STATE OF MARYLAND
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of the Competitive Selection of Electricity Supplier / Standard Offer or Default Service for Investor-Owned Utility
Small Commercial Customers and Allegheny Power, Delmarva Power Light, and Potomac Electric Power Residential Customers

REBUTTAL TESTIMONY OF JONATHAN WALLACH ON BEHALF OF THE OFFICE OF PEOPLE’S COUNSEL

Resource Insight, Inc.

SEPTEMBER 18, 2006
I. Introduction

Q: Please state your name, occupation, and business address.
A: I am Jonathan F. Wallach. I am Vice President of Resource Insight, Inc., 5 Water Street, Arlington, Massachusetts.

Q: Please summarize your professional education and experience.
A: I have worked as a consultant to the electric-power industry for more than two decades. From 1981 to 1986, I was a research associate at Energy Systems Research Group. In 1987 and 1988, I was an independent consultant. From 1989 to 1990, I was a senior analyst at Komanoff Energy Associates. I have been in my current position at Resource Insight since September of 1990.

Over the last twenty-five years, I have advised clients on a wide range of economic, planning, and policy issues including: electric-utility restructuring; wholesale-power market design and operations; transmission pricing and policy; market valuation of generating assets and purchase contracts; power-procurement strategies; integrated resource planning; cost allocation and rate design; and energy-efficiency program design and planning.

My resume is attached as Exhibit JFW-1.

Q: Please summarize your experience with regard to the issue of electric restructuring in Maryland.
A: In 1997, I co-authored a major study of electric-utility restructuring in Maryland for the Office of People’s Counsel (“OPC”). Since then, I have advised and testified on behalf of OPC in most of the major proceedings
relating to Maryland’s restructuring process. I assisted OPC during settlement negotiations, and testified in support of such settlements, in Case Nos. 8794, 8795, and 8797 (regarding electric restructuring), 8890 (regarding the proposed merger of Potomac Electric Power and Delmarva Power & Light to form PEPCo Holdings, Inc. [“PHI”]), and 8908 (regarding procurement of Standard Offer Service [“SOS”].) I also testified in Case Nos. 8852 (regarding Potomac Electric Power Company’s proposed fees for electricity-supplier services), 8994 and 8995 (regarding determination of the residential SOS Administrative Charge), and 8985 (regarding Southern Maryland Electric Coop’s SOS procurement plan). Most recently, I testified in Case No. 9052 regarding proposals to transition Baltimore Gas & Electric’s residential customers to market-based SOS rates, and Case No. 9056 regarding default service for Type II customers. Finally, on OPC’s behalf, I have monitored the SOS procurement process in every year since its inception.

Q: On whose behalf are you testifying?
A: I am testifying on behalf of the Office of the People’s Counsel.

Q: What is the purpose of your testimony?
A: Pursuant to the Commission’s Notice of Procedural Schedule of August 4, 2006, PSC Staff witness Phillip VanderHeyden submitted direct testimony sponsoring Staff’s report on the 2006 Procurement Improvement Process (“PIP”) in Case No. 8908. Staff’s report describes modifications to the SOS procurement process that were agreed to by consensus or supported by a majority of the parties to the PIP. This rebuttal testimony addresses these proposed modifications.
In addition, the Commission’s Notice listed six issues for comment in this docket:

2. Bid week timing (to eliminate supplier’s bid hold premiums.)
3. Length of bid contracts.
4. Changes to the process arising out the 8908 procurement process.
5. Definition of “small commercial customer.”
6. Effect of allowing investor owned utilities to refuse to accept some bids in an auction or to change the bidding date due to market conditions.

In response, Staff and other intervenors filed direct testimony supporting proposals for additional modifications to the SOS procurement process. This testimony also addresses intervenors’ responses to all items on the Commission’s issues list other than the definition of “small commercial customer.”

People’s Counsel is also sponsoring testimony from Ms. Barbara Alexander. I rely on Ms. Alexander’s direct and rebuttal testimony to support my findings and conclusions.

II. 2006 Procurement Improvement Process

Q: Please describe the consensus proposals that emerged from the 2006 Procurement Improvement Process.

A: As discussed in Staff’s report, parties to the 2006 PIP agreed to seven modifications to the SOS procurement process. Parties agreed to provide additional customer data to bidders, allow bidders to submit credit documentation via web link, and to modify language in the RFP to clarify
when bid-assurance collateral will be returned and to conform the
confidentiality provision with the requirements of SB 1. Parties also agreed
to provide suppliers with additional data regarding their load obligations.
Finally, parties reached consensus on a number of modifications to the
calculation of the Price Anomaly Threshold (“PAT”).

