Post-2006 Initiative

REPORT TO ILLINOIS COMMERCE COMMISSION
POST 2006 INITIATIVE
COMPETITIVE ISSUES WORKING GROUP
PRESENTED BY PHILIP R. O’CONNOR
CONVENER/REPORTER
OCTOBER 15, 2004
COMPETITIVE ISSUE AREAS ADDRESSED

• 7 WORKING PROPOSITIONS
• ICC FINAL QUESTIONS 67-79
• 5 OPERATIONAL/TECHNICAL SUBGROUPS
WORKING PROPOSITIONS

• Integrated Distribution Company (IDC) & Functional Separation
• Management of Customer Migration Risk
• Renewable Portfolio Standards
• Aggregation/Voluntary Grouping
• Demand Response & Curtailment
• Competitive Declaration
• Reporting Requirements
WORKING PROPOSITIONS: SALIENT POINTS

- As to permitted services, IDC & Functional Separation rule working well.
- As to migration risk, CIWG concurred with RWG on Questions 50 & 51
- Any RPS should be applied equitably across LSEs
- Licensing unneeded aggregators & agents
- Competitive supply acquisition may render opt-out aggregation moot.
- Utility rules should not inhibit aggregation.
- RTO development offers DR opportunities to develop
- Reporting requirements deserve ongoing review
WORKING PROPOSITIONS: DISAGREEMENT

• Competitive Declaration – Competing Views
  – Continue current approach
  – Continue with stricter standards
  – Discontinue unless reciprocity repealed and other barriers removed.
ICC QUESTIONS 67-79
SALIENT POINTS

• Rule comparability across utilities is good
• Separation of generation and delivery helps clarify costs and rate setting.
• Method for utility supply acquisition is key for flowing competitive benefits through to residential and small commercials.
• ICC should be a strong advocate at RTOs and FERC for open wholesale markets.
• ICC and utilities should encourage DR.
ICC QUESTIONS 67-79
DISAGREEMENTS

• #67: Differing perspectives on the impact of bundled rate approaches for residential & small commercials on choice.

• Key difference is over the setting of rates implying neutrality toward or encouraging exercise of choice.
TECHNICAL/OPERATING SUBGROUPS -- ARES

• ARES Certification, Licensure & Tariffs
  – Achieved consensus on some but not all issues raised on Part 451 and provided proposed language to effect changes.
  – Greater uniformity across utilities recommended
  – Reciprocity discussed at length and options explored.
TECHNICAL/OPERATING SUBGROUPS – BILLING/EDC/SBO

• Billing, EDC Charges, SBO, Timing, Consolidated Billing
  – Many issues discussed but no specific solutions developed.
  – Issues included:
    • Split billing for gas & electric
    • SBO requirements by utilities
    • Electronic data exchange & coordination
    • Prior balance collection duties
    • Refunds for ARES overpayments
• Customer Information & Data Flow
  – All parties should have equal access to relevant utility pricing determinants.
  – Greater uniformity across utilities in billing data & switching transactions.
  – Central forum should be set up to address ongoing issues in order to remove transactional obstacles that may impede exercise of choice.
• Switching Process
  – Main focus on residential switch process
  – Recommended education
    • Internet & request based approaches
  – Issues of deposits and balances unresolved
  – Problems of manual processing of agency agreements for C&I customers unresolved.
• Wholesale & Transmission
  – Addressed impact of RTO development, wholesale competition & wheeling of power
  – Careful ongoing monitoring of Illinois utility integration into RTO is important
  – Supported integration of AEP into PJM
  – LMP likely to encourage needed generation and transmission facilities
  – FTR hedge enhances consumer benefits
  – RTO rates must be fair to Illinois.