

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

APPLICATION OF THE CONNECTICUT : DOCKET NO. 03-07-02RE10
LIGHT AND POWER COMPANY TO :
AMEND ITS RATE SCHEDULES – PUBLIC :
ACT 07-242, SEASONAL RATES, NON- :
GENERATION RELATED TIME-OF-USE :
PRICING AND RELATED RATE DESIGN :
ISSUES : January 30, 2008

WRITTEN EXCEPTIONS OF RETAIL ENERGY SUPPLY ASSOCIATION

The Retail Energy Supply Association (“RESA”) submits these written exceptions in response to the January 25, 2008 Draft Decision issued by the Department of Public Utility Control (“Department”) in the above-referenced docket (“Decision”).¹ The Decision approves certain modifications to the tariffs of The Connecticut Light & Power Company (“CL&P” or “Company”), including the adoption of a voluntary peak pricing (“VPP”) rider and a 24-hour pricing rider discussed below.² These written exceptions address the six-month stay that will apply to customers who choose these voluntary offerings as described in the Decision.

Section 99 of Public Act 07-242, *An Act Concerning Electricity and Energy Efficiency* (“Act”), requires the electric distribution companies (“EDCs”) to implement voluntary critical peak pricing (“CPP”) or real-time pricing (“RTP”) for all customers effective January 1, 2008. To comply with the Act, CL&P submitted a VPP rate proposal, which it claims meets the

¹ RESA’s members include Commerce Energy, Inc; Consolidated Edison Solutions, Inc; Direct Energy Services, LLC; Gexa Energy; Hess Corporation; Integrys Energy Services, Inc.; Liberty Power Corp.; Reliant Energy Retail Services, LLC; Sempra Energy Solutions; Strategic Energy, LLC; SUEZ Energy Resources NA, Inc.; and US Energy Savings Corp. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

² Decision, pp. 9-11.

definition of an RTP rate.³ The Department agreed with CL&P's position on that point and ordered the Company to offer VPP pricing to all of its customers effective April 1, 2008.⁴ At the same time, the Department directed CL&P to also offer a true RTP product based on 24-hour pricing to customers with a demand of 500 kilowatts ("kW") or more, which shall also be effective on April 1, 2008.⁵

The Decision sets forth the basic standards governing the VPP and 24-hour pricing riders. For both offerings, it states that (1) "customers will be required to remain on the rate for six months" and (2) "[p]articipating customers can return to their otherwise applicable firm service rate based on their meter cycle."⁶ RESA respectfully requests that the Department revise these standards to make clear that they do not prohibit a customer from switching from VPP and 24-hour pricing to competitive supply offerings at any time.

CL&P's VPP design traces its origin to a March 15, 2007 filing by the Company in Docket No. 05-10-03.⁷ Although the VPP design described in that filing was limited to last resort service ("LRS") customers,⁸ CL&P subsequently stated that it would offer the VPP program to all customers as the means of complying with Section 99 of the Act.⁹ In the March 15, 2007 filing, CL&P recommended that the competitive supplier switching rules in place at the time be applied to customers participating in VPP, but proposed that such customers should not

³ Decision, pp. 8-9.

⁴ *Id.* at 10.

⁵ *Id.* at 10-11.

⁶ *Id.*

⁷ CL&P Variable Peak Pricing Proposal (March 15, 2007), Docket No. 05-10-03 ("VPP Proposal").

⁸ *Id.* at 1.

⁹ Decision, pp. 7-8.

be allowed to switch between traditional LRS and VPP more than once every twelve months.¹⁰ Although the Decision acknowledges CL&P's proposed twelve-month switching rule, it does not explain the rationale of the six-month stay adopted therein.

RESA interprets the Decision to mean that the Department intends to adopt CL&P's proposed rule but for a shorter period of time (*i.e.*, six months versus twelve months). Under that reading, (1) a VPP or 24-hour pricing customer could not return to LRS or standard service, as applicable, until six months had elapsed from the date of the customer's VPP enrollment, and (2) upon expiration of the six-month period, the customer must wait for its next scheduled meter read to make the switch. RESA respectfully requests that the Department revise these standards to make clear that they do not prohibit a customer from switching from VPP and 24-hour pricing to competitive supply offerings at any time. Any other interpretation would conflict with recent legislation and a Department ruling that eliminated the mandatory stays for LRS and standard service customers.

As the Decision recognizes, Section 49 of the Act removed the one-year stay on LRS that was previously embodied in Connecticut General Statutes § 16-244c.¹¹ Similarly, in Section 92 of the Act, the Legislature adopted a new referral program for residential and small commercial customers, which explicitly allows customers participating in the program to switch suppliers freely. In response to Section 92, the Department eliminated the six-month standard service stay in its Decision in Docket No. 05-08-05RE02, reasoning that it was the intent of the Legislature:

The Anti-Gaming Policy was put in place when retail choice began in 2000 and was established, in part, based on speculation that customers would constantly move between competitive generation supply and generation service offered by the utilities, raising the cost of the generation purchased by CL&P and UI. However, experience in the retail market has shown that customers are unlikely to game the

¹⁰ VPP Proposal, pp. 1, 3.

¹¹ Decision, p. 5.

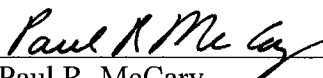
market. In addition, retaining this policy would limit the freedom to move from product to product that exists in retail markets. Based on the foregoing, the Department believes that the Legislature intended the Anti-Gaming Policy be eliminated. Therefore, effective the date of this Decision, the Department rescinds the Anti-Gaming Policy for Standard Service customers.¹²

The adoption of a stay for customers choosing the VPP or 24-hour pricing riders would be entirely at odds with the Legislature's intent and the Department's policy and factual findings quoted above.

For the foregoing reasons, RESA requests that the Department clarify the standards for the VPP and 24-hour pricing riders in the Final Decision to make clear that any stay applies only to switching between CL&P rate tariffs and does not prohibit customers from switching to competitive supply at any time after they enroll in the VPP or 24-hour pricing programs.

Respectfully submitted,

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¹² Decision (Oct. 10, 2007), p. 5, Docket No. 05-08-05RE02.