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# Retail Market

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Maine Public Utilities  
Commission

March 26, 2014



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# Problems Addressed by Restructuring

- Discrimination against competitors
  - Superior information
  - Access to facilities
  - Contract favoritism
- Cross-subsidies
  - Shifting costs to regulated business (distribution)



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## Maine's Response

- Mandatory divestiture of generation assets
- Limitation of marketing of energy supply by utilities
- Established Code of Conduct
- All Customers Immediately Eligible



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## Asset Divestiture

- Required by Law
- Sold to highest bidder
- All generation units sold together
  - Price advantage
  - Maine generation assets represented a small % of New England market
- Favorable result



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## Limitations on Marketing

- Limits on marketing “in-region” sales
- No use of electric utility’s name or logo
- Little marketing activity by utilities
  - Although largest telephone utility markets



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## Code of Conduct

- Applies to non-regulated activities of all regulated utilities
- Elements include
  - Separate subsidiary
  - Cost manual to govern transactions
  - Limitations on investments
  - Limits on use of utility information
  - Prohibitions against discrimination



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## **Certification of Competitive Electricity Providers**

- Financial, technical capability
- Disclosure of prior enforcement actions
- Tax registration
- Annual reporting
- Consumer protection



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## **Types of Competitive Electricity Providers Subject to MPUC Rules**

- **Aggregator**
  - Organizes consumers into purchasing groups
- **Broker**
  - Agent for purchaser; no ownership interest in electricity
- **Marketer/Supplier**
  - Purchases electricity at wholesale and sells it to consumer at retail; takes ownership interest in electricity





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# Standard Offer Service

- Service of last resort
- Default service
- Customers who do not choose, or find, suitable competitive supplier
- Provider undertakes obligation to serve
- Customer Classes
  - Residential and small non-residential; no demand charge
  - Medium non-residential with demand < 500 kW
  - Large non-residential



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## Selection of Standard Offer Providers

- Competitive bidding
- Bidders receive aggregated consumer data from utility prior to auction
- As a result of the competitive wholesale market, bids for Standard Offer are good for one day
- With experience, process has become standardized
- MPUC receives and analyzes bids, and publicly approves contract with winning bidder, in a single day.



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## Competitive Electric Provider Service Offerings

- Sophisticated purchase and hedging instruments marketed to industrial and large commercial consumers
  - Load response, peak Load response, ancillary service
- Simple “competition on price” offers marketed to residential and small business



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# Marketing to Large Business Customers

- consulting
- strategic planning



## Index Plus Block Solutions

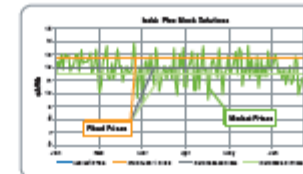
### Our Insight. Your Call. Lower Price.

We designed Index Plus Block Solutions for customers who are willing to accept more risk for a lower price and want the flexibility that comes with taking an active role in managing your energy costs. You are savvy about the electricity market, willing to spend the time and effort to make ongoing decisions about when and how much to buy, and comfortable with more risk.

You decide when to fix the price for a fixed volume of usage; any usage above the fixed volume will be at the market price. We provide price information so you can decide when to purchase, and we analyze your historical and forecasted consumption to help you determine how much to purchase.

#### Benefits:

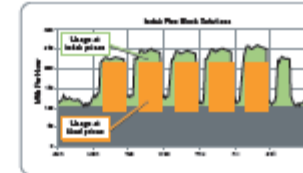
- **Flexibility**—Change how much usage is at a fixed price.
- **Market Events**—Make purchases when market events present buying opportunities.
- **Lower Price**—Avoid the additional cost for usage variance protection (you take the risk of market prices for usage not covered by a fixed price block).



Market prices are volatile; they can change by a lot, quickly. With Index Plus Block Solutions, you lock in your prices when you want to so you can take advantage of market price changes.

