

POWER DAILY

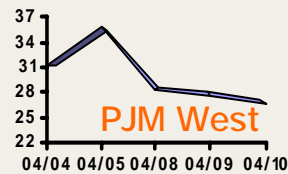
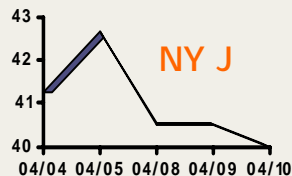
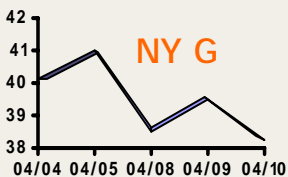
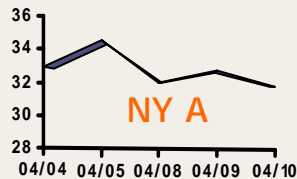
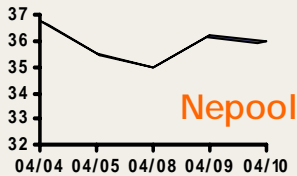
NORTHEAST

Covering New York, New England and the mid-Atlantic

To Market Section

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5-DAY PRICE TREND \$/MWh



TODAY'S PRICES \$/MWh

POINT	MEDIAN	VOLUME
Nepoch	36.00	2400
New York A	31.75	1100
New York G	38.25	500
New York J	40.00	250
PJM West	26.75	5850

Conn. judge won't stop Cross-Sound Cable project in Long Island Sound

TransEnergie's Cross-Sound Cable project has been given the green light by Connecticut Superior Court Judge Carl Schuman. The judge ruled Tuesday that he will not initiate a stay to halt the project that involves an underwater cable in Long Island Sound.

Connecticut Attorney General Richard Blumenthal and the City of New Haven initiated the action claiming the project was detrimental to the Sound's environment. Their suit is against the Connecticut Siting Council – one of the many agencies that gave the project approval. Schuman issued a temporary stay against jet plow operations through the federal navigational channel and southward toward Long Island (PDN, 4/4).

The project currently has all the necessary state and federal permits.

In his decision, Schuman said, "The

court relies on the fact that the Siting Council, the DEP, the Army Corps, the Federal Energy Resources Commission, and regulatory officials in New York have each approved part or all of the project...This court is reluctant to substitute its judgment for that of the various administrative agencies with considerable expertise in these matters."

In addition, the decision states, "The court must also consider the harm to the public of postponing installation of the cable. The court notes in this regard that the FERC has approved the project, finding that the project 'enhances competition and market integration by expanding capacity and trading opportunities between the New England and New York markets' and 'provides benefits

continue story page 7 >>

Forum will explain review process facing New York peaking facility

New York state energy officials will hold a public forum this month to explain how the public can get involved with a proposal to build a new 330-MW natural gas-fired peaking facility that might be built in Buchanan, Westchester County.

The plant, a project of Entergy Indian Point Peaking Facility, would be built on four to six acres of the existing Indian Point Energy Center, about 2,000 feet from two nuclear reactors and three spent reactor fuel storage facilities.

A final proposal would also require approval from the U.S. Nuclear Regulatory Commission because of the proximity of the reactors. The plant would generally not operate continu-

ously but only at times when electricity demand is at peak levels.

Public comment will not be collected at the April 23 forum, but officials will explain how citizens or groups may get involved with future review of the proposal, said Edward Collins, spokesman for the New York State Board on Electric Generation Siting and the Environment.

Collins said Entergy has filed a "preliminary scoping statement" outlining its proposal to build the plant. Construction of the plant would also require a certificate of environmental compatibility and public need from the state.

"We just don't know yet whether we are going to get

continue story page 2 >>

Utility customer complaints down in Connecticut

The Connecticut Department of Public Utility Control received fewer consumer complaints per 100,000 customers in calendar year 2001 pertaining to the Connecticut Light and Power, Connecticut Natural Gas, Connecticut-American Water, Sprint Communications and Cablevision of Litchfield than it did for corresponding utilities during calendar year 2001. The department released its consumer "scorecard" Tuesday.

The complaint scorecard, the ninth issued by the Department, compares the number of customers' complaints regarding high bills, billing disputes, termination of service, payment arrangements, quality of service and outages that the DPUC's consumer assistance and Information unit receives. Requests for information are not included in the scorecard tallies.

