  
45 are filing direct testimony on their own behalf in support of their additional  
46 proposed changes.

47 **Q. What is the purpose of your testimony?**

48 A. The purpose of our testimony is to make certain recommendations for  
49 modifications to Ameren's proposal for a descending-clock vertical tranche  
50 auction. Our testimony generally focuses upon the wholesale mechanics of the  
51 auction proposed by Ameren.

52

53 **Q. What are the specific recommendations that you make pertaining to the**  
54 **Ameren proposal?**

55 A. Ameren's proposal should be modified as follows:

- 56 • The Commission should reject Ameren's proposed 30-day window for  
57 election of the fixed price Basic Generation Service product for large business  
58 customers ("BGS-LFP") and opt instead for a 75-day window.
- 59 • The Commission should reject Ameren's proposed Rider D Default Service  
60 Supply Availability Charge.
- 61 • The Commission should direct both Ameren and Commonwealth Edison  
62 Company ("ComEd") to hold the initial procurement auctions in May 2006.
- 63 • The Commission should order Ameren to modify its tariffs so that Ameren,  
64 like ComEd, identifies a specific window for holding subsequent auctions.  
65 The timing of those subsequent auctions should afford customers a 75-day  
66 enrollment window for choosing the BGS-LFP product or making another  
67 choice regarding their electric supply options.

68 **II. DURATION OF ELECTION WINDOW**

69 **Q. Please describe the duration of the election window Ameren has proposed for**  
70 **the one-year, fixed-price product (BGS-LFP).**

71 A. Ameren has proposed a 30-day enrollment window during which very large  
72 commercial and industrial customers (over 1 MW) who qualify for the one-year  
73 fixed price auction product (BGS-LFP) must make an affirmative decision to take  
74 service.

75

76 **Q. What is the recommendation of the CES regarding the duration of the**  
77 **enrollment window?**

78 A. The Commission should reject Ameren’s proposed 30-day enrollment window.  
79 Instead, the Commission should direct Ameren to use a 75-day enrollment  
80 window. In the ComEd service territory, a 75-day enrollment window has  
81 worked very well for customers that have chosen to take the Power Purchase  
82 Option (“PPO”) or service from an ARES or other retail electric supplier  
83 (collectively, “RES”). In the post-transition era, the Commission should strive for  
84 uniformity in tariff terms and conditions to the greatest extent possible and direct  
85 both Ameren and ComEd to adopt a 75-day enrollment window for their annual  
86 products.

87

88 **Q. Why should the Commission utilize a 75-day enrollment window?**

89 A. Coalition witness Dr. O’Connor has set forth several reasons why the  
90 Commission should direct Ameren to adopt a 75-day enrollment window. (*See*

91 CES Ex. 1.0 at 661-729.) We agree with the points made by Dr. O'Connor that:  
92 (i) customers want the 75 days; (ii) the additional time appropriately would allow  
93 market participants to identify and address potential errors that may arise as a  
94 result of human or system error; and (iii) there is no empirical evidence in Illinois  
95 that maintaining the existing 75-day sign-up window would be costly.

96

97 **Q. Would adopting a 75 day enrollment window by Ameren improve its**  
98 **customers' ability to take advantage of competitive offers made available to**  
99 **them by RES?**

100 A. Yes. Customers need sufficient time to properly select their electric supplier, as  
101 discussed by Dr. O'Connor in his Direct Testimony. (See CES Exhibit 1.0 at 686-  
102 704.) Absent a sufficient amount of time to make choices, customers are simply  
103 going to default to the utility's products.

104

105 By way of background, neither AmerenCILCO nor AmerenCIPS offer PPO  
106 service, but each used to offer a PPO; AmerenIP continues to offer a PPO, as it  
107 continues to collect transition charges. Customers in ComEd's service territory  
108 have 75 days to compare and elect a competitive supply option that includes  
109 ComEd's PPO. In contrast, Ameren's customers have a much shorter period of  
110 time to decide to take the PPO (2-45 days). Much to the detriment of Ameren's  
111 customers, this restrictive feature of Ameren's PPO offering, among other things,  
112 is certainly one factor that has led to virtually all of the switching activity being to  
113 the utility's offering, AmerenIP's PPO service.

114 The Commission should not allow Ameren to perpetuate enrollment provisions  
115 that are obvious obstacles to customer choice.

