

POST 2006 INITIATIVE

PROGRESS REPORT

WORKING GROUP(S) Competitive Issues and Subgroups

DATE July 14, 2004 Minutes & Progress Report

LOCATION Chicago Offices of Constellation NewEnergy

I ATTENDEES: See previous attendees lists.

II a ISSUES DISCUSSED FROM FINAL ISSUES LIST

Subgroups

Conveners of the five subgroups presented progress reports and will provide final reports of their work at the next meeting August 11.

- David Fein of Constellation NewEnergy for the ARES Certification, Licensure & Tariffs subgroup;
- Misty Allen Of Mid-American Energy for the Customer Information and Data Distribution subgroup;
- Janice Dale of the Illinois Attorney General's Office for the Switching Process subgroup;
- Stan Ogden of Ameren for the Billing, EDC Charges, SBO, Timing, Consolidated Billing subgroup; and
- Pat Giordano of Giordano & Neilan, Ltd. for the Transmission & Wholesale subgroup.

Interested parties have been participating in deliberations of all four subgroups in meetings, by telephone and by e-mail. Indications are that the Billing and the Customer Information subgroups have been able to make substantial progress on arriving at consensus on a variety of operational issues. The Switching subgroup has focused on identifying problems that will carry over after the transition, and are currently working on solutions. The ARES subgroup has been working on a number of issues, the most complicated of which are those relating to "reciprocity." The Transmission subgroup has been working in the realization that its subject matters will also be considered to some extent in working groups other than Competitive Issues.

Full Working Group Issues

The convener has circulated and posted in the Commission's Post-2006 webpage a set of working propositions that seeks to summarize the general direction of the Competitive Issues Working Group's work so far. Not included in the list is a working proposition with respect to post-Transition PPO offerings/eligibility and comparability to bundled or other mandatory utility offerings. Suggestions for a proposition in that regard are being solicited for circulation.

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The Working Propositions are:

IDC & Functional Separation

The current structural options and requirements for utilities with respect to the offering of permitted non-mandatory energy products in their own service territories as set forth by the PUA and in ICC administrative rules (Parts 450 & 452) are sufficiently fair and reasonable as not to require significant change. (The key caveat is that if utilities are permitted to offer non-mandatory energy products to residential and small commercial customers this item would be controversial).

Management of Customer Migration Risk

The preferred approach for management of commodity risk of utility supplied energy service is an emphasis on pricing that accurately reflects the costs being incurred to serve the customer rather than an emphasis on requirements for a specified term of commitment by customers to remain with the utility. However, with particular respect to residential and small commercial customers migration between utility service and competitive supply, attention should be given to offering choices between variable pricing on the one hand and commitments to longer periods for fixed price service on the other. The precise balance between pricing and term commitments will need to be matched to the supply acquisition methods chosen.

Renewable Portfolio Standards

To the extent that the General Assembly institutes mandatory renewable portfolio (RPS) standards beyond requirements for energy purchases by government facilities, such obligations should be competitively neutral and applied equitably to all load serving entities (LSE). An appropriate mechanism for efficient compliance is a system of tradable “green tags” that may be obtained in a statewide exchange.

Aggregation

- (1) To the extent that the energy components of bundled rates are primarily a function of competitive supply acquisition, it is likely that aggregation through local government (municipal aggregation) will not be of appreciable value.
- (2) The voluntary aggregation of customers for purposes of energy purchases should not be unnecessarily inhibited by utility delivery services tariffs, rules and practices (e.g. synchronization of meter reading cycles; common ownership requirements, etc.). The costs of reasonable accommodations for such aggregation programs should be borne by the cost causers.

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- (3) There is no demonstrated need for regulation or licensure of non-(A)RES aggregators beyond existing commercial law in Illinois.

Demand Response/Curtailment

The integration of ComEd into PJM and the expected integration of Downstate utilities into MISO present new opportunities for customer participation in demand response programs operated by RTOs, (A)RES and Curtailment Service Providers (CSP). Utility tariffs, rules and business practices should accommodate participation in such programs.

Competitive Declaration

ALTERNATIVE PROPOSITIONS:

- (1) The Competitive Declaration process should be terminated and existing declarations voided. Utilities should be required to provide bundled service offerings to all customers on an ongoing basis.

OR

- (2) The Competitive Declaration process should continue.
 - a. The existing standards for Competitive Declaration are adequate and should be maintained.

OR

- b. The standards for Competitive Declaration should be more specific.

Reporting Requirements

Current reporting requirements for (A)RES should be reviewed for their usefulness. An example of a reporting requirement that serves virtually no purpose is the environmental/fuel report to customers since existing dispatch practices and central dispatch in PJM and impending central dispatch through MISO result in identical environmental figures for all load serving entities and therefore no distinction among LSEs.

Comments and Revisions are expected.

II b OTHER ISSUES DISCUSSED

See above.

III PRESENTERS

John McCawley, from PECO.

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IV PRESENTATION SUMMARIES

The presenter explained the various PJM demand response programs, their relationship with RES, and the ways consumers and other parties can participate and take advantage of those programs.

V CONCLUSIONS REACHED

Substance of working propositions (above) developed.

VI COMMENTS

NONE

VII TOPICS FOR NEXT MEETING

The next meeting, scheduled for 8/11, will spend substantial time on Subgroup presentations. The information from those presentations (including the questions afterward) and the written reports of those subgroups will eventually be integrated into the final CIWG report.

Over the course of the next two meeting of the Working Group attention will be given to efforts to finalize the working propositions in to policy statements and to receive, discuss and revise and/or ratify the conclusions of the four subgroups. It is anticipated that in late August or early September there will be a final meeting to consider a draft report and any outstanding issues.

VIII TIME AND LOCATION OF NEXT MEETINGS

August 11, 2004 10:00am – 4:00pm
Offices of Constellation NewEnergy
550 W. Washington Suite 300
Chicago, IL 60661