During calendar year 2001, a total of 6,465 customers filed complaints with the department, either by telephone, in writing or electronically, an increase of about 10% above the 5,910 complaints received in 2000. Complaints regarding cable companies rose by nearly 40% compared to the previous year while telecommunications complaints are up by approximately 17%.

The scorecard ranks 46 utility companies: three gas companies,

two electric companies, 14 telecommunications companies, 24 cable franchises and the four largest regulated water companies.

At present, approved competitive service providers include 142 local exchange telephone providers, 320 intra-state toll providers, 46 payphone companies and 20 electric supply providers. There are also 17 companies on the natural gas reseller registry.

For very small companies, even a small change in the number of complaints could dramatically change a company's score from one year to the next. To calculate the scorecard the DPUC uses only those contacts classified as jurisdictional complaints; that is, calls or letters from customers who had contacted the utility company and were not satisfied with the result. The information does not reflect the validity of the complaint, just that the customer was not satisfied with the company's response.

Some fluctuation for any one company is expected from one scorecard to another based on special or seasonal circumstances such as weather-related problems, cable franchise renewals and rate case proceedings. While remarks concerning ongoing dockets are not necessarily complaints, customers are often spurred to complain to the DPUC while a pending case is in the news.

Forum set for Entergy peaker...from page 1

an actual application," Collins said, "but we don't want to wait for that.

The already-filed scoping statement gives state officials an idea of what would be proposed, but does not have the detail provided by more specific applications, Collins said. Article X of the New York State Public Service Law requires formal public reviews of electric generation proposals of 80 MW or more.

The pending application for the

environmental compatibility statement would require a 12-month review period to include the public hearings, Collins said.

"Once that is filed, we take that as a sign that the company is serious about getting a certificate," he said.

Entergy officials said that once the necessary approvals are gained, they hope to have the plant online in mid-2004. JF

In the future, the department may look at other measurements of customer service such as response time, call hold times, abandoned calls, number of channels, reliability or outage information for ranking purposes. The department believes that increased competition in the electric, gas, cable and telecommunications industries should make utility service providers increasingly more sensitive to the delivery of high quality customer service. BW

FPL Energy proposal gets air

The Pennsylvania Department of Environmental Protection issued an air quality plan approval to FPL Energy for its Linfield Energy Center, a proposed 500-MW, natural gas-fired power plant planned for Limerick Township, Montgomery County.

"After reviewing this application and the comments received both for and against the proposed energy center, we are satisfied with the environmental controls FPL will have in place for the energy center," DEP Regional Director Joseph Feola said. "However, our approval does not relieve the company from first complying with local zoning ordinances, including stack height requirements — these issues must be resolved before construction can begin."

DEP's plan approval includes a condition requiring that zoning issues, such as stack height, be resolved and reported back to the department in writing.

The department's air permits are issued in two phases. The first phase is an approval to construct — known as a plan approval. The second and final phase — known as an operating permit, is only issued after the newly built facility demonstrates that it can operate in compliance with the requirements outlined in the plan approval.

DEP conducted a public hearing on this proposal in October 2001, in addition to the public information session held in October 2000. Limerick Partners originally submitted this application to DEP in March 2000. FPL Energy took over the proposed project in October of that year. BW

Power Daily Northeast Index in \$/MWh Standard On-Peak Power Transactions for Delivery 04/10/02

Delivery Point	Median Trade	Typical Low Trade	Typical High Trade	Absolute Low Trade	Absolute High Trade	Trading Volume Reported	All Peak Hours Volume	Number of Trades Reported
Nepool	36.00	35.50	36.00	35.50	36.25	2,400	38,400	48
New York A	31.75	31.25	31.75	31.25	31.75	1,100	17,600	22
New York G	38.25	38.00	38.25	38.00	39.00	500	8,000	10
New York J	40.00	40.00	40.00	40.00	40.00	250	4,000	5
PJM West	26.75	26.40	27.00	26.40	27.25	5,850	93,600	117

Northeast Gas Index in \$/MMbtu

For delivery 4/10/02

Location	Avg. Price	Low Trade	High Trade
Algon gates	3.590	3.550	3.620
Iroquois Z2	3.510	3.490	3.530
Niagara	3.380	3.350	3.400
Tennessee Zone 6	3.505	3.480	3.560
Tetco M-3	3.525	3.510	3.550
Transco Z 6 non-NY	3.550	3.510	3.600
Transco Z6 NY	3.605	3.560	3.680