Q: Do you have any comments regarding the consensus proposals?
A: In general, the consensus proposals appear to be reasonable modifications to
the SOS procurement process. The clarifications regarding bidding
requirements and procedures, and the provision of additional customer and
load data, should reduce the transaction costs and risks of participation in the
bid process and the provision of SOS supply.

The proposed changes to the PAT calculation are also appropriate. The
proposals regarding the calculation of costs associated with marginal losses
and the Renewable Portfolio Standard should yield reasonable estimates of
market prices for these factors. Furthermore, the proposal to calculate cost
elements prior to each tranche should allow the PAT to better reflect any
changes in market conditions between tranches.

Q: Were there other proposals that were supported by a majority of the PIP
parties?
A: Yes. As discussed in the Staff report, there were two proposals that failed to
achieve consensus, but were supported by a majority of the parties. First,
BGE proposed to restructure the bid format for time-of-use (“TOU”) load.
Second, a majority of the parties agreed to a proposed schedule for
conducting the multiple rounds of bidding.
Q: Please describe BGE’s proposal for bidding TOU load.

A: In previous years’ procurements, bidders were required to offer prices for the particular time periods specified in TOU rates. For the upcoming procurement, BGE instead has proposed to require bidders to offer prices for on- and off-peak periods that are consistent with the standard time periods for PJM wholesale-market products. Under this proposal, BGE would generate retail TOU prices by translating the on- and off-peak prices from winning bids into on-, intermediate-, and off-peak prices consistent with the time periods specified in TOU rates.

Q: What is BGE’s rationale for this proposal?

A: According to the direct testimony of BGE witness William Pino, BGE is concerned that the inconsistency between the time periods for PJM-traded wholesale products and for the Company’s TOU retail rates may raise barriers to participation and increase risks to participants. The Company therefore believes that its proposal may improve pricing by increasing competition and reducing risk premiums.

Q: Is BGE’s proposal reasonable?

A: At this time, it is a matter of speculation whether the general levels and time-differentiation of TOU prices offered in previous years’ solicitations are due to the inconsistency between wholesale and retail rating periods. BGE’s proposal appears to be a reasonable approach for investigating whether this inconsistency has a material impact on bidder participation and offer pricing. I therefore recommend that the Commission: (1) approve the proposal for

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1 For example, NYMEX on-peak energy forwards for PJM are “5x16” products, with the on-peak period defined as the 16-hour period from 7am to 11pm on weekdays (excluding holidays).
this year’s solicitation; and (2) direct BGE to evaluate and report on the
impact of the proposal on price offers for TOU load.

   While supportive of the proposal, I do have a concern that the resulting
mismatch between prices paid to winning bidders and prices charged to retail
TOU customers may lead to excessive under- or over-recovery of wholesale
power costs. Pursuant to Paragraph 25 of the Phase II Settlement Agreement
in Case No. 8908, utilities are required to conduct billing true-ups at least
three times per year, but may conduct true-ups more frequently at their
discretion. I recommend that BGE closely monitor true-up accounts to
determine whether more-frequent billing true-ups are warranted.

Q: Please describe the bid schedule presented in the Staff report.
A: As in previous years, the bid schedule included in the Staff report calls for
three rounds of bidding, with the first round commencing in December of
this year and the third round completed by mid-February of 2007. This
schedule is designed to:

   • spread procurement over time in order to limit the impact of
     extraordinary market events;
   • minimize overlaps with solicitations in surrounding States;
   • avoid scheduling solicitations during major holiday weeks; and
   • complete procurement prior to the ARR auction in March of 2007.

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2 Also as in previous years, the schedule allows for a fourth reserve round of bidding, in the
event that the offers awarded in the previous three rounds do not fully cover the load
obligation.
Q: Do you have any concerns regarding the bid schedule discussed in the Staff report?

A: Yes. The proposed schedule does not take account of the procedural schedule in Case No. 9063 or the statutory requirements of SB 1, as more fully described in Ms. Alexander’s testimony. Specifically, the proposed schedule implements the first round of bidding in mid-December of this year. Based on the Commission’s current procedural orders for this proceeding and for Case No. 9063, it is not clear that the Commission’s resolutions of the policy issues identified for Case No. 9063 or the Commission’s report to the Legislature in accordance with Section 7 of SB 1 can be completed by this time. Thus, the proposed schedule fails to allow for the possibility of a Commission finding that calls for procurement of resources other than the full-requirement contracts that would have already been procured in the first round of bidding under the proposed schedule.³

Q: How can this potential conflict be addressed?

