Licensing Issues

KOSOVO Energy Regulatory Organization / Illinois Commerce Commission Partnership

November 4, 2009

Licensing - Historical

- Certificate of Public Convenience and Necessity
- Authorized utility to operate as a monopoly in its service territory
  - Protected utility from competition
  - Protected customers from having to pay for duplicate facilities
- Generally granted on a “first in the field” basis

1997 –Illinois Customer Choice Act

- Opened electric markets to competition
- Imposed new licensing requirement for competitors
  - Alternative Retail Electric Suppliers, or ARES
- ARES must obtain Certificate of Service Authority

Certificate of Service Authority Requirements

- ARES must identify area in which it intends to serve
- Must demonstrate that it has the technical, managerial and financial resources and abilities to provide service for which it seeks a certificate
  - In determining what level of resources and abilities required, Commission considers type of customers to be served and whether applicant will use its own facilities to provide power

Service Authority - continued

- ARES must also agree to
  - comply with all applicable laws and industry rules
  - serve only eligible customers
  - comply with reporting requirements
  - comply with renewable portfolio requirements
  - Comply with certain consumer protection requirements, if the ARES intends to serve residential / small business customers

Service Authority – Rules for Application

- Commission has made administrative rules governing Applications for Service Authority
- http://www.ilga.gov/commission/jcar/admincode/083/08300451sections.html
- Major additions to statute are detailed reporting requirements and requirement that ARES post a bond in an amount appropriate to customer class served

Service Authority – Sample Application

- Example is a company that sought authority to provide electric service to a number of facilities, in this case branch banks, operated by an affiliate
  - Not an uncommon application
- Amended several times

New Licensing Requirement Agents, Brokers and Consultants

- Requires licensure of people who procure or sell retail electric service other than ARES
- Applicant must show technical and managerial competence, and financial responsibility, as well as compliance with reporting requirements
- Rulemaking pending