#### Options:

- Default energy price is the market price. Choose Day Ahead or Real Time Indices (availability depends on wholesale market).
- Fix the price for fixed volumes of electricity (blocks) for any number of calendar months during the term of the contract. Purchase blocks for standard periods (7x24, peak, off-peak, etc.).
- Ancillaries, capacity and transmission can be fixed or passed through, depending on the wholesale market. If fixed, they are included in your contract price.
- Purchase renewable energy certificates to match a percentage of your usage.



With Index Plus Block Solutions, each fixed price covers a fixed volume of electricity. You decide how much of your usage will be at fixed price; the difference between your usage and your fixed volumes will be charged market index prices.

 **Constellation.**  
An Exelon Company



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## Marketing to Residential customers

- Price
- Price
- Price

The screenshot shows the Gulf Electricity website with a dark blue background. At the top, there's a navigation bar with links: Home, About Us, FAQs, Savings Calculator, Programs & Benefits, and an Enroll Now button. The main header features the Gulf Electricity logo and the text "enter to win FREE ELECTRICITY FOR A YEAR!". Below this, a central image shows a cozy house at night with warm lights glowing from the windows. To the right of the image, text reads "and MONTHLY PRIZES: 15 winners per month (January & February) will get 2 New England Ski Mountain Lift Tickets! Click for more details! >>".

Below the main image, the text says "Light up your life... for an entire year!". This is followed by a paragraph: "Customers who enroll for Gulf Electricity before March 31, 2014 will be automatically entered to WIN FREE ELECTRICITY for an entire year! Already enrolled for Gulf Electricity? Don't worry...you'll receive an automatic entry!".

Another paragraph states: "That's not all...we'll also be giving away monthly prizes! In January and February, 15 lucky winners will receive a pair of New England Ski Mountain Lift Tickets. This means that 30 winners (and their friends) will be skiing FOR FREE this winter!".

Below that, it says: "Enroll today and let Gulf Electricity light up your life, for an entire year!".

A link "Click here for more details." is provided.

At the bottom, a small disclaimer reads: "All existing Gulf Electricity customers will be automatically entered in this promotion. This program is valid for all residential customers in CT, MA, NH, RI, and VT."

On the right side of the page, there's a sidebar with a "What State are you in?" dropdown menu. Below it, a "Start saving!" section says "Grab a recent bill and we'll show you how much..." with a "Savings Calculator" button. Further down, a "Great Savings" section says "Depending on your state, you could save up to 10% on energy costs to the regulated utility supply. This could be \$100 a year! Who isn't looking to save money right now? Make it happen with Gulf Electricity."

At the bottom of the sidebar, a "Unparalleled Customer Care" section says "When you sign up to receive Gulf Electricity, you're signing up to receive ongoing support from a company committed to providing you with unparalleled service."

The footer contains social media icons for Facebook and Twitter, and a "GET SOCIAL" button. It also includes a "VISIT GULFOIL.COM" link and a "Gulf" logo.



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## **Business Interactions Between Supplier and Utility**

- Notification of customer enrollment and cancellation
- Transfer of customer-specific data
- Standard form contracts
- Meter reading
- Consolidated billing
- Market settlements





