

October 1, 1999

**Questions and Answers from Potential Bidders on
Maine's Standard Offer RFB Issued August 2, 1999**

**Questions from Standard Offer Bidders' Conference of August 25, 1999,
and additional follow-up questions.**

- Q1. If T&D utilities are not allowed to sell at retail, to whom will standard offer providers be selling?
- A. Standard offer providers will sell directly to standard offer customers as retail sales. Unlike the situation in other states, standard offer is not a wholesale contract between provider and utility.
- Q2. With whom does the standard offer provider contract for sale of standard offer service?
- A. There is no written contract with the State. Maine law and Commission Rule obligate a provider to provide standard offer service by virtue of being designated a winning provider in the bid process. In addition, the bidder is obligated by virtue of signing the Statement of Commitment in the RFB.
- Q3. Can the credit obligations embodied in the RFB be revised through negotiation?
- A. No, the credit obligations are set by Commission Rule. Their goal is to protect customers in the event that a provider does not fulfill its obligation to provide standard offer service.
- Q4. Is it true that there is no credit requirement tied to the T&D utility to ensure that the utility will remit full payment to the standard offer provider?
- A. Commission Rule and the utility/provider service agreement specify that utilities remit payment to standard offer providers, and that remittance occur within 26 days of billing a customer. In addition, T&D utilities are regulated by the Commission, which will use its authority to require that payment be remitted. It is worth noting that standard offer providers receive full payment (less a pre-set, fixed uncollectible percentage as described in Section 3.6 of the RFB), regardless of whether a customer pays its bill.
- Q5. Will there be a retroactive adjustment to the standard offer payment, if the actual uncollectible percentage is different from the pre-set percentage?
- A. No.

- Q6. If a provider requests financial information from the T&D utility for the purpose of conducting a credit check, should the response go through Reed Consulting and appear on the web page?
- A. The utility contact person will provide financial information upon request. The web page will note a description of the materials provided.
- Q7. What terms in the Eligible Renewable Resources rule will be modified, and what is the status of those modifications?
- A. Modification will occur in September, after the law directing the changes becomes effective. The two changes that will be made are as follows:
- 1) the efficiency requirement for qualifying cogeneration facilities will be modified to require that "the sum of the useful power output and the useful thermal energy output of the facility is no less than 60% of the total energy input to the facility;" and
 - 2) a provision will be added stating that "if a competitive electricity provider represents to a customer that the provider is selling to a customer a portfolio of supply sources that includes more than 30% eligible resources, the resources necessary to supply more than 30% of that customer's load may not be applied to meet the aggregate 30% portfolio requirement."
- Q8. If a provider is chosen to serve a partial class load (e.g., 20%), will the provider be assigned 20% of the customers or 20% of the load of that class? Will the assignment be reset daily?
- A. The provider's obligation will be to provide 20% of the all-requirements load of the class, in every hour. That load assignment will be recalculated daily, based on the load in the class on each day.
- Q9. If a provider serves a partial class load, will standard offer customers see a blended rate from multiple providers, or will they see the providers' rates?
- A. Customers will see a rate blended from the bids of the providers chosen to serve their class. Each provider will be paid its bid price less the pre-set uncollectible percent.
- Q10. How does a bidder know how many customers it will serve?
- A. Each day, during the settlement process, the T&D utility will send the provider the load and the number of customers the provider served on that day, as they were reported to ISO-NE (or the Northern Maine ISA). The provider will not know at bid time how many customers it will serve.
- Q11. Is it true that providers will be charged approximately 25 cents per bill and about 25 cents for another purpose?
- A. Pursuant to utility terms and conditions, the utility will charge standard offer providers a fee per bill to produce and mail the bill and a fee per label to produce and mail the uniform disclosure label quarterly, as required by

Commission Rule. The fees will vary from utility to utility and may be found in Appendix D of the RFB.

Q12. Could T&D utilities notify standard offer providers of customers who have signaled intent to leave the T&D territory? Could T&D utilities notify standard offer providers when competitive providers have electronically dropped a customer to standard offer or enrolled a customer from standard offer?

A. The business procedures agreed upon by the Commission and stakeholders do not specify that this information be provided. Giving providers the information might be misleading, because customers may ultimately take a different course of action; this is particularly true when customers appear to be entering standard offer service. In addition, the operational difficulty of giving providers this information would be difficult if not impossible for utilities to implement before March, 2000. The Commission has ordered that utilities tell standard offer providers if a customer larger than 500 kW (400 kW in CMP's case) is scheduled to enter or leave standard offer. The Commission will also investigate whether each utility can notify standard offer providers if it detects that a large block of customers is scheduled to enter or leave standard offer. In this regard, it should be noted that utilities are not responsible for monitoring block movement, but might detect it in the course of normal business operations.

Q13. Commission decision specifies that providers will receive notification when a customer greater than 500 kW is scheduled to leave or enter standard offer. Will that notification be electronic?

A. That notification will be done via phone or e-mail. The programming time required to notify electronically did not appear to be justified when the standards were developed. It is worth noting that many business rules are decided upon in the Electronic Business Transactions Working Group. Any provider serving load in Maine will be a member of this group and may recommend a change to the business rules.

Q14. The RFB says the Commission has the right to reject all proposals it deems to be too high or not in the public interest. What are the criteria for rejection? Does the Commission mean all proposals, and what happens in that instance?

A. This provision is a contingency, not something that is anticipated to happen. In the event the Commission exercises this contingency, it would base its action on particular circumstances. For example, if all the bid prices are extremely high compared to expected market prices, the Commission might reject all bids and direct the utilities to provide standard offer service through the market until another bid process is implemented.

Q15. Is the current average generation component of customers' bills available?

- A. There is no Commission-approved calculation of the generation included in current rates. However, there is information in the utilities' pending rate cases that bidders might find helpful. The three utilities and the Commission will develop (or provide bidders with the ability to develop), for each utility rate class, the revenue from current rates, the revenue requirement from proposed T&D rates, and the difference between these two numbers. Because utility rate cases have not yet incorporated firm stranded cost estimates, and because the Commission has not yet approved the T&D rates, these amounts must be used with caution. Another potentially useful fact to consider is that utilities currently send customers unbundled bills displaying a hypothetical generation component. This component, however, is meant for illustrative purposes only and should not be relied on as an accurate estimate of current generation costs.
- Q16. Can the utilities also provide their proposed unbundled tariff sheets and their cost of service studies?
- A. Utilities will provide their proposed unbundled tariff sheets upon request. The method the Commission has adopted for determining T&D rates does not use a cost of service study, therefore such a study is not provided. (The Commission has taken a top-down approach whereby the process begins with current bundled rates and allocates the difference between those and the T&D-only revenue requirements (including stranded costs) in proportion to each class's estimated generation cost. The Order describing this approach is on the Commission web site as Docket No. 97-580. This Order also expands on the Commission's "no-loser" approach to initial rate design in March, 2000).
- Q17. Regarding the Statement of Commitment in Section 2.2.4, can a bidder withdraw its bid between the time it submits its bid and the time it is selected as a standard offer provider?
- A. No. The bids must be firm until the end of December.
- Q18. What will the Commission do if a catastrophic event happens before the end of December to make the bids off-base?
- A. The Commission desires that this process to be successful over the long run and would carefully consider what action to take for the public good should a "catastrophic event" occur.
- Q19. Why must bids be kept open until December 31st, if the winners are announced on December 1?
- A. There are actions that the winning providers must take after December 1, before being finally accepted, such as becoming fully licensed and signing the utility/provider service agreement. The extra time is included so that, should a winning bidder not fulfill these obligations, the Commission will have access to the remaining bids.

