

ICC Post 2006 Initiative

Report of the ARES Certification, Licensure & Tariffs Subgroup

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ARES Certification, Licensure & Tariffs Subgroup Report

Subgroup Participants

- Electric Utilities
- ARES
- Small Consumer Representatives
- Large Consumer Representatives
- ICC Staff
- Representatives of Electric Utility Employees
- IPPs
- Potential New Entrants

ARES Certification, Licensure & Tariffs Subgroup Report

Meeting Dates

July 7

July 8

July 23

July 28

August 9

ARES Certification, Licensure & Tariffs Subgroup Report

Major Issues

- **ICC ARES Certification Rule – Part 451**
- **ARES Reporting Requirements**
- **Appropriateness of Electric Utility ARES Registration Requirements**
- **Utility Tariff Provisions That Frustrate Customer Choice**
- **Reciprocity**
- **Other**

**ARES Certification, Licensure & Tariffs Subgroup Report
ICC ARES Certification Rule – Part 451**

- General Filing Requirements for All Applicants
- Managerial & Technical Requirements
- Financial Requirements
- SBO Requirements
- Annual Compliance Filing
- Subpart E ARES Requirements for Certification

ARES Certification, Licensure & Tariffs Subgroup Report Reporting Requirements

- Existing ARES Reporting Requirements under the Act or Under ICC Orders
 - Environmental Disclosure, Switching Statistics, Reports on Competition
 - “Chairman’s Report”
- Updates to the information regarding the List of Certified ARES on ICC Website

ARES Certification, Licensure & Tariffs Subgroup Report

Electric Utility ARES Registration Requirements

- **Imposition of Additional Financial Requirements**
- **Uniformity of Terms In RES Agreements Across Utilities**
- **Availability of RES Agreements On-Line**
- **Prompt Processing of RES Agreements**

ARES Certification, Licensure & Tariffs Subgroup Report Utility Tariff Provisions That Frustrate Customer Choice

- **IP's Rate 24 – 12 Month Notice Requirement**

ARES Certification, Licensure & Tariffs Subgroup Report Reciprocity

- **5th District Appellate Court Decision and Certain Subsequent ICC Decisions Regarding Reciprocity Chills Competition By Limiting the Number of ARES**
- **Reciprocity Provision of the PUA Should Not Apply to Subpart E ARES or CSMs**

ARES Certification, Licensure & Tariffs Subgroup Report Other Issues

- **Review of Existing ICC Enforcement Powers over ARES**
- **Agency Requirements and Regulations**
 - Should Agents for Customers Be Regulated By The ICC or Otherwise?
 - Should agency requirements of each utility be more consistent?

ARES Certification, Licensure & Tariffs Subgroup Report

Item on Which Consensus Was Reached

ICC ARES Certification Rule - Part 451

- *For purposes of completing an ARES application, the list of affiliates enumerated on the application should be limited to affiliates that sell electric power and energy to retail customers - Section 451.20(e).*
- *In addition to current requirements, additional information should be included in filings to determine compliance with technical requirements - Sections 451.230(d), 451.330(d), 451.430 (C), and 451.760.*
- *In addition to current requirements, additional information should be included in filings to determine compliance with managerial requirements - Sections 451.240(c), 451.340(c), 451.750.*
- *In addition to current requirements, additional information should be included in filings by potential agents to determine compliance with managerial and technical requirements - NEW Sections 451.140(c), 451.250(c), 451.350(c), 451.430(c).*
- *There should be no changes to the requirements in Sections 451.310(c)(3), (d), (e), and (f) to provide residential and small commercial customers with certain information necessary and appropriate.*
- *The annual compliance filing should be due before 1 April. This consensus item does not apply to Subpart E ARES (as written). - Section 451.710, 451.730, 740, 760, 770.*
- *The current requirements for Subpart E ARES certification are not burdensome - Section 451.400 et seq.*

ARES Certification, Licensure & Tariffs Subgroup Report Item on Which Consensus Was Reached

Reporting Requirements

- *No changes were necessary to the existing ARES reporting requirements under the Act or under ICC Orders in the areas of environmental disclosure, switching statistics, and reports on competition.*
- *The ICC staff should update the information regarding the list of certified ARES on ICC website more frequently, on the order of once a month or a shorter time span.*
- *The ICC website should indicate in which service territories the certified ARES is “registered” in. One way of doing so is having a direct link from the List of Certified ARES to the websites of the major electric utilities.*