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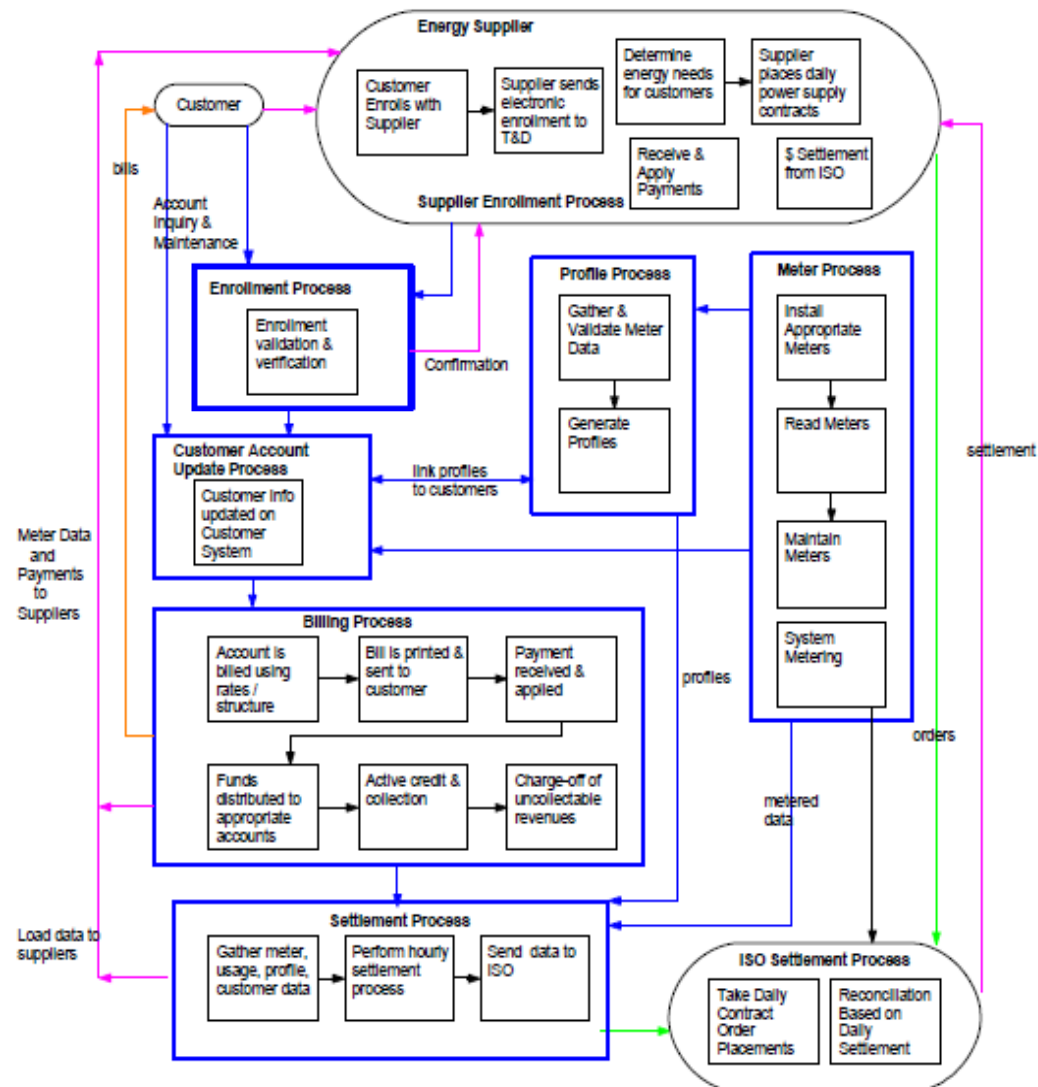


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Complex  
Interactions

Electronic Business  
Transactions (EBT)  
Standards

Electronic Data  
Exchange (EDI)








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## Simple Bill

 <b>CENTRAL MAINE POWER</b>	CMP account number: <b>524-000-8010-014</b>	 Central Maine Power customer assistance line <b>1-800-750-4000</b> Outage reporting line: 1-800-696-1000	 <b>ANDREW S HAGLER</b> BAKER CAMP LN DALLAS PLT ME Service location			
Billing date: 01/10/14	Read cycle: 06	Page 001 of 003				
Customer Meter Summary						
Meter Number	Read Date	Prior Read Date	Number of Days	Meter Reading	Prior Meter Reading	Total KWH
G052029453	01/08/14	12/06/13	33	2667	2477	190
Account Summary						
<b>Prior balance</b>						\$10.25
Payments received through 01/10/14 - thank you					\$10.25-	
<b>Balance forward</b>						\$0.00
<b>New charges</b>						
Electricity Delivery: Central Maine Power (see detail below)					\$15.56+	
Electricity Supply: Standard Offer Service					\$12.97+	
<b>Total new charges</b>						\$28.53
<b>Current Account Balance:</b>					Please pay before 02/08/14	<b>\$28.53</b>