- Q20. If there is a lack of understanding on the part of a bidder as to what its obligations are, and that bidder is rejected after December 1, will the bidder be penalized?
- A. It is the bidder's responsibility to take action to understand the RFB. The Commission will discuss the bidder's understanding, but it reserves its right to take whatever legal action is appropriate under the circumstances.
- Q21. There are several things that must be carried out within two weeks after a bidder is selected. Will the Commission be available to carry out its role in those actions (eg, will the Commission rule quickly on a license)?
- A. The Commission will be available to carry out all necessary actions.
- Q22. Please summarize the resource portfolio requirements referred to in Section 2.3.6? Where can this rule be obtained?
- A. Chapter 311 requires that 30% of a providers' supply must derive from eligible resources, and defines eligible resources as specific renewable fuels and existing cogeneration that meets an efficiency criteria. There are also size constraints. The rule is on the Commission's supplier web site (www.state.me.us/mpuc/supplier.htm). Go to the Rules section and click on Chapter 311. The version of Chapter 311 on the web site does not yet reflect the changes to be made in September (discussed earlier), but the site points to the legislation describing those changes.
- Q23. Is the 30% on a capacity or energy basis.
- A. Energy.
- Q24. How will the Commission know if a provider meets the portfolio requirement?
- A. Providers must submit a report demonstrating that they meet the requirement. There is a cure period for providers falling short in a given year. The Commission may audit the report.
- Q25. How will a standard offer provider cure, given that the contract is only for a year?
- A. A standard offer provider could cure by sales to customers (who may be non-standard offer customers) in the following year. However, the standard offer provider is obligated to comply with the portfolio requirement.
- Q26. What is meant by "other services" in Section 3.1?
- A. The Commission has no known service in mind, but it wanted to be certain that new services would be included should they be introduced.

- Q27. If new services were required after bidding was closed (for example by FERC or NEPOOL), could standard offer providers increase their price to reflect the new service?
- A. No. Bidders bear the risk of those sorts of unanticipated changes. However, the Commission will be very cognizant of the fairness of changing the rules in the middle of the game before acting on its own initiatives. For example, the Commission intentionally set the fees that utilities can charge standard offer providers (for bills and for the label) to be fixed for the one-year term of the bid.
- Q28. Is it correct that the provider will deliver power to the delivery point, which is the local distribution company's transmission system, then transfer title of the power to some other entity?
- A. Title is not transferred. The standard offer provider has title to the generation service until the service is sold to a retail customer. The delivery point is described in the utility/provider contract as the utility's local transmission network. The delivery point defines the provider's cost responsibility. That is, before the delivery point, the provider is responsible for all supply and delivery costs, including transmission charges to reach the ISO-NE (or ISA) transmission territory and such things as future congestion management costs. A provider serving load in a utility's service territory with generation located within the same service territory and connected to the utility's local network system does not need to pay transmission wheeling costs to reach a delivery point.
- Q29. How are system losses (defined in Appendix G) applied? Does the provider pay losses based on the voltage level of the customers it serves? How does this work when there are customers with more than one voltage level in one standard offer class?
- A. System losses are applied to the load delivered to an individual customer, based on the voltage level of each customer. For example, if a provider serves some primary level customers and some subtransmission customers, the primary customers' loads will be adjusted for only the published primary losses, and the subtransmission customers' loads will be adjusted for only the published subtransmission losses.
- Q30. Can I find out what percentage of each standard offer class load is served at each voltage level?
- A. The data on the RFB web site is listed by utility rate class. In most cases, each utility rate class contains a single voltage level. The utilities will provide a table that ties the rate class name (as listed in Appendix J) and the voltage level(s) at which each class is served. By comparing the billing units listed by rate class in the billing unit data published with the RFB, and by learning the voltage level of each rate class, providers can determine the percentage of each standard offer class load is attributable to each voltage level.

- Q31. The published billing data contains all customers, but certainly some groups will systematically opt out of standard offer service. When that occurs, may standard offer providers adjust their prices accordingly?
- A. No. The bid prices are firm. Providers must make their own assumptions ahead of time as to which customer groups will take standard offer service.
- Q32. After March 2000, when standard offer providers receive daily notification of load and number of customers, will that notification be summarized by voltage level?
- A. No. Load and customers will be given to the standard offer provider summarized by standard offer class.
- Q33. Why are line losses not collected in the T&D component of the bill?
- A. In order for adequate generation to exist at the retail customer level, it is necessary to generate an additional amount to account for losses; only providers are capable of providing that additional amount, so as a practical matter they must be made accountable for the losses.
- Q34. It appears that the resource portfolio can be met by delivering supply to NEPOOL. However, the delivery point by contract is the local network facilities. Doesn't this mean that a provider can meet its 30% portfolio requirement without ever delivering that power to the customer? The provider may be unable to deliver (because of congestion for example), or it may not wish to establish a contract to deliver.
- A. The statute defines eligible resource as a source of generation that can physically be delivered to the ISO-NE or the Maritimes Control Area. The Commission's portfolio requirement rule specifies that the energy must be physically delivered to the ISO-NE or the Maritimes Control Area. In order to be counted as meeting the portfolio requirement, the Commission requires that the generation from eligible resources be delivered to the delivery point defined in the utility/provider service agreement. For example, if congestion were to exist, a provider would be responsible for paying congestion fees necessary to deliver from the eligible source to the utility's local network facilities.
- Q35. Is it true that a bidder will present a menu of bids, and the Commission may select the bidder for a smaller percentage of load than it bid for? The concern is that the bidder will be awarded a small strip of load and be unable to recover its fixed costs because of the small size of the load.
- A. Bidders will provide a separate bid price for each 20% multiple that they bid on. The Commission cannot award a provider 20% of a class load at a price that the provider bid for 100% of the load. If the Commission awards 20% of a class load, it will award the bid price that the provider bid for 20%

of the class load. Thus, on the smaller increments, bidders may bid a price high enough to recover their fixed costs.