Gas/Power Spark Spread

For delivery 4/10/02		Heat Rates						
Gas	Power	7000	8000	10000	12000	14000		
Algon gates	Nepool	\$3.590	\$36.00	10.87	7.28	0.10	-7.08	-14.26
Iroquois Z2	New York G	\$3.510	\$38.25	13.68	10.17	3.15	-3.87	-10.89
Niagara	New York A	\$3.380	\$31.75	8.09	4.71	-2.05	-8.81	-15.57
Tetco M-3	PJM West	\$3.525	\$26.75	2.08	-1.45	-8.50	-15.55	-22.60
Transco Z6	New York J	\$3.605	\$40.00	14.77	11.16	3.95	-3.26	-10.47

Proprietary Volatility Metrics

04/10/02	21-Day Moving Avg.	21-Day Volatility Annualized	Days To Mean Reversion
Nepool	29.04	86.57	3.05
New York A	30.62	15.62	4.82
New York G	38.18	10.46	4.02
New York J	40.67	6.08	4.10
PJM West	28.34	149.31	2.00

No. 6 Resid

Collected 04/09/02

Location	%Sulf	\$/Bbl	\$/mmBtu
Phila	0.5	24.10	3.800
New York	0.3	24.75	3.900
Boston	0.5	26.35	4.150

Power Index Methodology

Typical low and high represent most commonly traded price ranges.

Absolute low and high are intended to capture outliers and assess volatility.

Trading Volume Reported is aggregate amount of power recorded to have been done by Io Energy staff in standard blocks.

All Hours Peak Volume is the Trading Volume Reported multiplied by the standard package size for 16 hours delivery.

Number of Trades Reported is based on volumetric estimate of trades divided by 50 MW per hour.

Volatility Metric Methodology

Moving average is of median prices from last 21 days.

Standard volatility model multiplies the difference between the logs of the daily low and high, multiplies them by 950 and averages the values for an annualized number for 250 trading days per year.

Mean-reverting model transforms prices into log prices and log returns and does "least squares" regression of both. The standard error of the log returns gives volatility, which is annualized. The negative of the estimated slope of the regression gives the mean reversion rate.

Developed by Financial Engineering Associates Inc. (www.fea.com)

No. 6 Resid Notes

Prices are collected each business day and are spot, non-contract prices. Courtesy of Energy News Today.

For info call 732-506-9733 or click www.energynewstoday.com

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July-August Nepoch down \$3.75 to trade \$58.50-\$59

PJM

PJM's locational marginal prices were volatile again Tuesday because, according to sources, imports were less than exports. They began in the upper-\$20s, but by noon rose to the mid-\$60s and stayed there until 2 p.m. before dropping to the low-\$20s. At 4:30 they rebounded to the \$40s.

Dailies were said to be boosted by spiking LMPs. However, they traded from the \$26 area to the \$27s. A trade as high as \$28 was heard but not confirmed.

Sources said the problems were caused by tight generation, exacerbated by constraints from transmission outages. The range for next-day deals was \$26.40 to \$27.25, a drop of \$1.70 from the previous day.

The near term was mixed, as balance-of-the-week lost \$1.25 to trade at \$26.50, while next-week deals gained \$1.50 to trade for \$26.80 to \$28.50.

The prompt month traded between \$31.50 and \$32, a loss of \$1.40 from the previous day.

New York

Bilateral trades in **New York** fell from the previous day. Zone A sold in a range of \$31.25 to \$31.75, down \$1.25, while Zone G was reported to trade from \$38 to \$39, off 75¢. Zone J sold at \$40.

Trading in the term market was sparse, with deals only confirmed in Zone A. Thursday-only traded for \$32.25, up from daily deals done for Wednesday.

June sold for \$38.50, down from a high of \$40 done the previous day. July-August packages were transacted for a range of \$55.25 to \$56.25, a loss of \$1.75.

New England

Day-ahead prices in **Nepoch** gave up ground on Tuesday, trading in a narrow span between \$35.50 and \$36.25, down about \$1.25 from Monday's high trade. Real-time prices showed a little spark, but not enough to pump up the dailies.

