

Wednesday January 10 2007

What is the beef between COMPETE and ELCON?

COMPETE believes ([RT, 1/9](#)) markets do work and its attorney William Massey of Covington & Burling was at Monday's lunch.

He challenged ELCON's John Anderson at the end of the speech to comment on the views of large buyers.

The buyers written had FERC praising markets, the kinds of deals they can get and the flexibility it gives them.

The letter had been signed by:

The engineering chief of 7-Eleven; the buyer for the Archdiocese of Chicago; the top buyer for Best Buy Co; the executive director of the Chemistry Council of

New Jersey; William Lyon, top energy buyer for Federated Department Stores; the director of engineering for A&P, and the energy regulation chief for Wal-Mart Stores.

That group buys for nearly 14,000 facilities and spends over \$8.5 billion. They have over 1.9 million employees.

The big buyers like markets. They wrote FERC Chairman Dec 4 that their success at the retail level is based on FERC's making sure markets work at wholesale.

"Improvements can be made," said Massey, "but not improvements he supports.

COMPETE doesn't favor getting rid of the single clearing price as Anderson

does. COMPETE doesn't support getting rid of LMP.

Massey thinks LMP sends needed price signals on congestion. What had John Anderson really said?

Our headline said John Anderson prefers flawed regulation to flawed markets at the luncheon a day earlier.

Anderson's view of what he really said was "overall I prefer competitive markets and I prefer fixing flawed restructured markets we have today to flawed regulation.

"What I said was if those things are not achievable -- for whatever reason -- then regulation with all of its flaws, must be considered."

SaveOnEnergy.com gets TXU on board

If SaveOnEnergy.com could get TXU to agree, it would start selling TXU's plans at the end of the price to beat.

The firm was able to get the 900-pound gorilla as planned and the online portal reached a high point -- one of several since it was founded in 2003.

But TXU!

When you get the giant on board, "we felt like it was a milestone," Brent Moore told us.

He's CEO of the online power broker.

It's an occasion because the firm has signed up three of the four ERCOT incumbents, Moore said.

The firm is expanding rapidly and he's eyeing New York residential shopping -- power and natural gas ([RT, 09/25](#)).

The plan is to focus first on residential shopping, then target brokering and consulting services to big C&Is.

Shopping has risen considerably on the site in Dallas (TXUland).

The firm hand picks the plans.

Among other factors, it looks at prices and special offers such as cash-back or a bill rebate, Moore said.

TXU has eight plans -- for example -- but he accepted only "three or four of them" for the site, Moore said.

Moore goes behind the scenes and researches utilities before it cuts a deal, he added.

Potential partners must have financial stability -- first of all-- experience in the marketplace and a record of good customer service among other factors.

He's opening an office in Houston to go with his Dallas headquarters to give his firm a deeper reach into South Texas.

He started the firm by catering to big C&Is then branched into the mass market with his online portal last year.

The New York shopping portal will have the same address and will use the same approach to give customers offers and information.

Moore lists several marketers' offers on his site to give customers' a complete view of the market but only recommends a handful of products to customers.

"It operates like hotel.com," he said.

No matter the geographical area in ERCOT, "we give the customers a good selection" of plans and providers, he added.

He picks what he sees as the best of the breed across various products.

He always has one green plan available to customers, Moore added.

In Texas he typically recommends about five products.

Moore is considering limiting offerings in New York to start.

Moore boosted advertising before the Texas price caps withered away.

6 stories in 3 minutes

Betkoski advances: NARUC has a new subcommittee to analyze its education and research programs and opportunities. The association has tapped John Betkoski to lead the subcommittee. He's a commissioner on the Connecticut Department of Public Utility Control. He'll remain with the Connecticut regulators.

Henry Hub up: Henry Hub's spot price for natural gas climbed 13¢ yesterday to \$6.15/mmbtu. The NYMEX February futures contract ended the day up 9¢ at \$6.724/mmbtu.