Q36. Why did Maine allow bidders to bid on small increments, knowing that bid prices would be higher on small loads?

A. Maine structured its bid process this way for two reasons. First, the statute requires that the Commission select at least three standard offer providers in each service territory as long as the result is not substantially higher prices. Second, the Commission wished to avoid precluding smaller companies from participating in standard offer service.

Q37. Section 5.1 states that winning bidders will be chosen on price alone. If that is the case, why does Section 5.2 require that bidders submit evidence of their experience and annual reports? Will these things be used in the evaluation process?

A. Winning bidders will be chosen on price alone. The information required by Section 5.2 will be used for informational purposes.

Q38. If a bidder is already a licensed provider, is referring to its license application sufficient evidence that it is a competent player?

A. If the bidder's license application includes the particular materials required by Section 5.2, then the bidder may refer to the application. However, an application or license does not automatically replace the material required by Section 5.2.

Q39. Don't typical State bidding practices require bids to be public?

A. Yes, but the Commission has been exempted from State bidding rules for this procedure.

Q40. When stating a bid price for 40% of the load (for example), should the bidder state its price for the full 40% or for the 21-40% multiple?

A. The full 40%.

Q41. If a bidder has an overall limit on the number of megawatts that it is willing to provide, can the bidder incorporate that in its bid?

A. No. A bidder may bid only on percentages of standard offer class load. The obligation is an all-requirements obligation of that percentage. The bid may not include other conditions.

Q42. Is it true that the affiliate of Maine Public Service Company is not subject to market share limitations (ie, the 20% maximum limitation)?

A. That is correct. However, the Commission is required to pick more than one bidder if doing so does not increase consumers' bundled price by more than 0.5%.

- Q43. Is it true that for non-residential classes the bidder must bid for 100% of the load? Is it true that a bidder must estimate what the standard offer load will be?
- A. Yes, the bidder must estimate what the load will be. However, regardless of the estimate, the provider must serve 100% of the actual standard offer load, if that is the increment the provider is awarded.
- Q44. The estimate of customer load that will be served by standard offer is partially dependent on what the standard offer rate will be, since customers respond to price signals. The customer's rate is a blended rate, so that rate could be a lot higher than a single bidder's bid, is that correct?
- A. It is correct that a bidder will not know the blended rate until after winning bidders are chosen. The Commission cannot choose multiple suppliers if doing so will raise the blended bundled rate by more than 0.5%, so winners of a high multiple of the class load should not expect customers to see a price signal significantly different than its bid. A bid on a low multiple of the class load (e.g., 20%) will exert less influence on the blended price, so in this instance the blended rate could differ more significantly from a single bid.
- Q45. Is it possible that line losses are being double counted? The concern is that Appendix G includes line losses at the transmission level, but it says that line losses exclude losses over PTF facilities, yet utilities do provide delivery over PTF facilities. Such double counting would flow to all customers, regardless of voltage level.
- A. The line losses in Appendix G do not include losses over PTF facilities. When CMP and BHE developed their transmission line losses, they excluded PTF facilities from their calculations - that is, they considered their utility boundary to be the meeting point of PTF and non-PTF facilities. Thus, the load assigned to providers by the utilities in the settlement process will include only line losses that occur after the delivery point.
- Q46. If a customer is a transmission level customer, and does not take service over non-PTF facilities, it should not be assigned transmission-level line losses from Appendix G, should it?
- A. Customers served from PTF facilities are served outside the point in the utility's system at which the line losses in Appendix G occur. It would therefore appear that the published transmission level line losses should not be attributed to the loads of customers served from PTF facilities. Utilities will determine which of their customers are served on PTF-level facilities, will determine what line losses those customers should assigned, and will make sure that the settlement process works appropriately.
- Q47. How will the portfolio and label requirements be monitored? Won't it be difficult to adequately monitor?

A. Providers must submit annual reports to the Commission, containing information adequate to inform the Commission that they are meeting the requirements. These reports might contain ISO settlement data, unit contracts, or any other material in the provider's possession. A provider must also report such things as kWh sales in Maine, kWhs served through eligible resources, and a demonstration of some kind that it is not double selling the same eligible resources elsewhere. The Commission understood that monitoring would be difficult. It left the requirements intentionally flexible so that providers may use their judgement as to how best to describe their generation portfolio. The initial burden is the provider's; the Commission is looking for good faith effort. If it feels it needs more information, it will contact the provider and discuss the data further or ask for additional data.

Q48. Will these annual filings be made public?

A. A provider may request that its filing be designated confidential and the Commission will protect the information if the request is reasonable.

Q49. Is the portfolio requirement based on a year, a month, a contract year? If it's a calendar year, won't it be difficult for a standard offer provider to meet the 30% requirement between March and December?

A. The measurement period is a calendar year, January to December. This sets up a mismatch between the standard offer annual term (March through February) and the Rule's reporting year. The Rule allows the provider to cure a deficiency within the next year. Therefore, the provider could cure its w000 deficiency (if there is one) in the first two months of 2001. As a practical matter in this instance, the "portfolio requirement year" could be the term of the standard offer provider contract. Alternatively, for a provider that serves customers throughout 2001, the Rule allows a deficiency to be cured in the full year 2001.

Q50. Is the expectation that on March 1st the utilities will read all the meters, and that all customers will be served by their new provider beginning on March 1? Will there be loads imputed to the standard offer provider?

A. The procedure that will be followed to convert all customers on March 1 is outlined in Exhibit A of each utility/provider contract (in Appendix C). The utilities will not read all the meters on March 1, but they will read the telemeters. All customers will be considered to be served by their new provider (or standard offer provider) on March 1.

Q51. Do utilities perform estimated readings?

A. Only if a meter is inaccessible; there is no systematic estimated billing. And, the number of estimates is being reduced in response to open access. Maine Public Service Company has read meters bimonthly, but will change to monthly reads before March 1.