Off-peak, next-day power, on the other hand, did move higher, trading from \$26.50 to \$27.25, a 50¢ bump over Monday's high off-peak trade. Commenting on the off-peak prices, one trader remarked, "any time big

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Forward Power Deals

Record of Transactions Completed 04/09/02

	Nepoch			
	Low	Median	High	Trades
4/9/02 - 4/30/02	34.50	34.75	35.00	3
4/15/02 - 4/19/02	34.50	34.50	34.75	2
4/15/02 - 4/30/02	35.00	35.00	35.00	3
5/1/02 - 5/31/02	39.75	40.10	40.75	14
6/1/02 - 6/30/02	47.00	47.50	47.75	5
7/1/02 - 8/31/02	58.50	58.75	59.00	5
9/1/02 - 9/30/02	37.50	37.50	38.00	3
10/1/02 - 12/31/02	36.75	36.75	36.75	1

	New York A			
	Low	Median	High	Trades
4/11/02 - 4/11/02	32.25	32.25	32.25	1
6/1/02 - 6/30/02	38.50	38.50	38.50	1
7/1/02 - 8/31/02	55.25	55.25	56.25	6

	PJM West			
	Low	Median	High	Trades
4/10/02 - 4/12/02	26.50	26.50	26.50	2
4/10/02 - 4/30/02	27.00	27.00	27.00	1
4/15/02 - 4/19/02	26.50	27.25	28.75	30
5/1/02 - 5/31/02	31.50	31.85	32.00	7
10/1/02 - 12/31/02	29.75	29.90	30.10	6

Northeast Off-Peak Trades

For Standard Products Delivered 4/10/02

Delivery Point	Median Trade	Low Trade	High Trade	Trading Volume
Nepoch	27.00	26.50	27.25	400
PJM West	17.00	17.00	17.00	100

Generation Outages Collected 04/09/02

Unit Name	Operator/Owner	MW	Region	Status	Restart/Outage Date
Arthur Kill	NRG Energy	376	New York	returned to grid	returned April 9
Millstone 2	Dominion Energy	870	Nepoch	at 0% capacity	5-7 days
Vermont Yankee	Vermont Yankee	522	Nepoch	at 91% capacity	100% soon

Nepool term falls...from page 4

units are down, off-peak is going to get stronger."

The 870-MW Millstone 2 nuclear generating facility is offline for repairs and is not expected to return to service for approximately 5-7 days. The 522 MW Vermont Yankee nuclear station stood at 91% capacity early on Tuesday.

Nepool term markets also fell on Tuesday, following behind lower NYMEX gas prices "like lemmings," in the words of one trader. Next-week prices fell off a bit, ranging from \$34.50 to \$34.75.

Balance-of-the-month deals were done between \$34.50 and \$34.75, down about \$1.25, while prices on power for May delivery traded between \$39.75 and \$40.75, off by about \$2 from Monday's high trade. Two pieces were also done at \$35 for the April 15-30 period.

June power traded in a range from \$47 to \$47.75, while prices on July and August together also fell off, trading between \$58.50 and \$59, a decline of \$3.75. September deals were done between \$37.50 and \$38 and fourth quarter deals were completed at \$36.75. MSL/AC

Ontario Power completes venture

Ontario Power Generation completed the sale of a joint venture managing its information technology resources to its partner, Cap Gemini Ernst & Young, the companies said Tuesday.

In February 2001, the two companies created a joint venture, called New Horizon System Solutions, in which Cap Gemini Ernst & Young owned 51% and Ontario Power Generation owned 49%. New Horizon provides information technology support to Ontario Power Generation and Bruce Power, the company now running the Bruce nuclear plants in Ontario.

About 545 employees will join Cap Gemini Ernst & Young's roster. The New Horizon venture has a nine-year agreement, worth an estimated C\$1 billion, to provide information technology services to Ontario Power Generation.

Rhode Island wind power 'too noisy' for neighbors, causes lawsuit

Wind power can generate electricity on Rhode Island's Block Island, but a wind power unit there also generates too much noise for the neighbors and has generated a lawsuit, the *Providence Journal* recently reported.

The noise from the 60-foot, 10 kWh wind turbine, which runs 24 hours a day, "is so noxious and intense as to disturb the living patterns" of the wind turbine's neighbors, according to a lawsuit filed in state court.

This wind turbine, and another

one installed on Block Island, are part of a U.S. Department of Energy program designed to test the efficiency of windmills in different natural settings.

The Energy Department requires that the turbine run constantly as part of the test. The Energy Dept. funded 80% of the windmills' costs.