116

117 **III. RIDER D DEFAULT SERVICE SUPPLY AVAILABILITY CHARGE**

118 **Q. Ameren proposes to impose a Supply Availability Charge through Rider D to**  
119 **all non-utility supply customers over 1MW. Would you please comment on**  
120 **this proposed charge?**

121 A. Yes. Ameren has proposed to impose a Supply Availability Charge of fifteen  
122 cents per megawatt-hour upon all non-utility supply customers over 1 MW.  
123 Although Ameren did not present direct testimony explaining the derivation of  
124 this charge, in response to data requests, Ameren indicated that this charge is  
125 supposed to compensate for the option such customers have to switch to  
126 Ameren's hourly, real time service, Rider RTP-L: "The justification for the Rider  
127 D is to collect the costs associated with providing default service from those  
128 parties that cause the cost." (Ameren response to IIEC Data Request 1-19 and  
129 IIEC Data Request 3-6, presented as CES Ex. 1.6 and CES Ex. 1.8.) However,  
130 Ameren has not provided any evidence detailing such alleged costs. In essence,  
131 Ameren is proposing to charge customers for their right to take BGS-LRTP as  
132 default service, even if they do not ever take this service.

133

134 **Q. What is your recommendation concerning this charge?**

135 A. As discussed in more detail in the direct testimony of CES witness Dr. O'Connor  
136 and in the CES Panel Direct Testimony of John Domagalski and Richard Spilky,

137 the implications of the Supply Availability Charge that Ameren seeks to impose  
138 on RES customers is unduly discriminatory, anti-competitive and unjust. (*See*  
139 CES Ex. 1.0 at 840-890; CES Ex. 3.0 at 218-260.) For these reasons, as well to  
140 maintain uniformity in tariff terms and conditions, the Commission should reject  
141 Ameren's proposed Supply Availability Charge.

142

143 **IV. TIMING OF INITIAL AUCTION**

144 **Q. What is the proposed timing of the initial auctions?**

145 A. Ameren proposes to hold the initial auction in May 2006. While ComEd proposes  
146 to hold the initial auction in September 2006, there are good reasons for an  
147 auction for both utility regions of the state to be conducted in May 2006 as  
148 proposed by Ameren.

149

150 **Q. When should the initial auctions for ComEd and Ameren be held?**

151 A. The initial auctions for Ameren and ComEd should be held in May 2006.

152

153 **Q. Please summarize your recommendation regarding when the initial auction  
154 should occur.**

155 A. It is critical that the initial auction be a success and that the competitive electric  
156 market in Illinois be launched with the least amount of uncertainty. Unknown  
157 risks and issues resulting from inexperience could impact the success of the initial  
158 auction; allowing for additional time following the initial auction could help to

159 minimize those potential risks. Ameren appears to recognize these risks  
160 appropriately and has proposed a May 2006 first auction date.

161

162 **V. TIMING OF SUBSEQUENT AUCTIONS**

163 **Q. What has Ameren proposed regarding the timing of subsequent auctions?**

164 A. Although Ameren states that “A specific timeline is necessary to ensure that the  
165 CPA proceeds in an orderly and timely manner,” Ameren’s tariffs are imprecise  
166 as to when subsequent auctions will occur. (Ameren Rider MV – Market Value  
167 of Power and Energy tariffs, Section 4.F. CPA Timeline at Sheet No. 27.026.)  
168 Unlike ComEd’s proposed tariffs, Ameren’s proposed tariffs do not specify a  
169 specific time window for holding subsequent auctions. Instead, Ameren outlines  
170 a number of steps that need to occur prior to the Auction Commencement Date,  
171 during the auction and after the Auction Completion Date. In fact, Ameren  
172 appears to recognize that it is violating its own standard, stating that “The auction  
173 Commencement Date may fluctuate from year to year. The Auction Completion  
174 Date is not known in advance, and can fluctuate from year to year.” (Ameren  
175 Rider MV – Market Value of Power and Energy tariffs, Section 4.F. CPA  
176 Timeline at Sheet No. 27.026.)

177

178 **Q. What do you recommend regarding the timing of subsequent auctions?**

179 A. Retail customers and other stakeholders need certainty regarding Ameren’s timing  
180 of subsequent auctions. Ameren’s failure to articulate the timeframe within which  
181 subsequent auctions will occur unnecessarily harms the development of

182 competition in the Ameren service areas. The Commission should order Ameren  
183 to modify its tariffs so that Ameren, like ComEd, provides a specific window in  
184 its tariffs for holding subsequent auctions. Furthermore, the timing of subsequent  
185 auctions should afford customers a 75-day enrollment window.

186

187 **VI. SUMMARY OF RECOMMENDATIONS**

188 **Q. Please summarize your recommendations.**

189 A. Ameren’s proposal should be modified as follows:

- 190 • The enrollment window for election of the BGS-LFP Annual product should  
191 be 75-days rather than the 30-day window proposed by Ameren.
- 192 • The Commission should reject Ameren’s proposed Rider D Default Service  
193 Supply Availability Charge.
- 194 • The Commission should order Ameren to modify its tariffs so that Ameren,  
195 like ComEd, identifies a specific time window for holding subsequent  
196 auctions that affords customers a 75-day enrollment window.

197

198 **Q. Does this conclude your direct panel testimony?**

199 A. Yes.