- Q52. Are all meters read on the same day?
- A. No, they are read according to a schedule through the month.
- Q53. Should bid prices include sales tax? Are there any other taxes such as city taxes in Maine?
- A. The bid price should not include sales tax. The utility will bill and collect sales tax on behalf of providers for whom the utility is issuing bills. The utility will remit sales tax to the State on behalf of standard offer providers. For non-standard offer providers for whom the utility is billing, the utility will remit sales tax to the provider, who must in turn remit it to the State. Standard offer providers must register with the State's tax assessor; this requirement is contained in the license application form. There are no additional taxes in Maine.
- Q54. Is a disclosure label sent to all customers?
- A. The disclosure label must be sent to all customers with load at or below 100 kW, four times per year. Larger customers must be given the label if they request it. The utilities will mail the label on behalf of the standard offer provider, and will charge a fee as described in Appendix D.
- Q55. Is it possible to break down the standard offer load into customers at or below 100 kW and customers above 100 kW?
- A. There is no clean break (for example corresponding to rate classes) at 100 kW. 100 kW is set by legislation. The utilities will calculate the number of customers and their kWhs in the medium non-residential class that are below 100 kW, and the number that are above 100 kW. All customers in the residential/small non-residential class are below 100 kW. All customers in the large non-residential class are above 100 kW.
- Q56. Are unmetered loads included in the line losses? (unmetered loads include such things as streetlights and cable TV amplifiers).
- A. Yes. And, losses will be applied to those loads based on engineering estimates of those items' kWh usage.
- Q57. The bid sheets allow seasonal differentiation. What are the allowed seasons? Can a provider choose any definition of season?
- A. Bidders must use the seasons already defined within the tariffs of each utility. Each utility's allowed seasons are different, but are clearly shown on the relevant bid sheets. A similar principle applies to time periods allowed for time-differentiated rates.
- Q58. When the Commission compares bids, how will it compare a seasonally-differentiated bid to a flat bid? What load will be used?
- A. The Commission will use the billing units from the year February 1998 through January 1999, as published on the RFB web site, to compare bids. The Commission's intent was to use calendar year 1998, but

January 1998 will be replaced with January 1999 to avoid unintended impacts from the ice storm of January 1998.

- Q59. There are many customers on special rates. They nonetheless may participate in standard offer. Are these customers included in the billing units published on the RFB web site?
- A. Billing units are presented in three forms - first, billing units of customers on core rates; second, billing units of customers on special rates or contracts; and third, billing units of all customers with those on special rates or contracts put into the core rate categories where they would fall absent the special rate. This gives bidders the pieces to judge how they think customers on special rates or of certain sizes might react to standard offer.
- Q60. Can utility contact people answer provider questions directly?
- A. Utility contract people will answer the question directly, then send the question and answer to the Commission to put on the RFB web site.
- Q61. Do utilities have any DSM programs that are still operational that are not customer controlled (e.g., water heater cycling)? Are the effects of such programs built into the load data?
- A. It is likely that the load data published with the RFB contain the effects of all DSM programs, whether customer-controlled or not. Utilities will check to see that a customer on a DSM program such as water heater cycling is not excluded from the sample. Future DSM programs will be determined by the revised Chapter 380, which specifies that a process coordinated by the State Planning Office will coordinate DSM program development. Current load data obviously do not capture the effects of changes that might be made in the future.
- Q62. How often will load data be changed in the future?
- A. Utilities are re-sampling their customers right now, so load data will change in the future to capture the new samples. After that, the rule requires utilities to re-sample every two years unless they can determine that the sample is adequately accurate. The Commission and utilities realize that providers need to know when a new sample will cause a change to the load data, so the Commission intends to provide that information well ahead of time on its web site. It is important to note that the load data published with the RFB package will likely not be the load data used to create profiles for settlement after March 1, 2000; load data from more recent months will be used.
- Q63. If utilities end a DSM program, and load increases accordingly, will providers be required to cover that shortfall in generation? Can the Commission require utilities to continue to operate their programs so a shortfall does not occur?

A. Providers must cover the all-requirements standard offer load, whether that is less or more than current generation needs. Utilities will be required to carry out the programs developed through the State Planning Office as required in Chapter 380; these programs may or may not be similar to current programs. In 1998, savings from new DSM programs and measures in CMP's service territory were approximately 30 million kilowatthours. For BHE and MPS, savings from new programs and measures were close to zero. Utilities will find out to what extent water heaters were cycled, and interruptions were called under an interruptible program, during the time period covered by the RFB load data. It should be noted that even if a utility eliminates a DSM program, the impacts of the installed measures may continue.

Q64. ISO-NE has instituted an interruptible program for emergency situations. Can standard offer providers be told whether any of their customers is signed up for that program?

A. Current plans specify that standard offer providers will not be given this information; they will only know the number of customers, not what programs or other special situations apply to them. It is likely that interruptible customers will be large customers. Utilities will consider whether, in the future, they can inform standard offer providers of the number of standard offer customers and amount of load contracted to receive interruptible service.

Q65. Is an attendance list available? What is the plan for publishing results from this meeting?

A. The attendance sheet is posted on the RFB web site. All questions and answers discussed today will be posted on the web site quickly, hopefully within a week. Some questions may take longer to answer, and will be posted as answers are developed.

Q66. If a bidder is securing power supply from third parties who own generation, will the Commission accept a bond, letter of credit, or corporate guarantee from the third-party generation owner?

A. Yes, as long as the generator's security otherwise conforms to and is comparable to the security requirements in Chapter 301 and the RFB.

Q67. Must bidders use the quoted phrases in Section 2.3 of the RFB verbatim?

A. By virtue of submitting a bid, a provider will be accepting the substance and intent of the quoted language contained in Section 2.3. Minor changes to the language will be allowed as long the Commission, at its sole discretion, determines that the substance of the existing provisions is unchanged. A bidder may seek an opinion from the Commission prior to the October 1 bid submission deadline on the acceptability of revised language. Alternative language that the Commission deems acceptable will be posted without attribution on the RFB web page as soon as the

Commission has issued its decision. If a bidder later seeks to incorporate language that differs from that in Section 2.3 and is not among the acceptable alternatives posted on the RFB web page, the Commission, at its sole discretion, may refuse to accept the language in the submitted bid. Under this circumstance, the bidder is committed to accepting verbatim the language in Section 2.3 of the RFB or any acceptable alternative posted on the RFB web page.

- Q68. Will the bid prices be kept confidential (assuming there is more than one bidder chosen for a class)?
- A. Winning bids will be made public. Bids not chosen to provide standard offer service will be held confidential upon request by the bidder.
- Q69. Regarding the unlimited termination provision for residential customers; this provision allows customers to game the system. Does the Commission recognize that this provision increases the provider's risk, thus suggesting that the bids will be higher to reflect this risk?
- A. The Commission intended to guard against large numbers of small customers gaming the system by systematically opting into and out of standard offer service. It is unlikely that individual small customers, acting independently, would game on a significant scale. However, when writing the Rule, the Commission intended to avoid orchestrated gaming by specifying that aggregators who engaged in such behavior on behalf of their customers must pay an opt-out fee. The Order stated that, should such behavior arise, the Commission has the authority to quickly take measures to avoid its continuation. The language in Chapter 301 is ambiguous in its reference to "any aggregator of residential customers, non-residential customers, or combination thereof" (Section 2.C.2.a) in that it may imply that competitive providers may systematically switch customers into and out of standard offer. Therefore an advisory ruling will be deliberated on Tuesday September 7, to clarify the breadth of this provision in the Rule. The result of the deliberations and the text of the Advisory Ruling will be posted on the RFB web site as soon as possible.
- Q70. If the Commission takes action in response to individual customer gaming, what would be the timing involved in first discovering that there's a problem, deciding the magnitude requires action, and then taking the action. Can this be done quickly enough to avoid significant loss of money by the provider?
- A. Commission action would depend on the specific situation. Once a problem is detected, the Commission could take action. A large problem is the ability to detect the problem. Standard offer providers or utilities must bring the situation to the Commission's attention, which could then take action in a few weeks to a few months.