### Central Maine Power Delivery Service Account Detail

<b>Prior balance for Central Maine Power delivery</b>		\$9.36
Payments received - thank you	\$9.36-	
<b>Balance forward</b>		\$0.00
<b>Current delivery charges</b>		
Delivery Charges: Residential		
Delivery Service:	190 KWH	\$15.56+
Up to 100 KWH @	\$9.36	
Over 100 KWH @	.068920	
<b>Total current delivery charges</b>		\$15.56
<b>Central Maine Power account balance</b>		\$15.56

### Messages about your Central Maine Power delivery account

We work on the electricity delivery system year-round to provide reliable, high-quality power - even in the most severe weather. To make sure you stay safe during winter storms, download a free copy of our Storm Guide at [cmpco.com](http://cmpco.com).

Please see back page for important information

Your electricity usage (in kilowatt hours)													
	01/14	12/13	11/13	10/13	09/13	08/13	07/13	06/13	05/13	04/13	03/13	02/13	01/13
Daily	6	1	6	1	2	7	2	1	1	3	3	4	9
Monthly	190	13	170	36	59	216	78	34	37	78	82	111	300





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## Residential Consumer Protections

- No “slamming”
- Annual notice of prescribed Terms of Service
- Right to rescind
- Waiting period prior to enrollment
- Verification of customer choice
- Minimum service period
- Notice of changes to Terms
- Notice of cancellation of service
- Consumer complaints may be filed with MPUC



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## Customer Reaction to Electric Restructuring

- Industrial market established instantaneously
  - Sophisticated consumers
  - Robust load and demand data readily available
  - Contractual terms to minimize uncollectible risks
- Consumer / small commercial market gradual growth
  - High “customer care” costs
  - Expensive marketing
  - Billing and meter reading expenses
  - Less data regarding usage
  - Larger uncollectible risk
  - Outside of “comfort zone” of consumers



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## Customers Served by Competitive Providers

	<b>CMP</b>	<b>BHE</b>	<b>MPS</b>
Residential/ Small Commercial	194,865	15,450	52
Medium	5,883	737	53
Large	341	44	8
Total	201,046	16,221	113

