



OCC Supports Procurement Plan for Standard Service Customers

On September 14, 2012, the Office of Consumer Counsel (OCC) filed a Brief in a proceeding before the Public Utilities Regulatory Authority (Authority), supporting the adoption of a new procurement plan for standard service customers of The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI). Standard service customers are residential and small business customers who obtain their generation services from their traditional utility, CL&P or UI, rather than using a retail supplier.

The Procurement Plan was developed by the Procurement Manager for the State of Connecticut, Jeffrey R. Gaudiosi, Esq., who formed a working group involving CL&P, UI, OCC, and the highly-regarded consulting firm of Levitan and Associates. The resulting plan proposes to have CL&P “self-manage” 20% of the standard service portfolio. This means that CL&P, in consultation with the Procurement Manager, will use its experience, knowledge, and resources as part of Northeast Utilities to purchase electricity products for standard service in an active and enlightened way, including by engaging in some short-term purchases. Although UI does not have the same level of experience at present to self-manage part of its portfolio, the procurement plan proposes that both UI and CL&P should make purchases for shorter periods and with a less distant start date than had been done previously. This should lower the price of standard service in most periods by reducing the risk premiums that are built into the bids of companies who supply electricity for standard service.

The Procurement Plan was developed and the Procurement Manager was hired pursuant to Section 92 of the major 2011 energy bill, Public Act 11-80. The goal of the statute is to reduce the prices for standard service while preventing unreasonable volatility in such prices. OCC believes that the Procurement Plan will help to achieve that goal to the maximum extent practicable at the moment. Reducing the standard service price will help standard service customers and may well also reduce prices for customers of retail suppliers, as the standard service price is often used as a competitive benchmark.

The proceeding before the Authority is Docket No. 12-06-02, Request for PURA Review of Power Procurement Plan. A final decision will be issued on or around October 10, 2012.