- Q71. Is it true that the utility is the entity that will monitor systematic gaming of the type being discussed?
- A. It is not the utility's responsibility to monitor. The standard offer provider could detect the gaming by observing the number of customers on standard offer daily, and draw it to the Commission's attention. However, the Commission expects that if utilities do detect this type of gaming they will report it to the Commission.
- Q72. Might it be possible to build in protection in only June, July and August? Might it be possible to allow providers to bid more complex price structures, such as seasonal rates, for the residential/small non-residential class?
- A. The Commission wants residential standard offer to look and feel as much like what residential customers are currently paying as possible. Therefore, more complex price structures for the residential/small non-residential class will not be allowed.
- Q73. What did the Commission decide when it deliberated the breadth of the opt-out fee provision (Section 2.C.2) in Chapter 301, on September 7?
- A. The Commission deliberated the substance of an Advisory Ruling that would clarify that the opt-out fee provision applies to a competitive provider that acts to cause a group of customers whose demand in the aggregate exceeds 50 kW to transfer out of standard offer in a way that would trigger the opt-out fee provisions of the rule. The Commission unanimously approved this interpretation of the rule's provision. A written Advisory Ruling will be issued in the near future.
- Q74. Might it be possible to implement the opt-out provision for all residential/small non-residential customers?
- A. During the adoption of Chapter 301, the Commission decided that residential customers, who are not likely to game as individuals, should be able to make choices and change their minds during the early stages of open access. The Commission did carefully consider the impact of gaming, and addressed what it anticipated to be the most onerous impacts through its opt-out provision, which applies to customers or aggregates whose loads exceed 50 kW. Chapter 301 does not contain an opt-out provision for customers with loads below 50 kW, who are acting individually.
- Q75. Isn't changing the opt-out procedure a problem, given that the Commission has told residential customers that they will not incur a penalty for moving in and out of standard offer?
- A. The Commission's Advisory Ruling is only interpreting the rule to include competitive providers as well as aggregators that act to game the system. The opt-out fee would be charged to the aggregator, not to individual.

Q.76 Exactly what authority does the Commission have to ensure that Maine T&Ds will pay Standard Offer Providers and where exactly is that authority documented?

A. The Commission has the explicit authority to investigate "any matter relating to a public utility." 35-A MRSA sec 1303. If after a public hearing the Commission finds a practice or act of a utility to be unjust, unreasonable, insufficient or otherwise in violation of the law, the Commission may by order establish or change the practice or act. 35-A MRSA sec 1306. If a utility fails to comply with a Commission order, it is in contempt of the Commission and may be punished in the same manner as contempt is punished in courts. 35-A MRSA sec. 1502. The Commission also has the authority to impose penalties, take court action, and to make ratemaking adjustments (such as lowering the utilities return on equity). A utility that collects money from standard offer customers and does not transfer it to the standard offer providers is clearly acting unreasonably. The Commission has the authority to act in numerous ways to ensure that the standard offer providers receive payment.

Q77. In reference to question 46 (should a customer served at the PTF level be assigned line losses?), will the T&Ds make this information available prior to the bid deadline?

A. There is one CMP customer served directly from PTF facilities. When settlement occurs, the load from that customer will not be assigned the transmission-level line losses that all remaining transmission-level customers will be assigned. Customer usage is confidential information. Therefore, the Commission cannot not make available to standard offer bidders the portion of the transmission level load that is attributable to that one customer. Bangor Hydro-Electric had no customers served from PTF facilities. The concept of PTF and non-PTF facilities is not relevant to Maine Public Service Company.

Q15 follow-up. CMP's current bundled rates and proposed T&D rates are contained in a spreadsheet that may be accessed from the RFB web page by clicking on "Q&A Spreadsheets."

Q30 follow-up. The percentage of each standard offer rate class that is attributable to each voltage level, for CMP, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets."

Q15 follow-up. MPS's current bundled rates and proposed T&D rates, expressed as cents per kWh, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets."

Q55 follow-up. For CMP in 1998, in the Medium Non-Residential standard offer class, there were 9,440 customers with demand below 100 kW.

Q55 follow-up. For MPS, the number of customers with demand below 100 kW, by rate class, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets."

Q73 follow-up. The Commission's Advisory Ruling regarding the opt-out charge provision may be accessed by going to www.state.me.us/mpuc/supplier.htm, clicking on Rules and Proceedings, finding Chapter 301, and clicking on the Advisory Ruling entry.

Q15 follow-up. BHE's current bundled rates and proposed T&D rates, with the difference expressed as cents per kWh, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets."

Q78. Will the utility fee for billing and for mailing labels be netted from the utility's payment to the providers, or will the utility send a separate bill?
A. The three utilities have planned to bill providers separately for these two charges. CMP and BHE believe that this method provides more accurate accountability than netting the fee amounts from the revenue remittance, and therefore do not intend to net the two items.

Q79. Can the October 1 due date be extended?

A. No.

Q80. Would the utilities please provide the preceding two years of annual audited financial statements and the most recent quarterly financial statement.

A. BHE has provided their 1997 and 1998 10K and 2nd quarter 1999 10Q. MPS's website contains this information. See www.mainepublicservice/mpsco4.html for financial information, including annual reports, quarterly reports, SEC filings, etc. CMP has provided, on paper, its financial rating history 1975-1999, CMP Group & Central Maine Power Company's 1998 Annual Report, Form 10-K, the August 30, 1999 proxy statement. These documents, as well as additional financial information, may be found in the Investors section of CMP's website at (www.cmpco.com/investors/index.html).

Q81. Are the EDI standards published on the web site finalized?

A. The EBT/EDI document and appendices published on the web site www.cmpco.com/competition/supplier/ebtedi (reachable from the MPUC Supplier Web Site by clicking on EBT Standards) are not formally finalized, but any future changes are likely to be minor, discovered during the testing process. If you are beginning to get your EDI system in place for Maine, that document is safe to use.