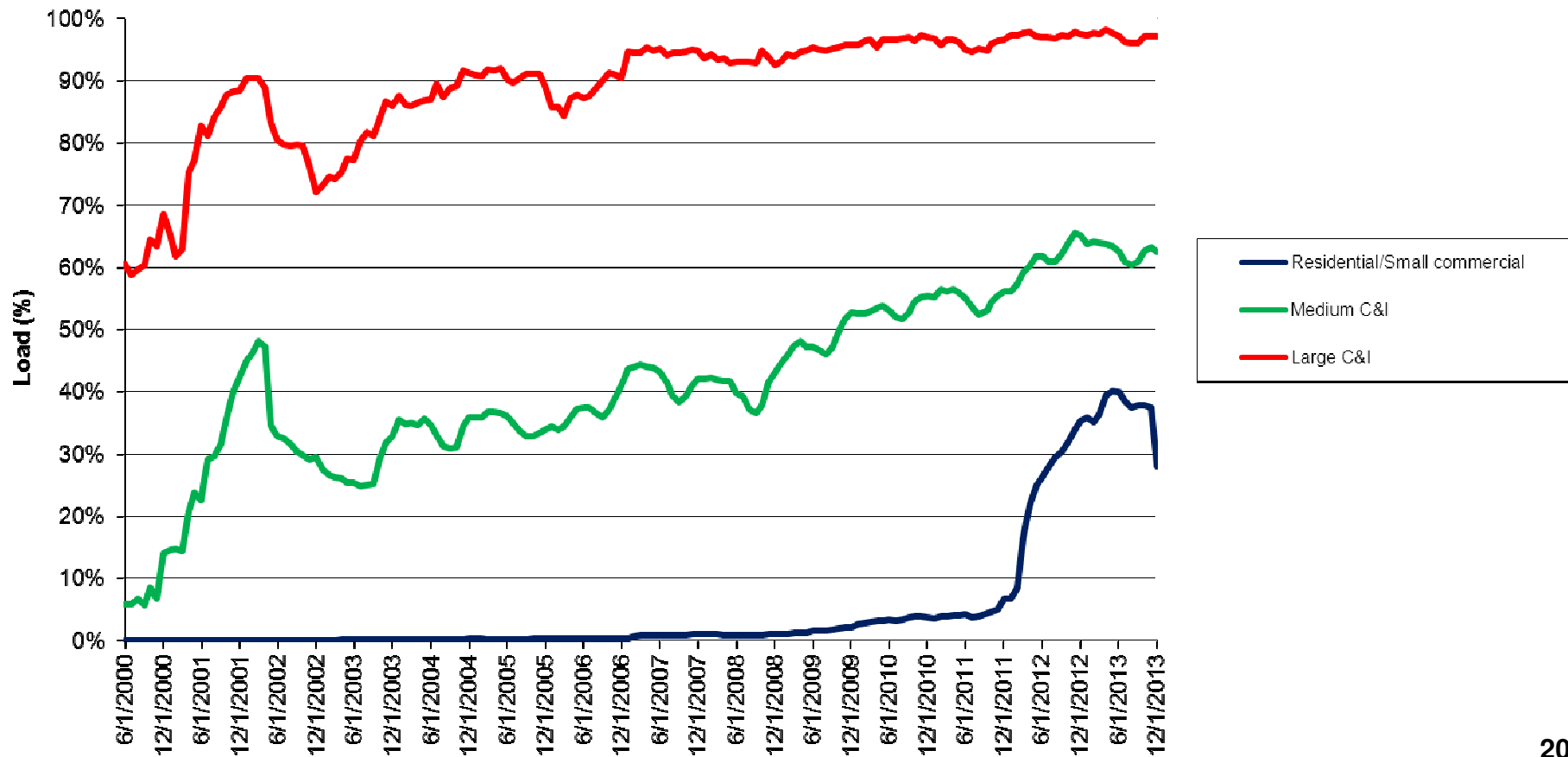


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**Load Served by Competitive Electric Providers  
Central Maine Power Company  
July 2000-December 2013  
Presented by the MPUC**






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# Specialized Retail Products



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OVERVIEW


[How It Works](#) | [Maine Renewables](#) | [Where Your Money's Going](#) | [FAQ](#)

### How It Works




1. You use energy, in the form of electricity, to power your home or business every day.
2. Enroll in Maine Green Power.
3. You pay a little more on your utility bill to match all or part of your monthly electricity use with renewable energy.
4. Maine Green Power uses these funds to support 100% Maine-based renewable energy on your behalf.
5. You've helped grow demand for renewable energy and ease our reliance on fossil fuels. The result is local jobs and a cleaner, healthier environment for all.

"It is an important step for Maine to have an option that funds local green energy infrastructure, is incorporated seamlessly on one's bill, and is easy to activate and start using." - Matt, a participant in Portland



There's Power in Numbers  
[SPREAD THE WORD »](#)



Have More Questions?  
[VISIT OUR FAQ »](#)

Twitter Feed @MEGreenPower

Load more



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## time-of-use (tou) supply option

### Standard Offer: TOU Supply Option

A "time-of-use" or TOU supply option is available to eligible residential and small commercial customers. The TOU supply option offers an opportunity to pay electricity prices based on the time of day and day of week that you use power. By shifting your electricity use to off-peak hours, this option may save you money on the supply portion of your electricity bill.

#### How does this work?

##### 1. Evaluate

It's up to you to decide if a time-of-use option could help you manage your electricity costs. You should consider the electricity you use during on-peak times and assess whether you could move those activities to off-peak hours. If you enroll in CMP's [Energy Manager](#) you can compare price options based on historical usage from your smart meter, using our new [price comparison tool](#). If you are already enrolled in Energy Manager, [log in](#) to use this tool.

