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Request for Retail Electric Choice

Arizona – Electric

The Arizona Corporation Commission (ACC) has started a proceeding to evaluate a number of energy-related matters including retail electric competition. The Arizonans for Electric Choice and Competition (AECC) and a competitive energy provider requested that the ACC adopt a process for its next steps in reviewing electric choice issues and the adoption of a policy statement that would direct all investor-owned electric utilities to include proposals allowing for customers to permanently transition to direct access service and/or buy-through service after a utilities' next general rate case. At the directive of the Chair of the ACC, Commission Staff has proposed a policy statement to institute a competitive electric supply

buy-through program open to medium-sized commercial and industrial customers. Through a current program, a capped number of large customers are permitted to procure alternate sources of generation supply. Under the Staff proposal, electric utilities would be directed to expand, modify or propose a new alternative generation/buy-through program for medium and large commercial and industrial customers that would address a number of factors such as eligibility requirements; customer load aggregation; rate impacts on non-participating customers; utility cost recovery; customers returning to full-requirements tariffed service and any cap on the level of participation.

Winter Season Outlook – Adequate Resources Available

New England – Electric & Natural Gas

ISO-New England, the entity that oversees the regional electric grid, expects to have adequate resources on hand to meet demand this winter season. However, ISO-New England warns that power system operations could become challenging if: (1) demand is higher than projected; (2) the region loses a large generator; (3) electricity imports are

affected; or (4) there are fuel delivery constraints (i.e., natural gas pipeline constraints limit the fuel available to natural-gas-fired power plants). If the region experiences a cold snap similar to last year, ISO-New England could implement emergency operating procedures to maintain electric system reliability.

Changes to Gas Tariff for Interruptible Service

New York – Natural Gas

The New York Public Service Commission (NY PSC) approved changes to Consolidated Edison Company of New York's natural gas tariff for interruptible service. The Commission has approved the Company's proposal to eliminate the provision of

automatically moving an Interruptible Gas Service customer that incurs two violations to Firm Service. Because supply constraints have resulted in the Company relying on Delivered Services for approximately 19 percent of its peak day gas supply,

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and customer loads are reaching the maximum throughput capability in parts of its gas distribution system, eliminating the provision that automatically moves an Interruptible Gas Service customer to Firm Service should mitigate further strain on gas supply

and support the integrity of the gas distribution system. Consolidated Edison is directed to make a new filing to address concerns raised by the NY PSC and to encourage uniformity of tariff language with other local distribution companies.

Regulators Issue Comprehensive Energy Plan

Massachusetts – Electric & Natural Gas

The Massachusetts Department of Energy Resources and the Secretary of Energy and Environmental Affairs issued a *Comprehensive Energy Plan (CEP)* to detail the context, strategies, and choices faced by the Commonwealth as the energy systems transform to meet Massachusetts' goals of a clean, affordable, and reliable energy future. The CEP contains five modeling runs representing a spectrum of possible

energy futures and assumptions and show the impact of current energy policies. The Plan includes strategies to meet energy demands through a number of channels including demand reduction, energy efficiency and conservation efforts aimed at meeting Massachusetts' greenhouse gas reduction targets. Full details are available at the following link:

<https://www.mass.gov/service-details/massachusetts-comprehensive-energy-plan-cep>

Initiative to Open Electricity Markets to Competition Defeated

Nevada – Electric

The residents of Nevada voted in November on an energy choice initiative. If approved, Ballot Question 3: *Changes to Energy Market and Prohibit State-Sanctioned Electric-Generation Monopolies Amendment (2018)* would have amend the Nevada Constitution to require lawmakers by July 1, 2023, to establish an open, competitive retail electric market, to ensure that protections are established that entitle customers to safe, reliable, and competitively priced

electricity. However, Nevada voters rejected the initiative by a roughly two-thirds vote. Reports assert that utility company, NV Energy, spent over \$60 million to defeat the measure that would have allowed its electric customers in Nevada to shop for power from third-party suppliers; and proponents spent over \$30 million to break up the traditional monopoly model in favor of choice.

Change in Leadership at the Federal Energy Regulatory Commission

National – Electric & Natural Gas

Kevin McIntyre stepped down as chair of the Federal Energy Regulatory Commission in October 2018 due to a major health issue and, unfortunately, recently passed away. President Trump nominated

Commissioner McIntyre, a Republican, to the Commission in August of 2017. Subsequent to McIntyre stepping down, President Trump designated Republican Neil Chatterjee as Chairman of the

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Federal Energy Regulatory Commission. Chatterjee has been a Commissioner at the FERC since August

2017 and previously served as its interim chair.

Proposal to Reallocate Costs Attributed to Electric Default Service

Pennsylvania – Electric

NRG Energy filed a proposal with the Pennsylvania Public Utility Commission recommending that the Commission reallocate approximately \$100 million in costs at PECO arguing that the costs are attributable to electricity default service and not non-bypassable distribution rates. The result would yield an increase in the Price-to-Compare making it more reflective of

the actual cost of providing default service by the utility. However, two Administrative Law Judges have recommended that the Commission deny NRG Energy's proposal stating that PECO is properly allocating the costs of default service across all customers.

Approval of Transmission Agreements to Import Hydropower from Quebec

New England – Electric

The Federal Energy Regulatory Commission approved a set of transmission agreements to bring hydropower from Quebec to Massachusetts; however, it declined to grant incentives to Central Maine Power, the utility that plans to build the power line to deliver the electricity. The New England Clean Energy Connect project would run 145 miles through Maine to deliver 1,200 megawatts of power from Hydro Quebec to Massachusetts utilities owned by

Eversource, National Grid and Unitil. The project came out of a solicitation by the Massachusetts utilities for about 9.45 megawatt-hours of annual renewable generation by the end of 2022. The renewable energy procurement, representing about 17 percent of the state's electric use, was required under a 2016 state energy law. The utilities will pay \$59 per megawatt-hour over 20 years, including \$11 per megawatt-hour for transmission costs.

Winter Energy Market Assessment

New England – Electric & Natural Gas

The Federal Energy Regulatory Commission's assessment for the winter period is that there are few major risks. These include: (1) the National Oceanic and Atmospheric Administration forecasts a warmer than average winter; however, a warmer than average winter may still have prolonged periods of cold temperatures that can stress natural gas and electricity markets despite reserves; (2) regional pipeline constraints in New York City and Boston

increase the risk of price volatility; (3) fuel security remains an area of focus given the increasing use of natural-gas fired electric generation; (4) natural gas storage is well below the five-year average; and (5) New England continues to be an area of notable attention for the winter months as the region has become increasingly dependent on natural gas for both home heating and power generation, yet pipeline capacity into the region is constrained.

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