One change to the EBT document is the first paragraph of Section V, which describes standard offer service transactions. The EBT document

will likely state: "...In general, T&Ds will provide the appropriate percent, based on bid percent, of aggregated customer data by rate class to Standard Offer Providers. The total number of accounts by standard offer rate class each day will be provided from the settlement process according to the settlement schedule. An aggregated version of the 810 transaction will be provided daily (810-3) to each standard offer provider according to the T&D's billing schedule. The 810-3 will detail the SOP percent for each of the billed components, the associated billed dollar amounts and the amount deducted for bad debt retained, totaling the amount due the SOP."

Q82. When will EDI testing between trading partners begin? When will EDI be fully implemented?

EDI testing is scheduled to begin on approximately Nov 1 for CMP. It is scheduled to begin the last week of Nov for BHE. MPS will likely be in the same time frame. Utilities are currently signing suppliers up for testing. To sign up to do EDI testing, call the utility contact person listed in the RFB.

It is very important that suppliers attend supplier training. Maine offers a one-day business session, and a one-day technical EBT/EDT session. From the MPUC Supplier Web Site, click on Supplier Training to find the schedule and registration form. The site says that the next EDI training is in December, but we may well offer a session in November.

Suppliers may begin sending electronic enrollments to the utilities on Feb 1, 2000. You can contract with customers before that, but must hold the EDI transactions until 2/1. Customer history might be available via EDI before 2/1 (a supplier can get history now, but not via EDI). All other EDI functions (e.g., billing) will be implemented on March 1 when retail access begins for all customers.

Q61 follow-up. BHE does not exclude water heater cycling customers or any other participant in DSM programs from load study activities. In fact, one customer who participated in BHE's 1992 load study effort and two other customers randomly selected for present day load study efforts are active THINKTANK program participants.

Q12 follow-up. BHE feels that notifying the standard offer provider when BHE detects movement of a large block of residential/small commercial customers will result in unreliable information, because the information would not be reliable until two days before the meter read date. Additionally, BHE feels that this requirement would subject BHE to additional liability for the accuracy and timeliness of the information. Therefore, BHE will not provide this information.

Q64 follow-up. Typically, water heaters of customers participating in the THINKTANK program are interrupted when system loads threaten to exceed past historic peak levels. Since BHE is a winter peaking utility, these times are expected to occur between the hours of 4 to 7 PM during the months of December and/or January. BHE does not have any data showing when it cycled in the year of 1992, but suspects that it did not cycle more than once or twice during the time period of December '91 through January '92. But, if it did cycle, the Company's Pilot Water Heater Cycling Program showed that when a water heater is interrupted during a winter peak time that 0.52 KW of electric demand is avoided and then shifted to that time when the appliance is allowed to reheat (i.e., control period ends). This figure was developed from a load study of 50 customers of 200 who participated in this DSM research effort. However, since there was one THINKTANK customer in the 90+ 1992 load study sample and two in the present load study sample, BHE suspects that any effect of cycling would be diluted when averaged with all the others who were not cycled.

Q64 follow-up. Based on verbal indications from customers, BHE estimates that approximately 12 customers would sign up for the ISO-NE interruptible program.

Q83: What are the payment terms under which standard offer providers must pay utilities the fees for billing and label production?

A. BHE intends on observing a 25-day payment period. This timeframe is based on provisions in Chapter 860 that cover similar types of payments.

Q12 follow-up. MPS is willing to notify standard offer providers if MPS notices the movement of a large block of residential/small commercial customers into or out of standard offer service.

Q61 follow-up. MPS does not have any active water heater cycling customers.

Q64 follow-up. MPS has had no customers signed up for an interruptible program. After March 1, 2000, MPS will be willing to inform standard offer providers of the number of MPS customers signed up for an interruptible program.

Q55 follow-up. BHE has 309 customers with load greater than 100kW. This number varies from month to month.

Q30 follow-up. The voltage levels served in each standard offer class, for BHE, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets." BHE will attempt to provide the percentage attributable to each voltage level early on the week of September 27.

- Q84. Must bidders submit a copy of their license or license application in support of Section 5.2.1 in the RFB?
- A. If the bidder has already submitted its license application to the Commission prior to bidding, or if the bidder has received its license, it need only say so in support of Section 5.2.1. If the bidder has not submitted its license application prior to bidding, it must submit the application with the bid.
- Q85. If a credit requirement may not be tied directly to the T&D utility, may the standard offer provider make a credit requirement of the T&D utility's parent or holding company? (i.e., Central Maine Power Company's acquisition by Energy East Corporation may change their potential credit worthiness)
- A. No.
- Q86. Would the utilities consider exchanging information via a method other than EDI?
- A. The utilities will consider alternative methods of information exchange. There is no guarantee at this time that an alternative method will be adopted.
- Q87. If a bidder is waiting to receive its tax certificate as required by the license application, should the bidder submit a partial license application and forward the tax certificate to the MPUC when it is received?
- A. Yes. Note on the license application that the certificate is pending.
- Q88. May a bidder make changes to the standard form contract?
- A. The standard form contract attached to the RFB was developed through a working group that included utilities and prospective providers, and was approved by the Commission. The actual contract signed by the winning bidder(s) may deviate from the standard form, but all such deviations must be approved by the Commission after input from the utility. Bidders may request changes in the contract in their proposals, but will be committed to their bid prices regardless of whether the proposed contract changes are ultimately accepted. **BID PRICES MAY NOT BE CONTINGENT ON ACCEPTANCE OF CHANGES TO THE UTILITY/PROVIDER CONTRACT.**
- Q89. May a proposal be modified, other than pricing, after submission but prior to acceptance by the MPUC?
- A. The substantive aspects of the proposal, most notably the bid sheets, may not be modified after submission. However, changes to other aspects of the proposal may be acceptable as long as the change is consistent with Chapter 301, Standard Offer Service, and the RFB. For example, it may be acceptable for a bidder to change its financial instrument from one type

to another type, e.g., from a surety bond to a letter of credit. Acceptance of changes to a proposal is at the sole discretion of the MPUC. In addition, pursuant to section 6.6, a bidder may clarify its proposal in response to a request made by the MPUC or its consultant. Please note that requesting clarification to information contained in a proposal is at the sole discretion of the MPUC or its consultant.

Q.90 May bidders fax their bids to Reed Consulting?

A. Faxing a bid proposal to Reed Consulting is permissible, and will be accepted as long as the faxed document contains at least the following information:

- 1) bid price proposal sheets (Appendix H);
- 2) signed Statement of Commitment (Appendix I); and
- 3) either a corporate guarantee or a certified statement from a financial institution that it will provide a surety performance bond or an irrevocable letter of credit (Section 2.2-2).

The proposal should be faxed to the attention of John Higgins at 781-270-0418, and each page should be marked "Confidential." Please note that a complete proposal containing the above information and all other information required as part of the proposal must be received by 5:00 on Monday, October 4, 1999.