**ARES Certification, Licensure & Tariffs Subgroup Report
Item on Which Consensus Was Reached**

**Appropriateness of Electric Utility ARES
Registration Requirements**

- *When possible, there should be greater uniformity of terms in RES agreements across utility service territories.*
- *RES agreements should be available online*

ARES Certification, Licensure & Tariffs Subgroup Report Item on Which Consensus Was Reached

Reciprocity

- **As currently interpreted and applied, the reciprocity clause has limited the number of retail suppliers in the Illinois retail electric market.**
- **As the Rule is currently drafted, there is no need for a reciprocity requirement to apply to Subpart E ARES -- i.e., if the ARES is only serving itself or affiliates.**
- **CSMs are not subject to the reciprocity clause.**

**ARES Certification, Licensure & Tariffs Subgroup Report
Item on Which Consensus Was Reached**

Other

- **The ICC Has Sufficient Enforcement Powers over ARES under the PUA and the ICC's Rules – Sections 16-115A, 16-115B, 16-115(e).**
- **The ICC does not currently possess legislative authority to regulate Agents.**

ARES Certification, Licensure & Tariffs Subgroup Report Item on Which Consensus Was Not Reached

ICC ARES Certification Rule - Part 451

- **The Requirement for Applicants to Provide Notice to Registered Agent of Each Electric Utility In Whose Service Territory The Applicant Seeks to Provide Service should be eliminated - Section 451.30(c).**
- **There should be modifications and additions to financial requirements for all ARES applicants to bring the Illinois rules more into line with RTO rules - Sections 451.110(a), 451.220(a), 451.320(a)**
- **The “percentage of revenue” standard for an appropriate level of credit should be eliminated and in its place there should be a flat credit requirement. This consensus item does not apply to Subpart E ARES (as written). - Sections 451.110(a)(3), 451.110(a)(5)(B), 451.220(a)(2)(B), 451.220(a)(3)(A), 451.220(a)(5)(B), 451.320(a)(2)(B), 451.320(a)(3)(A), 451.320(a)(5)(B)**
- **The financial ratio metric for financial solvency should be eliminated. This consensus item does not apply to Subpart E ARES (as written). - Sections 451.110(a)(6)(A), 451.220(a)(6)(A), 451.320(a)(6)(A)**

ARES Certification, Licensure & Tariffs Subgroup Report Item on Which Consensus Was Not Reached

ICC ARES Certification Rule - Part 451(Cont.)

- **PJM’s “tangible net worth” standard, as described in PJM’s OATT (Sheets 523G and 523M) is an appropriate replacement for the financial ratio metric. This consensus item does not apply to Subpart E ARES (as written)**
- **A requirement for an ARES to possess \$4,000,000 of general liability insurance should be added, and supporting sections be added to the IDC rules. This consensus item does not apply to Subpart E ARES (as written) - NEW Sections 451.110(c)(1)(2),451.220(d)(1)(2), 451.320(d)(1)(2)**
- **There should be more stringent financial qualifications for ARES seeking to offer the single billing option - Section 451.510.**
- **The applicability of Subpart E should be expanded to cover managers of multiple properties as part of their property management function and others, including manufacturing entities that provide service to third-parties located on the plants’ site - Section 451.400 et seq.**
- **The ability of Subpart E ARES to serve small lease-holder consumers located on the premises should be recognized - Section 451.400 et seq.**

**ARES Certification, Licensure & Tariffs Subgroup Report
Item on Which Consensus Was Not Reached**

**Utility Tariff Provisions That Frustrate
Customer Choice**

- **Illinois Power should amend Rate 24's requirements that customers provide 12 months notice of intent to leave, since it frustrates the ability of customers to exercise choice.**

**ARES Certification, Licensure & Tariffs Subgroup Report
Item on Which Consensus Was Not Reached**

Reciprocity & Labor Issues

- **Whether any legislative change is appropriate or required to implement the post 2006 regulation of electric utility service?**
- **Whether any legislative changes are appropriate to address labor and other workforce attrition issues?**

ARES Certification, Licensure & Tariffs Subgroup Report

- Questions?
- Comments?