The two windmills were constructed in accordance with existing town ordinances. The town has since amended its zoning ordinance to make it more difficult to construct additional wind power units. SM

OUTSIDE THE NORTHEAST IN BRIEF

The **Intercontinental Exchange** has begun trading products in Florida. The state's two largest investor-owned utilities, **Florida Power & Light** and **Florida Power**, joined ICE last week. The addition is expected to bring more transparency and liquidity to a typically tight market.

Electric utility restructuring, federal regulation and rural economic development will be the primary issues addressed by U.S. Senate candidates appearing at the annual meeting of **North Carolina's electric cooperatives** on Thursday. The electric cooperatives' power supplier, the North Carolina Electric Membership Corp., is the nation's second largest energy cooperative.

El Paso Energy Partners, a publicly traded master limited partnership, on Tuesday completed its acquisition of the EPGT Texas intrastate pipeline, two gas gathering systems in Texas and New Mexico and an interest in a gas processing and treating plant for about \$750 million from **El Paso Corp.**

The **Mid-America Interconnected Network** projects a slightly higher peak demand this summer as compared to last summer, but expects to have on hand sufficient power supply.

The **Michigan Public Service Commission** has received assurances from the state's three largest investor-owned utilities, Detroit Edison, Consumers Energy, and American Electric Power, that they expect to meet peak summer demand this summer.

An intertie that **Basin Electric Power Cooperative** and **Black Hills Power** plan to build between growing load centers in South Dakota and Wyoming will allow for the transfer of up to 200 MW between the Eastern and Western Interconnections.

The **Otter Tail Corp.** board of directors formally named John Erickson president and CEO effective May 1 to succeed John MacFarlane, who is retiring.

Energy storage: the missing link between source and sink

The electricity value chain traditionally has been considered to consist of five links: energy source, generation, transmission, distribution and customer-side energy services. Energy storage should be added to the chain, Jason Makansi believes. Makansi is president of Pearl Street Inc., a technology deployment service for the electricity industry, and also serves as executive director of the recently formed Energy Storage Council.

While electricity itself cannot be stored, it can be converted into another form of energy such as chemical (battery, fuel cell), mechanical (flywheel) or fluid (pumped-storage hydro, compressed air) and then reconverted quickly back to electricity to respond to reliability or market needs. Generally, electricity storage will take advantage of electricity generated at off-peak hours or by low-cost baseload generating units to create power that can arbitrage temporal price differences, respond to load without requiring additional generation, maintain grid stability and reliability or provide capacity downstream of a transmission constraint.

An important characteristic of energy storage devices is that they can respond to changing system circumstances very quickly, which qualifies them to provide ancillary services.

In addition to arbitrage and stability, Makansi believes that energy storage offers a number of other advantages. Energy storage could:

- Optimize the use of existing infrastructure by allowing generating plants to operate continually at peak operating efficiency;
- Avoid investment in new peaking and dispatch plants and transmission lines;
- Facilitate bulk transfers;

- Alleviate system constraints by locating storage beyond transmission bottlenecks;
- Create value by allowing low-value unscheduled power such as from renewable energy sources to be scheduled into the market; and
- Provide additional grid security options.

Makansi also points out that energy storage could have counterbalancing effects on energy prices. While some developers might pursue energy storage to take advantage of price differentials, a more widespread use of energy storage could also serve to temper price volatility by avoiding the need to rely on short-term contracts and reducing the demand for the output from the most expensive peaking plants.

Furthermore, Makansi recognizes that a certain amount of energy is lost in the storage and release of electricity, but he argues that a focus on the perceived "inefficiency" of energy storage is misplaced. What matters, he stresses, is "being able to supply the power when the price is best."

The ultimate goal, Makansi says, is to turn electricity into a traditional commodity market. He points to the experience in the natural gas market, where there was little gas storage prior to deregulation. Now, storage capacity by volume accounts for approximately 15-20% of annual demand, and in many regions gas withdrawn from storage can accommodate up to 30% of daily demand in winter months.

Energy storage in U.S.

However, energy storage in the U.S. is still in an early stage compared to other countries. Currently U.S. energy storage is equivalent to only 2.7% of generating capacity,

and this share is declining further as generating capacity grows and no major energy storage projects are planned. In Japan, the UK and South Africa energy storage represents a significantly larger proportion of energy production – 10% in the case of Japan.

Most of existing U.S. energy storage is accounted for by pumped hydro facilities. Suitable sites for these facilities are scarce and environmental hurdles are high. The most recent pumped storage unit was installed in the U.S. in 1991. It may be possible to site new pumped storage units in high coastal areas using seawater.