Q30 follow-up. The kWhs at served at each voltage level in each standard offer class, for BHE, may be accessed from the RFB web page by clicking on "Q&A Spreadsheets." kWhs by standard offer rate class are in the fourth sheet labeled StdOffer. There is a slight discrepancy in total kWhs reported for the Primary Power class, which should not harm results.

Q91. Can the language in the Statement of Commitment be modified?

A. The MPUC staff has agreed to consider all non-substantive changes to the Statement of Commitment. Proposed non-substantive changes should be submitted for review, prior to end of the day on Wednesday, September 29, 1999, so that the MPUC staff may have sufficient time to respond to the request. The Staff will respond to the request, by either accepting or rejecting it in whole or in part, by Thursday, September 30, 1999 at 12:00 noon.

Q92. Should bidders submit three original copies of the bid proposal?

A. Bidders should submit one original, and two copies of the original.

Q93. 1. Why is there a difference between the demand units shown in the three different files when the kWh is the same? What does the heading "Mean Max Demand" represent in the third file?

A.

File 1 "1998 Total Company Billing Data - with all customers in core rate classes as billed": This file represents the kW demands that were actually billed to core rate customers as calculated according to CMP's class tariff for the on-peak and shoulder-peak time-of-use periods. This data does not include any demand that is not billed by CMP.

File 2 "1998 Total Company Usage - billing data with all customers in core rate classes - recalculated": This file represents the kW demands that were measured for core rate customers for the on-peak and shoulder-peak time-of-use periods, without respect to CMP's tariff provisions or the customer's contract provisions for billing demand.

File 3 "1998 Total Measured kW (Mean Max Demand) - targeted rates and contract customers in the core rate class they would have been in absent the targeted rates": This file is summary statistical data that represents the maximum demand on the system for each customer class without regard to CMP's time-of-use periods. It's the cumulation of the highest maximum demand of each customer in the calendar month.

Q94. For Standard Offer Providers, CMP is collecting and remitting sales tax from Standard Offer billing to the state - is CMP doing this as a billing agent for the SOP's and using the SOP's state sales tax certificate numbers with them still being liable for the tax if CMP doesn't pay it for some reason, or is CMP fully responsible to the state for the sales tax and remitting it under CMP's sales tax certificate number?

A. The sales tax collected by CMP will be remitted to the state under CMP's sales tax number. The SOP's sales tax number will not be used.

Q95. What reason or reasons can you give for the fact that there is a significant discrepancy between the kWh reported for the Large Standard Offer Class in the Billing Data files and the product of multiplying the sum of the average hourly loads for that class by the meter count given in the Billing Data files?

A: There are several reasons for this. First, load data is provided on a calendar basis while monthly or annual energy consumption figures represent loads from varying time periods (billing cycle). Second, there are several rate classes included in the Large S.O. group. The customers vary from having demands of 500 kW or less to those with demands measured in the tens of thousands of kW. The load data of several of the "smaller" customers was not included in the calculation for various reasons. Therefore, the influence of the very large customers was greater than it perhaps should have been, resulting in higher than expected loads when the group average was multiplied by the meter count. Third, the meter count is a determining factor in obtaining an accurate estimate of total class load. As can be seen from the billing determinants file, the

meter count varied from month to month. Taking an average of this meter count may be misleading.

Q96. In their contracts, in the section addressing uncollectible percentages, CMP and MPS list the uncollectible percentage for the three standard offer classes. BHE lists percentages for "Residential/Small Commercial, Large Commercial, and Industrial." Do BHE's uncollectible percentages apply to the three standard offer classes?

A. Yes. BHE has used class names that do not conform to the names used in the RFB and the Commission rules. However, the three percentages listed in BHE's contract do apply to the three standard offer classes (Residential/Small Non-Residential, Medium Non-Residential, and Large Non-Residential).

Q97. My firm has not been able to obtain a certified statement from a financial institution committing to provide a surety bond or irrevocable letter of credit, as specified in Section 2.2-1 of the RFB. Can we have more time to obtain this document.

A. After careful consideration, the MPUC staff will extend the deadline for providing a certified letter from a financial institution until Friday, October 8, 1999 at 5:00 p.m.. Please note that all other elements of the proposal must be provided by the stated deadline.

Q98. My company is contracting with an owner of generation assets to participate in the RFB process. Can the bond, letter of credit, or corporate guarantee be from the third-party generation owner?

A. Please see our response to Question 66.

Q99. Our firm is contracting with a third party generation asset owner for power supply. In the event that I cannot obtain a certified statement from a financial institution committing to provide a surety bond or irrevocable letter of credit prior to the extended deadline of Friday, October 8, 1999 at 5:00 p.m., can the third party generation owner take responsibility or ownership of our proposal?

A. No

Q100. Is a joint bid by separate entities acceptable?

A. Yes

Questions Received by Contact Persons Before Bidders' Conference

Issue Date Question and Answer

- Aug 5 Q: Regarding the load data files, what are the numbers in the third column of the CMP load profile files (e.g., 21, 31, 41, 51)? What do the MW and W stand for in the fourth column? Is this units, as in Megawatts and Watts? If so, shouldn't it be kW?
- A: The utilities' load profiles are generally in EEI format. Under EEI format, a day is represented on two records of 12 hour data points each (however, MPS represents the day on one record). While the utilities' records vary in their exact format, here's what is on each record:
- First column: The date of the record, in month/day/year.
 - Second column: '1' for first record for the day, '2' for the second record for the day; each record contains 12 hours of data.
 - Third column: The digit '1' through '8' reflects day number, e.g., 1 is Monday, 2 is Tuesday, etc, 7 is Sunday and 8 is holiday.
 - The fourth column is units. CMP's "W" and "MW" do stand for Watts and Megawatts. Watts is correct. For example, the residential files' loads are in the order of 500 to 1500. Remember that the loads are per-customer per-hour loads, so 1000 watts, or 1 kW, is a reasonable number for a residential customer. For BHE and MPS, the unit of measure (per- customer, kW, etc) is stated in the Appendix of the RFB.
 - The next several columns contain 12 5-digit numbers, representing the per-hour loads for hours 1 through 12 of the day. The second record contains 12 5-digit numbers, representing the per-hour loads for hours 13 through 24 of the day. Only on CMP's ASCII files is it necessary to know that each load is a 5-digit number. On all other files, which are EXCEL files, the numbers are just numbers.
- Aug 18 Q: When is the Bidders' Conference, and how long will it last?
- A: The Bidders' Conference will be held on August 25 at 9 A.M. at the Portland Marriott, 200 Sable Oaks Drive, South Portland, Me. The conference is scheduled for the whole day and will last as long as necessary to address questions from the bidders. We anticipate posting an agenda on the web page prior to the conference.
- Aug 19 Q. I have read conflicting information regarding what a Standard Offer Provider will be paid, will they be paid their bid price or will they be paid the weighted average bid of all providers?
- A. The standard offer provider will be paid its bid price for providing all or a portion of the standard offer requirements of each standard offer service class for which it is selected as the service provider, reduced by the uncollectible percentage contained in the utility's standard contract. (Please see Section 3.6 of the RFB for more information on payment for standard offer service.)

