ICC Post 2006 Initiative

Report of the
ARES Certification, Licensure & Tariffs Subgroup

David Fein – Convener

August 11, 2004
ARES Certification, Licensure & Tariffs Subgroup Report

Subgroup Participants

- Electric Utilities
- ARES
- Small Consumer Representatives
- Large Consumer Representatives
- ICC Staff
- Representatives of Electric Utility Employees
- IPPs
- Potential New Entrants
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Meeting Dates
July 7
July 8
July 23
July 28
August 9
Major Issues

- ICC ARES Certification Rule – Part 451
- ARES Reporting Requirements
- Appropriateness of Electric Utility ARES Registration Requirements
- Utility Tariff Provisions That Frustrate Customer Choice
- Reciprocity
- Other
• General Filing Requirements for All Applicants
• Managerial & Technical Requirements
• Financial Requirements
• SBO Requirements
• Annual Compliance Filing
• Subpart E ARES Requirements for Certification
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Reporting Requirements

• Existing ARES Reporting Requirements under the Act or Under ICC Orders
  – Environmental Disclosure, Switching Statistics, Reports on Competition
  – “Chairman’s Report”

• Updates to the information regarding the List of Certified ARES on ICC Website
Electric Utility ARES Registration Requirements

- Imposition of Additional Financial Requirements
- Uniformity of Terms In RES Agreements Across Utilities
- Availability of RES Agreements On-Line
- Prompt Processing of RES Agreements
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Utility Tariff Provisions That Frustrate Customer Choice

• IP’s Rate 24 – 12 Month Notice Requirement
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Reciprocity

- 5th District Appellate Court Decision and Certain Subsequent ICC Decisions Regarding Reciprocity Chills Competition By Limiting the Number of ARES

- Reciprocity Provision of the PUA Should Not Apply to Subpart E ARES or CSMs
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Other Issues

• Review of Existing ICC Enforcement Powers over ARES

• Agency Requirements and Regulations
  • Should Agents for Customers Be Regulated By The ICC or Otherwise?
  • Should agency requirements of each utility be more consistent?
ICC ARES Certification Rule - Part 451

- For purposes of completing an ARES application, the list of affiliates enumerated on the application should be limited to affiliates that sell electric power and energy to retail customers - Section 451.20(e).
- In addition to current requirements, additional information should be included in filings to determine compliance with technical requirements - Sections 451.230(d), 451.330(d), 451.430 (C), and 451.760.
- In addition to current requirements, additional information should be included in filings to determine compliance with managerial requirements - Sections 451.240(c), 451.340(c), 451.750.
- In addition to current requirements, additional information should be included in filings by potential agents to determine compliance with managerial and technical requirements - NEW Sections 451.140(c), 451.250(c), 451.350(c), 451.430(c).
- There should be no changes to the requirements in Sections 451.310(c)(3), (d), (e), and (f) to provide residential and small commercial customers with certain information necessary and appropriate.
- The annual compliance filing should be due before 1 April. This consensus item does not apply to Subpart E ARES (as written). - Section 451.710, 451.730, 740, 760, 770.
- The current requirements for Subpart E ARES certification are not burdensome - Section 451.400 et seq.
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Item on Which Consensus Was Reached

Reporting Requirements

• No changes were necessary to the existing ARES reporting requirements under the Act or under ICC Orders in the areas of environmental disclosure, switching statistics, and reports on competition.

• The ICC staff should update the information regarding the list of certified ARES on ICC website more frequently, on the order of once a month or a shorter time span.

• The ICC website should indicate in which service territories the certified ARES is “registered” in. One way of doing so is having a direct link from the List of Certified ARES to the websites of the major electric utilities.
Appropriateness of Electric Utility ARES Registration Requirements

• When possible, there should be greater uniformity of terms in RES agreements across utility service territories.

• RES agreements should be available online
Reciprocity

• As currently interpreted and applied, the reciprocity clause has limited the number of retail suppliers in the Illinois retail electric market.

• As the Rule is currently drafted, there is no need for a reciprocity requirement to apply to Subpart E ARES -- i.e., if the ARES is only serving itself or affiliates.

• CSMs are not subject to the reciprocity clause.
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Item on Which Consensus Was Reached

Other


- The ICC does not currently possess legislative authority to regulate Agents.
Item on Which Consensus Was Not Reached

ICC ARES Certification Rule - Part 451

• The Requirement for Applicants to Provide Notice to Registered Agent of Each Electric Utility In Whose Service Territory The Applicant Seeks to Provide Service should be eliminated - Section 451.30(c).

• There should be modifications and additions to financial requirements for all ARES applicants to bring the Illinois rules more into line with RTO rules - Sections 451.110(a), 451.220(a), 451.320(a)


• The financial ratio metric for financial solvency should be eliminated. This consensus item does not apply to Subpart E ARES (as written). - Sections 451.110(a)(6)(A), 451.220(a)(6)(A), 451.320(a)(6)(A)
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Item on Which Consensus Was Not Reached

ICC ARES Certification Rule - Part 451(Cont.)

• PJM’s “tangible net worth” standard, as described in PJM’s OATT (Sheets 523G and 523M) is an appropriate replacement for the financial ratio metric. This consensus item does not apply to Subpart E ARES (as written).

• A requirement for an ARES to possess $4,000,000 of general liability insurance should be added, and supporting sections be added to the IDC rules. This consensus item does not apply to Subpart E ARES (as written) - NEW Sections 451.110(c)(1)(2), 451.220(d)(1)(2), 451.320(d)(1)(2).

• There should be more stringent financial qualifications for ARES seeking to offer the single billing option - Section 451.510.

• The applicability of Subpart E should be expanded to cover managers of multiple properties as part of their property management function and others, including manufacturing entities that provide service to third-parties located on the plants’ site - Section 451.400 et seq.

• The ability of Subpart E ARES to serve small lease-holder consumers located on the premises should be recognized - Section 451.400 et seq.
Utility Tariff Provisions That Frustrate Customer Choice

• Illinois Power should amend Rate 24’s requirements that customers provide 12 months notice of intent to leave, since it frustrates the ability of customers to exercise choice.
Reciprocity & Labor Issues

• Whether any legislative change is appropriate or required to implement the post 2006 regulation of electric utility service?

• Whether any legislative changes are appropriate to address labor and other workforce attrition issues?
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• Questions?

• Comments?