A: Given the procedural schedules for this proceeding and Case No. 9063, there does not appear to be any feasible way to resolve this conflict prior to the date of the first tranche under the proposed bid schedule. Moreover, given the competing scheduling considerations and constraints discussed above (e.g., spreading out procurement over time to increase price diversity, while completing prior to ARR auction), it is not practical to delay the first round of bidding in order to resolve this conflict.

On the other hand, the bid schedule provided in the Staff report may allow for implementation of alternative resource strategies in the second or

³ This may not be an issue for Delmarva, since the Company intends to procure all supply for residential SOS in the second round of bidding in January of 2007.
third tranches in 2007. According to the bid plans filed in this proceeding, PEPCo intends to procure in the second and third tranches an amount of supply equivalent to about 50% of its residential SOS load, while Delmarva plans to acquire about 75% of its residential load. BGE intends to procure in these two rounds an amount sufficient to serve one-third of its residential load. With procurements of this magnitude, there may be opportunities to introduce alternatives to full-requirements contracts for a portion of the total amounts to be solicited in these latter two rounds of bidding.

Thus, the bid schedule provided in the Staff report represents a reasonable timeline for procuring in a timely fashion all the resources necessary to serve SOS load, while providing the opportunity to phase-in a portfolio of resource options. I therefore recommend that the Commission adopt this schedule.

Q: Did intervenors in this proceeding recommend any other procurement improvements?

A: Yes. Mr. Martin Proctor, on behalf of Constellation Energy Commodities Group, recommends that the Commission adopt contract language for the Full Requirements Services Agreement that provides suppliers the opportunity to recover additional costs associated with the migration of load due to municipal aggregation. Mr. Proctor is concerned that the potential for municipal aggregation poses a significant risk of migration to suppliers, and that such risk will either discourage participation or result in substantial risk.

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4 Alternatively, Mr. Proctor recommends that the Commission rule in this proceeding that changes in volume due to municipal aggregation will not apply to load currently under contract. I do not offer an opinion on this proposal, as it raises matters of law.
premiums on offer prices. Mr. Proctor proposes to mitigate such risk to suppliers with contract language that provides a supplier:

… the right to charge the costs it incurs as a result of the implementation of such opt-out aggregation, including, but not limited to, costs incurred to unwind hedges associated with the aggregated load formerly supplied by Seller. …

Under Mr. Proctor’s proposal, any such recovery of additional costs from ratepayers would be subject to Commission consideration and approval.

Q: Should the Commission adopt Mr. Proctor’s proposal?
A: No. Mr. Proctor’s proposal would unreasonably shift aggregation risk from suppliers to consumers, removing risk from the party that can most efficiently manage that risk and placing it on the party that is incapable of hedging against such risk. This proposal also exposes consumers to substantial regulatory risk, since it will be extremely difficult, if not impossible, to determine whether a supplier seeking recovery of aggregation-related costs is overstating the incremental impact of aggregation on supply-portfolio costs or whether the expected value of such additional costs are already included in the supplier’s offer price (e.g., in the form of a risk premium.) The Commission should therefore reject this proposal to inefficiently and inequitably expose consumers to additional risk.

III. Commission Issues List

Q: What are intervenors’ positions with regard to the issue of bid-week timing?
A: Mr. VanderHeyden states that Staff is “not opposed” to altering the bid-week schedule in order to reduce bid-hold premiums. However, he notes that no other party has estimated the likely reduction in bid-hold premium from
elimination of the overnight hold on price offers, or shown that any such
price reduction outweighs the cost of reducing the time allowed for the
Commission to consider bid results.

Both PHI witness Peter Schaub and BGE witness William Pino also
express non-opposition to elimination of the overnight hold on bids. Mr.
Schaub suggests moving the deadline for bid submittal from 5PM to 10AM
of the bid day, thereby allowing contract award by 5PM of that same day.
Mr. Pino proposes moving the deadline for bid submittal to 4:30PM and
awarding contracts to winning bidders by 8PM that evening.

