

May 15, 1998

Advance Copy Via Facsimile

Hon. Clifton A. Woodrum, Co-Chair
Structure and Transition Task Force, SJR 91
Post Office Box 1371
Roanoke, VA 24007

Hon. Thomas K. Norment, Jr., Co-Chair
Structure and Transition Task Force, SJR 91
Post Office Box 1697
Williamsburg, VA 23187-1697

Re: SJR 91 Subcommittee Task Force on Structure and Transition

Dear Messrs. Woodrum and Norment:

The Municipal Electric Power Association of Virginia, which has worked closely with the Joint Subcommittee studying Electric Utility Restructuring and the Task Force on Taxation, has reviewed the list of issues identified for consideration by the Subcommittee Task Forces on SJR 91 ("Restructuring the Electrical Utility Industry") and suggests that the following additional (or modified) issues be added to those identified for the Structure and Transition Task Force:

(Describe the purchase of generated electricity in a competitive market.)

- Responsibility between PX or RPX and ISO
- Mandatory or voluntary sales or purchases to and from PX or RPX?
- Ancillary services
- grandfathering
- identification and obligation of must-run generating units
- monitoring and enforcement of market rules

(What duties are imposed on generators of electricity as a result of competition?)

- divestiture to sufficient number of entities to result in a workable market

(Describe the transmission of electricity in a competitive market.)

- divestiture to regional transmission only entity
- ISO formation -- voluntary or mandatory? Minimum size needed to achieve purpose
- monitoring/enforcement of transmission reliability
- market power issues
- eminent domain and right of condemnation
- more distinct definition of transmission and distribution

(What duties are imposed on transmitters of electricity as a result of competition?)

- who is responsible for construction and upgrades (and who has condemnation rights)?

(Describe the distribution of electricity in a competitive market.)

- oversight of operations, reliability and rates
- duplication of facilities and integrity of service areas

(Describe the transition to a competitive market for generated electricity.)

- opt-in/sales outside territory

Attached is a version of the list with MEPAV's suggested changes shown in italics.

Thank you for the opportunity to comment on the list of issues. We look forward to working with the Subcommittee Task Forces.

Sincerely

David A. Howe, President

DH:

cc: Hon. Jackson E. Reasoner
Hon. Jerrauld C. Jones
Hon. Eric I. Cantor
Hon. Kenneth W. Stolle
Mr. Arlen Bolstad

**ISSUES IDENTIFIED FOR CONSIDERATION BY SJR 91 JOINT
SUBCOMMITTEE ON ELECTRIC RESTRUCTURING ISSUES SHOWING
MEPAV (MUNICIPAL ELECTRIC POWER ASSOCIATION OF VIRGINIA)
ADDITIONS (IN ITALICS)**

Structure and Transition Task Force

Describe the purchase of generated electricity in a competitive market.

- *Responsibility between PX or RPX and ISO*
- *Mandatory or voluntary sales or purchases to and from PX or RPX?*
- *Ancillary services*
- bilateral contracts
- *grandfathering*
- *identification and obligations of must-run generating units*
- *monitoring and enforcement of market rules*
- effect on customers currently served by coops or municipal distributors
- distinction between FERC/Commonwealth oversight

What duties are imposed on generators of electricity as a result of competition?

- *divestiture to sufficient number of entities to result in a workable market*
- relations among affiliates
- reliability
- voltage stability
- generation reserves

Describe the transmission of electricity in a competitive market.

- *divestiture to regional transmission only entity*
- ISO formation -- *voluntary or mandatory? Minimum size to achieve purposes?*
- bilateral contracts
- *monitoring/enforcement of transmission reliability*
- *market power issues*
- *eminent domain and right of condemnation*
- *more distinct definition of transmission and distribution*
- distinction between FERC/Commonwealth oversight

What duties are imposed on transmitters of electricity as a result of competition?

- import capacity
- oversight of operations and rates
- *who is responsible for construction and upgrades (and who has condemnation rights)?*

Describe the distribution of electricity in a competitive market.

- treatment of coops and municipals
- oversight of operations, *reliability* and rates
- *duplication of facilities and integrity of service areas*

What duties are imposed on distributors of electricity as a result of competition?

- metering and billing
- collection/dispersal of stranded costs or benefits
- maintenance
- default providers
- “providers of last resort”

Describe the transition to a competitive market for generated electricity.

- pilot programs
- “baseline” rate cases
- mandated rate freezes or cuts
- preliminary wholesale competition
- *opt-in/sales outside territory*
- phase-ins by customer class or percentage of consumers
- time line for transition
- unbundling
- competition transition costs (*e.g.*, consumer education, ISO/RPX formation, etc.)
- legislative oversight committee