##### 2. Enroll

You may enroll in this option beginning February 1st, 2014. New prices will be offered every March 1st for the next 12 months. Once enrolled, you will remain on this pricing option as long as your account remains eligible, or until you notify us otherwise. You may de-enroll at any time. See the Terms and Conditions for more information.

##### 3. Review your bill.

You will see your usage and the prices you paid for electricity during on-peak and off-peak hours. Use this information and the information in our new on-line [Energy Manager](#) tool to help manage your use of electricity.

#### more information

- ▶ [Enroll Now](#)
- ▶ [TOU Terms and Conditions](#)
- ▶ [TOU FAQs](#)
- ▶ [De-Enroll from TOU Supply Option](#)







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## STANDARD OFFER RATES: Central Maine Power Company Large Non-Residential Class

Docket No.	Period	Price					
		Capacity (\$/kW)		Energy (\$/kWh)			
		Pk	Shld	Pk	Shld	Off	All Hours
<b>2013-00500</b>  <ul style="list-style-type: none"> <li>• Supplier: NextEra (100%)</li> <li>• <a href="#">RFP</a></li> <li>• <a href="#">Order</a></li> <li>• <a href="#">Bidder Conditions</a></li> <li>• <a href="#">Statement of Commitment</a></li> <li>• <a href="#">Order Setting Price - March</a></li> </ul>	Feb-15	\$4.1748					
	Jan-15	\$4.1748					
	Dec-14	\$4.1748					
	Nov-14	\$4.1748					
	Oct-14	\$4.1748					
	Sep-14	\$4.1748					
	Aug-14	\$4.1748					
	Jul-14	\$4.1748					
	Jun-14	\$4.1748					
	May-14	\$4.16560					
	Apr-14	\$4.16560					
	Mar-14	\$4.16560					\$0.120213
<b>2013-00329</b>  <ul style="list-style-type: none"> <li>• Supplier: NextEra (100%)</li> <li>• <a href="#">RFP</a></li> <li>• <a href="#">Order (PDF)</a></li> <li>• <a href="#">Bidder Conditions (PDF)</a></li> <li>• <a href="#">Statement of Commitment (PDF)</a></li> <li>• <a href="#">Order Setting Price - Sept (Word)</a></li> <li>• <a href="#">Order Setting Price - Oct (Word)</a></li> <li>• <a href="#">Order Setting Price - Nov (Word)</a></li> <li>• <a href="#">Order Setting Price - Dec (Word)</a></li> <li>• <a href="#">Order Setting Price - Jan (pdf)</a></li> <li>• <a href="#">Order Setting Price - Feb (Word)</a></li> </ul>	Feb-14	\$4.16560					\$0.161834
	Jan-14	\$4.16560					\$0.158909
	Dec-13	\$4.16560					\$0.114294
	Nov-13	\$4.16560					\$0.057642
	Oct-13	\$4.16560					\$0.044761
	Sep-13	\$4.16560					\$0.042121



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**STANDARD OFFER RATES:**  
**Central Maine Power Company Medium Non-Residential Class**