Q: Should Mr. Schaub’s or Mr. Pino’s proposal be adopted?
A: No. Although I support the concept of reducing price-risk premiums, it is not
apparent that reducing the time between bidding and contract award will
materially affect bidders’ assessment of bid-hold risk. Bid-hold risk arises
whenever bidders make price offers to supply SOS load prior to securing and
locking in the price of the supply resources for serving that load. Advancing
the contract-award deadline from noon the day after the bid day to 5PM or
8PM of the bid day may not significantly reduce the gap between when price
offers are submitted and when sources of supply are secured for awarded
load.5

Moreover, both PHI’s and BGE’s proposals for reducing bid-hold risk
are problematic. Mr. Schaub’s suggestion of moving the bid deadline from
5PM to 10AM may not have any impact on bid-hold risk, since bidders will
be required to price offers well before markets close that bid day and to hold
those offers open until after markets close. Thus, bidders’ exposure to market

5 Some risk-averse suppliers might not initiate transactions until the Commission approves
(or does not reject) contracts at the end of the bid week.
movement during the bid day under PHI’s proposal may be comparable to
their overnight exposure under current procedures.

Mr. Pino’s proposal of a bid deadline of 4:30 avoids the problem of
intra-day risk posed by PHI’s proposal. However, his proposal to award
contracts by 8PM of the bid day raises a concern that there will not be
enough time to process and confirm all offers, evaluate such offers for
conformance with the Price Anomaly Threshold, and resolve any outstanding
issues regarding compliance with bid or contract-award procedures. In other
words, the 210-minute window between offer deadline and contract award
proposed by BGE may not allow for any margin for error or unanticipated
problems. It is not clear from Mr. Pino’s proposal what actions would be
taken if such errors or problems could not be resolved by the 8PM contract-
award deadline.

Q: What is your recommendation with regard to bid-week timing?
A: The Commission should not modify the current bid-week schedule. Reducing
the amount of time required between bidding and contract award is unlikely
to significantly reduce price-risk premiums, and may cause unintended harm
to the bidding process.

Q: Were there any other proposals regarding bid-week procedures?
A: Yes. Mr. Pino recommends that the Commission formalize its bid-review
process by scheduling an evidentiary hearing each bid week, and then issuing
an order approving or rejecting contract awards based on its findings from
the evidentiary record.
Q: Should BGE’s proposal in this regard be adopted?
A: Yes. BGE’s proposal represent a reasonable approach for addressing any potential evidentiary disputes regarding the bidding process and outcome, and for establishing an evidentiary record to support the Commission’s rulings with regard to contract awards.

Q: Please summarize intervenors’ proposals with regard to the length of bid contracts.
A: As they have argued in numerous other proceedings, the Retail Electric Supply Association and Washington Gas Energy Services propose contract terms of one month to one year. Ms. Alexander addresses the retailers’ proposals in her rebuttal testimony.

Staff witness VanderHeyden recommends one- or two-year term contracts, so that the Commission “will not be constrained in its consideration of alternative SOS procurement methods in Case 9063 by committing a significant portion of the Maryland SOS load for more than two years.”6 Allegheny Power witness Robert Reeping recommends a minimum term of one year and maximum term of three years. Finally, PHI witness Schaub recommends a mix of one-, two-, and three-year contracts, in order to transition to a rolling procurement process starting in 2008 that procures three-year contracts for one-third of the load in each year.

6 Mr. VanderHeyden also supports his recommendation on the basis that it “will bring all the utilities into a consistent time period for the end of the contract process.” It is not clear what Mr. VanderHeyden means when he refers to a “consistent time period.” However, the Commission should reject any proposal that results in all contracts expiring at the same time, exposing 100% of SOS load to then-prevailing market prices.
Q: Should contracts be limited to one- or two-year terms, as suggested by Mr. VanderHeyden?

A: No. Although Mr. VanderHeyden’s goal of not limiting the Commission’s options is reasonable, there are a number of reasons why his proposal is not. First, short-term (i.e., less than five-year) full-requirements contracts are likely to be a part of any diversified resource portfolio that is ultimately submitted and approved by the Commission. Thus, committing some portion of the SOS load to three-year contracts in the upcoming solicitation will probably not limit the Commission’s options in future procurements.

Second, to the extent that full-requirements contracts continue to be included in the SOS portfolio, it is not reasonable to arbitrarily limit the terms of such full-requirement contracts. Instead, utilities should seek to maximize price stability and minimize portfolio risk by layering contracts of varying terms, selecting from the full range of commercially available and reasonably priced contracts. As Mr. Schaub notes, the wholesale market currently supports full-requirements contracts of up to three-year duration.