Normal summer seen: Summer temperatures are seen hovering around normal with fewer cool days than last year, the Energy Information Agency said yesterday in its short-term forecast. Less need for A/C means power use will climb only 1.2%. Next year demand will rise at a more normal rate of 3.2%, the agency added. Despite lower demand, EIA expects residential prices to jump 25% this year following

"significant" hikes in 2006, EIA said. Prices may climb more in regions with rate caps expiring and REPs adapting to open markets, it added. The agency sees a slow climb for prices next year, leveling off at just 2%. (See chart below)

Constellation hires O'Neill: Constellation NewEnergy hired a business development manager for its New England division. She's Emily O'Neill a former vice president of business development for the Greater Boston Chamber of Commerce where she recruited new members. O'Neill is to focus on "leveraging her network" to generate new customers and community relations opportunities.

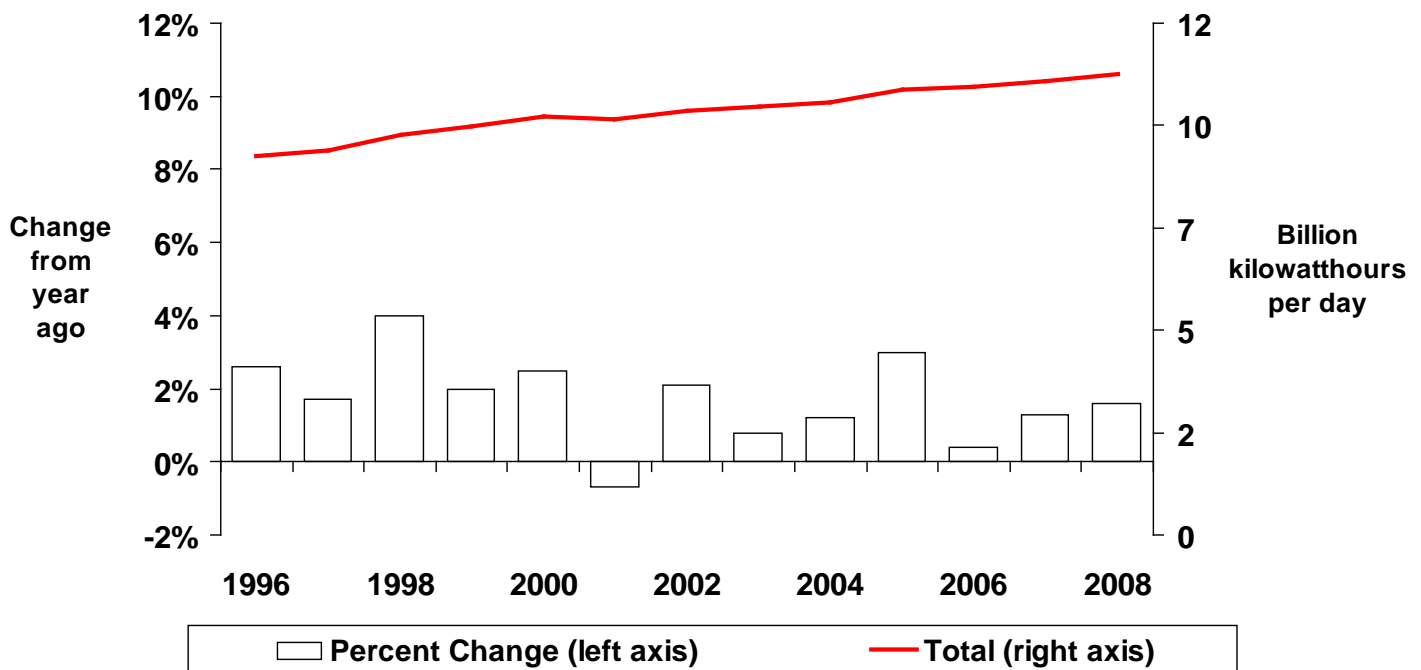
WPS-Peoples pact unveiled: WPS Energy and Peoples Energy agreed to a settlement yesterday that brings them closer to their goal to merge before April. The settlement was signed with the City of Chicago, Cook County State's Attorney's Office, the Illinois attorney general, Citizens Utility Board and unions without objection from Illinois Commerce Commission staff. Concessions

include energy efficiency programs and funding, operational studies for improving customer service and sharing of merger savings. FERC OK'd the deal Dec 21 and shareholders of both firms said yes to the deal Dec 6.