Docket No.	Period	Price (\$/kWh)
<b>2013-00500</b> <ul style="list-style-type: none"> <li>• Supplier: NextEra (100%)</li> <li>• <a href="#">Press Release</a></li> <li>• <a href="#">RFP</a></li> <li>• <a href="#">Order</a></li> <li>• <a href="#">Bidder Conditions</a></li> <li>• <a href="#">Statement of Commitment</a></li> </ul>	Feb-15	\$0.14438
	Jan-15	\$0.14956
	Dec-14	\$0.11989
	Nov-14	\$0.08673
	Oct-14	\$0.06216
	Sep-14	\$0.06136
	Aug-14	\$0.07109
	Jul-14	\$0.07490
	Jun-14	\$0.07360
	May-14	\$0.06182
	Apr-14	\$0.07209
	Mar-14	\$0.09476
<b>2013-00329</b> <ul style="list-style-type: none"> <li>• Supplier: NextEra (100%)</li> <li>• <a href="#">RFP</a></li> <li>• <a href="#">Order (PDF)</a></li> <li>• <a href="#">Bidder Conditions (PDF)</a></li> <li>• <a href="#">Statement of Commitment (PDF)</a></li> </ul>	Feb-14	\$0.09418
	Jan-14	\$0.10015
	Dec-13	\$0.08438
	Nov-13	\$0.06175
	Oct-13	\$0.05501
	Sep-13	\$0.05627
	Aug-13	\$0.06119
<b>2012-534</b> <ul style="list-style-type: none"> <li>• Suppliers: NextEra Energy (100%)</li> <li>• Press Release</li> <li>• <a href="#">RFP</a></li> <li>• <a href="#">Order (PDF)</a></li> <li>• <a href="#">Bidder Conditions (PDF)</a></li> <li>• <a href="#">Statement of Commitment (PDF)</a></li> </ul>	Jul-13	\$0.06333
	Jun-13	\$0.05742
	May-13	\$0.05642
	Apr-13	\$0.05936
	Mar-13	\$0.06669





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#### BHE Historic Standard Offer Prices: Residential & Small Commercial Class

Docket No.	Dates	Price (\$/kWh)
<b>2013-00500</b> <b>Suppliers: NB Power (67%); NextEra (33%)</b> <ul style="list-style-type: none"> <li><a href="#">RFP</a></li> <li><a href="#">Press Release</a></li> <li><a href="#">Order</a></li> <li><a href="#">Bidder Conditions</a></li> <li><a href="#">Statement of Commitment</a></li> </ul>	(3/1/14 - 2/28/15)	\$0.075760
<b>2012-456</b> <b>Suppliers: NB Power (100%)</b> <ul style="list-style-type: none"> <li><a href="#">RFP</a></li> <li><a href="#">Press Release</a></li> <li><a href="#">Order (PDF)</a></li> </ul>	(3/1/13 - 2/28/14)	\$0.06695
<b>2011-385</b> <b>Suppliers: NB Power (100%)</b> <ul style="list-style-type: none"> <li><a href="#">RFP</a></li> <li><a href="#">Press Release (Word)</a></li> <li><a href="#">Order (Word)</a></li> <li><a href="#">Bidder Conditions (Word)</a></li> <li><a href="#">Statement of Commitment (PDF)</a></li> </ul>	(3/1/12 - 2/28/13)	\$0.071389
<b>2010-300</b> <b>Suppliers: 67% NB, 33% Integrys</b> <ul style="list-style-type: none"> <li><a href="#">RFP</a></li> <li><a href="#">Press Release</a></li> <li><a href="#">Order (Word)</a></li> <li><a href="#">Bidder Conditions (PDF)</a></li> <li><a href="#">Statement of Commitment (PDF)</a></li> </ul>	(3/1/11 - 2/29/12)	\$0.082517



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## Standard Offer in the Marketplace

- Concern that customers would view Standard Offer as a “free” hedge, opting in and out with market
  - Early opt-out fee (2 times highest monthly bill) ameliorates
  - No opt-out fee for residential customers
- Recent growth of competitive residential market may be the result of the MPUC’s strategy of smoothing Standard Offer rates through load tranching
  - “Arbitrage” opportunity
  - MPUC is phasing out load tranching; interesting to see what happens



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## **Review – Maine’s Restructuring Law, 1997**

1. MPUC licenses competitive suppliers
2. Suppliers sell directly to retail consumers
  - Single bill with supply and distribution charges itemized
3. Utility transfers generation assets to structurally separated affiliate
4. Utility sells output rights from existing Qualified Facility (QF) contracts and Maine Yankee nuclear plant
5. Utility divests generation assets
6. “Stranded costs” due to restructuring folded into distribution rates
  - Difference of investment in generation assets and market value at divestiture
  - Difference in supply contract payment obligations and market value at divestiture
7. Competitive requisition process for Standard Offer (last resort) rates