Finally, the Commission can set the mix of one-, two-, and three-year contracts to limit the amount of committed load in both years two and three. For example, the Commission could require procurement of a 75% / 15% / 10% mix of one-, two-, and three-year contracts. In this case, only 15% of the load would be committed in year two and only 10% would be committed in year three. The Commission could vary these percentages in innumerable ways in order to achieve whatever level of load commitment it deems reasonable for years two and three.
Q: Should the Commission adopt PHI’s proposal to solicit a mix of one-, two-, and three-year contracts in the upcoming procurement?

A: The Commission should adopt PHI’s proposal for the first round of bidding. As discussed above, procurement of mixed-duration contracts in the first round reasonably promotes price stability without unduly limiting the Commission’s options for the latter two rounds or procurements in future years.

Conversely, the Commission should not adopt PHI’s proposal for the second and third tranches. Instead, the Commission should direct BGE and PHI to evaluate the feasibility of bid plans for the second and third tranches that would allow for the procurement of alternatives to full-requirements contracts for a portion of the total amounts to be solicited in these latter two rounds of bidding.

Q: Should the Commission adopt PHI’s proposal to solicit mixed-duration contracts as a transition to a rolling procurement of three-year contracts?

A: No. As discussed by Ms. Alexander, PHI’s proposal does not comport with the statutory requirements of SB 1.

Q: What are intervenors’ positions with regard to the issue of allowing utilities to reject bids or changing the bidding date?

A: There appears to be unanimous opposition to the concept of allowing utilities discretion to reject bids or to change the bidding date. Instead, intervenors argue that such authority should be the Commission’s alone.

Q: Do you agree with other intervenors on this matter?

A: Yes. Furthermore, I support PHI’s proposal that the Commission establish a process whereby, prior to each bid round, the Commission would assess
market conditions and determine whether to proceed with the upcoming round.

In addition, as discussed above, I support BGE’s recommendation that the Commission schedule an evidentiary proceeding each bid week to consider the reasonableness of winning bids in that bid round.

Q: *Does this conclude your testimony?*

A: Yes.
SUMMARY OF PROFESSIONAL EXPERIENCE

1990–Present  Vice President, Resource Insight, Inc. Provides research, technical assistance, and expert testimony on electric- and gas-utility planning, economics, regulation, and restructuring. Designs and assesses resource-planning strategies for regulated and competitive markets, including estimation of market prices and utility-plant stranded investment; negotiates restructuring strategies and implementation plans; assists in procurement of retail power supply.


EDUCATION

BA, Political Science with honors and Phi Beta Kappa, University of California, Berkeley, 1980.


PUBLICATIONS


**REPORTS**


“Maryland Office of People’s Counsel’s Comments on Staff Restructuring Report: Case No. 8738.” 1997. Filed by the Maryland Office of People’s Counsel in PSC Case No. 8738.

“Protest and Request for Hearing of Maryland Office of People’s Counsel.” 1997. Filed by the Maryland Office of People’s Counsel in PSC Docket Nos. EC97-46-000, ER97-4050-000, and ER97-4051-000.


“The Economics of Completing and Operating the Vogtle Generating Facility.” 1985. ESRG Study No. 85-51A.


“The Economics of Seabrook 1 from the Perspective of the Three Maine Co-owners.” 1984. ESRG Study No. 84-38.


“Electricity and Gas Savings from Expanded Public Service Electric and Gas Company Conservation Programs.” 1983. ESRG Study No. 82-43/2.

“Long Island Without the Shoreham Power Plant: Electricity Cost and System Planning Consequences; Summary of Findings.” 1983. ESRG Study No. 83-14S.


“Customer Programs to Moderate Demand Growth on the Arizona Public Service Company System: Identifying Additional Cost-Effective Program Options.” 1982. ESRG Study No. 82-14C.


PRESENTATIONS


EXPERT TESTIMONY

1989  **Mass. DPU** on behalf of the Massachusetts Executive Office of Energy Resources. Docket No. 89-100. Joint testimony with Paul Chernick relating to statistical analysis of U.S. nuclear-plant capacity factors, operation and maintenance costs, and capital additions; and to projections of capacity factor, O&M, and capital additions for the Pilgrim nuclear plant.


1994  **Vt. PSB** on behalf of the Vermont Department of Public Service. Docket No. 5270-CV-1 and 5270-CV-3. Testimony and rebuttal testimony discusses rate and bill effects from DSM spending and sponsors load shapes for measure- and program-screening analyses.