World Energy helps

Austin muni get power: Austin Energy bought 665 million kwh of on-call electricity supply via an on-line auction run by World Energy Solutions, the Worcester, Mass, web auctioneer. The big Texas muni was shopping for power in 2008-2010 after it retires its 358-mw Holly gas-fired power plant this year. Austin tested World Energy's Exchange auction system in September when it conducted eight auctions for up to 150 mw of weekday, 16-hour power for May-September delivery in 2008-2010. A second auction series in November tested different deal terms to gauge which drew the lowest price. The three-year term won. The auction signals a new business for the auctioneer.

Total U.S. Electricity Consumption Growth(Change from Previous Year)



Ameren would pick co-op to run real-time pricing

Ameren chose Community Energy Co-op - the group that's been running a successful real-time pricing pilot in Chicago for four years - as program administrator for its Price Response Program (PRP).

PRP is to offer residential customers the choice of paying real-time prices for their power use. Voluntary real-time prices for all - including residential customers -- was required by a bill passed last year by the Legislature ([RT, 4/10](#)).

Ameren invited bids from 24 prospective administrators last month and got five proposals.

Community Energy wasn't the lowest bidder - it was second lowest.

Yet Ameren is asking the Illinois Commerce Commission to OK its choice because the group has "the demonstrated ability" to run the program and "proposed a marketing and participant support strategy" that Ameren expects will boost participation and retention rates.

Some of the extra cost is to pay for subcontracting a highly interactive web program Ameren believes will help the program succeed.

Several lawmakers have been members of the co-op along with members of Citizens Utility Board in Chicago who supported the plan ([RT, 12/7](#)).

State regulators OK'd Ameren and Commonwealth Energy's real-time price plans last month ([RT, 12/21](#)).

Georgia gas prices down, down, down

Atlanta Gas Light customers are seeing offers this month as much as a third lower than a year ago.

Marketers have trimmed their prices in step with declines in wholesale prices that a year ago reached record levels following Gulf Coast hurricanes. This year's high storage inventories and relatively mild weather are keeping prices low too.

Prices have dropped compared with last month's offers as well.

Ten marketers are offering 16 variable price deals ranging from Walton EMC Natural Gas' \$1.11/therm to MxEnergy's \$1.33.

These are all-in prices that include supply and monthly fixed fees.

A year ago, gas prices were \$1.61-1.88/therm and last month were \$1.34-1.58.

The regulated provider's rate for

good-credit, low-income customers dipped this month to \$1.07/therm compared with \$1.40 a year ago and \$1.30 last month.

Bad-credit customers are paying a regulated rate of \$1.27/therm this month versus \$1.70 a year ago and \$1.57.

Fixed-price deals this month range from Gas Key's \$1.32 to market newcomer Catalyst Energy's \$1.51.

That's a big dip from \$1.68-1.92/therm a year ago and about 10% cheaper than last month.

Regulated provider rates tumbled too - to \$1.42/therm for good-credit customers from \$1.86 a year ago. Bad-credit customers are paying \$1.74/therm this month, down from \$2.18 in January of last year.

Offers tailored to the seniors market have multiplied over the last

year - from nine last January to 17 this month.

That doesn't include special senior rates from the regulated provider.

Month-to-month offers ranged from Vectren's \$1.02/therm to \$1.18 from Scana - down from \$1.57-1.66 a year ago and \$1.18-1.38 in December.

Gas Key's Silver Therms is the lowest-priced fixed offer at \$1.06/therm with Catalyst Energy offering the highest-priced deal of \$1.25.

Prices for fixed deals were \$1.52-1.65/therm a year ago.

Low-income seniors with good credit get their gas for 86¢/therm this month from the regulated provider. A year ago they paid \$1.21.

Even seniors with bad credit see lower prices this month -- \$1.17/therm versus \$1.62 last year and \$1.47 last month.

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/about/glossary.html.

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