Q. What are the delivery points for CMP's service territory?

A. Please refer to Section 6.7 of the Standard Offer Provider Standard Service Agreement, which is Appendix C to the RFB.

Q. When the payments for SO service are being calculated, Section 3.6, page 14 of the CMP RFP, where are the KWHs being metered from? Are they from customer meters or various points on the CMP transmission system?

A. Payments for providing standard offer service will be calculated based on the energy consumed at the customers' meters. Customer load data will be aggregated by the T&D by each customer class served by the standard offer service provider.

Q. Section 2 (D) of Chapter 301 talks of the obligations and notice requirements between T&D companies and customers and retail suppliers to enter and exit SO service, what obligation does the T&D company have to the SO supplier as far as notification of customers entering and exiting SO service?

A. When the T&D carries out the settlement process each day, it will send to the standard offer provider (1) the load reported to ISO-NE (or Northern Me ISA) and (2) number of customers. These two items will be provided for each standard offer class.

Also each day, the T&D will send to the standard offer provider the kWhs (and kW if relevant) that were recorded that day.

Finally, the Commission has ordered that the T&D shall inform the standard offer provider of an impending customer enrollment or drop, and that customer's annual usage, when the customer's load exceeds 500 kW (400 kW in CMP's case). The customer's name will remain confidential. This is the one piece of information that the Standard Offer Provider will receive prospectively; this provision was developed to decrease the risk associated with significant swings in standard offer load.

Aug 24

Q. I am attempting to understand the provider's cost responsibility within Bangor Hydro's area. So far I've come up with the following:

a. My cost to supply into ISO-NE, the kWh consumed by end customers. The amount I will supply is the kWh billed to customers by Bangor Hydro plus the losses, which, according to Appendix G average 7.09%

b. NEPOOL or ISO-NE congestion management cost, but not the normal T&D costs. However, I don't find where the congestion management cost is defined on a per kWh basis. How do I factor that charge into a offering when I don't know if it will be applied, when it will be applied, and how much it will be?

c. Customer billing cost which, according to Appendix D, is \$0.27 per bill. However, since the standard offer provider does not know who the customers are, the number of bills which make up the customer base is unknown.

- d. A pro-rata share of uncollectable accounts: 1.20%, 0.26%, or 0.03% depending on customer class.
- e. Appendix D refers to a switching fee, but since the standard offer provider does not know who the customer is, the switching fee does not appear to be a cost of the standard offer provider. Is that a correct conclusion?

Are there any more costs that are the responsibility of the standard offer provider?

A. As a general rule, the Maine PUC is not in a position to confirm or deny, in whole or in part, the cost assumptions that support specific price proposals or bid strategies; each bidder may incur different costs depending on bid strategy and other factors. However, the PUC will offer the following general comments related to supplier costs:

- a. Suppliers are responsible for the costs of sending EDI transactions to and from BHE (per Chapter 322). The actual cost of the transaction will be determined by the supplier's own contract with an EDI vendor.
- b. Suppliers will be required to pay the T&D 28 cents per disclosure label for BHE (26 cents and 36 cents for CMP and MPS, respectively). The utility will send the disclosure label to each customer on a quarterly basis, as required by Chapter 306.
- c. Line losses will be applied based on consumption and the specific customer voltage level (and season in the case of CMP and MPS). For example, line losses for the residential customer load on the BHE system is 9.90%. The average line loss of 7.09% will change as customer composition changes.
- d. The ISO-NE is in the process of developing its congestion management policy. At this point in time nobody knows for certain its final structure, date of implementation, or cost impacts, if any, on delivering power to the Delivery Points. Further, this cost may be different depending on each standard offer supplier's generation portfolio or specific supply arrangements.
- e. The actual customer base for Standard Offer Service is unknown at this time. However, suppliers will know its customer base from day-to-day beginning in March. When the T&D carries out the settlement process each day, it will send to the standard offer provider (1) the load reported to ISO-NE and (2) number of customers. These two items will be provided for each standard offer class. The T&D will send to the standard offer provider the kWhs (and kW if relevant) that was recorded that day.
- f. Suppliers are responsible for the uncollectible percentages associated with each of the standard offer customer classes, as contained in the Exhibit A to the utility's standard offer provider contract. As a result, the standard offer provider will be paid its bid price for providing standard offer requirements reduced by the respective uncollectible percentage for the customer class.
- g. The Standard Offer provider would not be responsible for the switching fees referred to in Appendix D of the RFB.

Aug 30

Q. I have downloaded current cmp load profiles
I am concerned about the residential data because each of the years has
a zero entry in an illogical and sequenced location:
> 1997: april 6, 3rd hour
> 1998: april 5, 3rd hour
> 1999: april 4, 3rd hour

A. In April, we lose an hour when clocks are set ahead for Daylight Savings Time. CMP's systems handle this by putting zero in the 3rd hour of that day in the spring. In October, we gain an hour when the clocks are set back. The data for two hours is averaged and stored as the 2nd hour of that day in the fall. (Although the question references the residential class data, this applies to all the profile classes.)

Q. Is the Competitive Electricity Provider license with the MPUC the only license that a provider is required to have, before it may bid on standard offer?

A: You do not actually need the CEP license in order to bid; however, you must have sent a license application to the MPUC in order to bid. The license must be approved within two weeks of being accepted as a standard offer provider. In addition, within two weeks of being accepted as a standard offer provider, you must have executed a service agreement with the utility in whose service territory you will provide standard offer service.

Aug 31

Q. What methodology will the utilities use to produce load profiles for settlement purposes? Will they be weather normalized?

A. The utilities and Commission Staff recently concluded that the best initial approach is to employ a static load profile methodology to produce daily profiles for settlement. Two profiles will be developed for each profile group for each month - a typical weekday and typical weekend. The profile will be developed using load data from previous year(s). Utilities are examining potential methods including averaging of multiple years, use of a single year, and rank-averaging. A description of the method will be published on the Commission's web site after it has been determined. The profile will not be weather normalized. A method based on static load data was chosen over dynamic modelling methods such as proxy day or regression methods because it is predictable and easy to duplicate. Providers have told the Commission that they desire these attributes in order to manage their supply portfolio and costs. Utilities will monitor the effect the method has on unaccounted-for error during the initial year of retail access; after a year of operation, the method will be re-evaluated based on the monitored results and on developments within the industry.