Prudence of utilities’ IRP decisions; costs of utilities’ failure to follow City Council directives; possible cost disallowances and penalties; survey of penalties for similar failures in other jurisdictions.


Critique of proposed restructuring plan filed to satisfy requirements of the electric-utility restructuring act of 1997. Failure of the plan to foster competition and promote the public interest.


Market value of the three Millstone nuclear units under varying assumptions of plant performance and market prices. Independent forecast of wholesale market prices. Value of Pilgrim and TMI-1 asset sales.

1999  **Maryland PSC** Case No. 8795, Delmarva Power & Light comprehensive restructuring agreement, Maryland Office of People’s Counsel. July 1999.

Support of proposed comprehensive restructuring settlement agreement

**Maryland PSC** Case Nos. 8794 and 8808, Baltimore Gas & Electric Company comprehensive restructuring agreement, Maryland Office of People’s Counsel. Initial Testimony July 1999; Reply Testimony August 1999; Surrebuttal Testimony August 1999.

Support of proposed comprehensive restructuring settlement agreement

**Maryland PSC** Case No. 8797, comprehensive restructuring agreement for Potomac Edison Company, Maryland Office of People’s Counsel. October 1999.

Support of proposed comprehensive restructuring settlement agreement


Reasonableness of proposed revisions to standard-offer-supply energy costs. Implications of revisions for other elements of proposed settlement.

Evaluation of innovative rate proposal by PJM transmission owners.

2001

**Maryland PSC** Case No. 8852, Charges for electricity-supplier services for Potomac Electric Power Company, Maryland Office of People’s Counsel. March 2001.

Reasonableness of proposed fees for electricity-supplier services.


Costs and benefits to ratepayers. Assessment of public interest.

**Maryland PSC** Case No. 8796, Potomac Electric Power Company stranded costs and rates, Maryland Office of People’s Counsel. December 2001; surrebuttal, February 2002.

Allocation of benefits from sale of generation assets and power-purchase contracts.

2002

**Maryland PSC** Case No. 8908, Maryland electric utilities’ standard offer and supply procurement, Maryland Office of People’s Counsel. Direct, November 2002; Rebuttal December 2002.


2003

**Maryland PSC** Case No. 8980, adequacy of capacity in restructured electricity markets; Maryland Office of People’s Counsel. Direct, December 2003; Reply December 2003.

Purpose of capacity-adequacy requirements. PJM capacity rules and practices. Implications of various restructuring proposals for system reliability.

2004


Calculation and allocation of costs. Effect on administrative charge pursuant to settlement.

**Maryland PSC** Case No. 8994, Delmarva Power & Light recovery of generation-related uncollectibles; Maryland Office of People’s Counsel. Direct, March 2004; Supplemental April 2004.

Calculation and allocation of costs. Effect on administrative charge pursuant to settlement.
Maryland PSC Case No. 8985, Southern Maryland Electric Coop standard-offer service; Maryland Office of People’s Counsel. Direct, July 2004.

Reasonableness and risks of resource-procurement plan.

FERC Docket No. ER05-428-000, revisions to ICAP demand curves; City of New York. Statement, March 2005.

Net-revenue offset to cost of new capacity. Winter-summer adjustment factor. Market power and in-City ICAP price trends.

FERC Docket No. PL05-7-000, capacity markets in PJM; Maryland Office of People’s Counsel. Statement, June 2005.

Inefficiencies and risks associated with use of administratively determined demand curve. Incompatibility of four-year procurement plan with Maryland standard-offer service.

FERC Dockets Nos. ER05-1410-000 & EL05-148-000, proposed market-clearing mechanism for capacity markets in PJM; Coalition of Consumers for Reliability, October 2005.

Inefficiencies and risks associated with use of administratively determined demand curve. Effect of proposed reliability-pricing model on capacity costs.

MD PUC Case No. 9052, Baltimore Gas & Electric rates and market-transition plan; Maryland Office of People’s Counsel, February 2006.

Transition to market-based residential rates. Price volatility, bill complexity, and cost-deferral mechanisms.

MD PUC Case No. 9056, default service for commercial and industrial customers; Maryland Office of People’s Counsel, April 2006.

Assessment of proposals to modify default service for commercial and industrial customers.

MD PUC Case No. 9054, merger of Constellation Energy Group and FPL Group; Maryland Office of People’s Counsel, June 2006.

Assessment of effects and risks of proposed merger on ratepayers.


Transition to market-based rates. Securitization of power costs. Rate of return on deferred assets.