A 110-MW compressed air energy storage facility has been operating in Alabama for 10 years, and last year the Ohio Power Siting Board approved a major new project. The Norton Energy Storage project, being developed by the CAES Development Co. unit of Haddington Ventures, will be located at an abandoned limestone mine. The developers plan to start with a 300-MW plant and eventually scale it up to 2,700-MW. The first stage of the plant is slated to start operation next summer.

Alstom Power is supplying the technology for the Ohio project. Alstom's Sep van der Linden said that a compressed air facility is feasible in any location that has salt domes, depleted aquifers or hardrock caverns. He estimated that geological conditions for compressed air energy storage are present across three-quarters of the U.S.

In addition, a number of battery and regenerative fuel cell technologies are in use or under development for energy storage. These range from traditional lead/acid battery facilities to more innovative tech-

Judge says Cable can build...from page 1

to electric consumers and producers in both markets while imposing no risk or cost on captive consumers in any market."

"We are pleased with the court's decision that we believe reaffirms the decisions of all of the administrative agencies that have previously reviewed the project," said Jeffery Donahue, Cross-Sound Cable Company's chairman and CEO.

However, Blumenthal has not given up. In a statement issued right after the decision, he said, "I will seek an immediate appeal of this decision to the State Supreme Court. The Chief Justice will have one week from the date of the filing to rule on whether the Supreme Court will hear the appeal. I hope that our legal action stops this anti-consumer, anti-environment project."

The project will be facing yet another hurdle today. The Connecticut state Senate will be voting on legislation recently passed by the state General Assembly that would impose a one-year moratorium on all new utility projects for the Sound.

TransEnergy's Rita Bowlby said she fully expects the bill to pass. "We will fight it. It's unconstitutional," she said. BW

Connecticut electricity suppliers say new power plan leads to education

Electric power providers in Connecticut say their new consumer program will help power customers better understand the state's deregulation process and lower their energy bills. Company officials say more than 10,000 customers have already signed up for the plan since it began March 1.

The program unites heating oil distributor LEVCO of Connecticut and energy supplier Dominion Retail, a subsidiary of Richmond, Va.-based energy giant Dominion.

The partnership offers consumers a price of 5.225 cents per kilowatt hour — five percent lower than the 5.643 cents rate currently offered to Resident Rate 1 customers by Connecticut Light & Power, the state's largest electric utility, according to LEVCO spokeswoman Jane Levene.

"That will be the minimum discount," Levene said, "so there is always a chance to save more."

The Connecticut General Assembly deregulated the state's power industry four years ago, opening the market to competition in a state where power bills are among the

highest in the nation. Many residents are still not aware that they have a choice of energy suppliers, Levene said.

"A lot of people in Connecticut don't even know they have a choice right now," she said. "There are not a lot of other companies doing it."

In marketing the program, the companies use the model of deregulation in the telephone industry. The new program educates consumers about deregulation by sending out information with bills, Dominion Retail spokesman Dan Donovan said.

"Any time you market like that, [education] is part of the job," Donovan said. "We have to kind of educate those that this is the same sort of thing to the telephone industry."

CL&P will continue to deliver electricity, read meters, send bills, collect payments and provide customer service to customers using the new program.

The Connecticut deregulation allows customers to choose companies that provide electricity, but not those that transmit and distribute. JF

Energy storage not covered in national policy...from page 6

nologies. However, only pumped hydro and compressed air energy storage can deliver 100 MW or more of power.

Makansi points out that energy storage is truly a "missing link" in energy policy.

It was not identified in either the Bush Administration's national energy policy or the industry energy policy developed by the U.S. Energy Association, nor has NERC, FERC or any RTO seriously evaluated the role for energy storage.

The Energy Storage Council was created in 2001 to promote energy storage as an element of energy policy.

The council has already met with the U.S. Dept. of Energy and with John Shimkus, R-III., of the House of Representatives' Energy and Commerce Committee.

The council's policy objective is to have the electricity industry, with government support, define a national goal for energy storage and drive toward that goal.

"We're seeking a niche in the market," Makansi said, "a niche that myself and other energy storage proponents believe isn't being adequately filled right now."

The members of the Energy Storage Council are MAN Turbo, Decker Energy International, Ridge Energy Storage, Alstom Power and Haddington Ventures.

The council works closely with the Electricity Storage Association. The ESA's focus is on energy storage technology issues. SM