COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

INVESTIGATION BY THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY ON ITS OWN MOTION INTO THE ASSIGNMENT OF INTERSTATE PIPELINE CAPACITY	)	D.T.E. 04-1

REPLY COMMENTS OF DIRECT ENERGY/CENTRICA NORTH AMERICA

Direct Energy Marketing, Inc. ("Direct Energy") hereby submits reply comments in the Department of Telecommunications and Energy's (the "Department") investigation into the assignment of interstate pipeline capacity pursuant to Natural Gas Unbundling, D.T.E. 98-32-B (February 1, 1999) ("1999 Capacity Order"). Direct Energy encompasses the U.S. operations of Centrica plc, which is the leading supplier of energy and essential home services for British consumers. Its businesses include energy supply and home services under the British Gas brand; worldwide, Centrica plc has approximately 44 million customer relationships. For the financial year ended December 31, 2001, Centrica reported sales of approximately £12.6 billion (US $17.6 billion).

Centrica plc entered the North American retail energy market in 2000. Since that time, through both organic growth and acquisitions, Centrica North America has grown to an enterprise with approximately 3.7 million customer relationships. In the United States, Centrica North America has become one of the largest multi-state providers of deregulated energy services, serving more than a million customers.

Direct Energy agrees with the Department's overall goals (and the numerous commenters who expressed the same) for a competitive natural gas industry in Massachusetts. It is Direct Energy's view that Massachusetts should continue to work toward implementing and sustaining a fully competitive gas market for all customers - a market where customers have the option to purchase both gas commodity and transportation capacity from a wide range of suppliers who operate in a competitive market.

To achieve a fully competitive market in the natural gas industry, Direct Energy believes that Massachusetts eventually must introduce a voluntary capacity assignment program. Voluntary capacity assignment is the most economically efficient means for marketers to integrate capacity formerly held by the LDCs into marketers' portfolios which, in turn, allows more pricing choices for customers and more customers participating in the market.

However, Direct Energy also agrees with the commenters who suggest that the Department's *immediate* objective should be to implement modifications to the current capacity assignment system – changes specifically designed to mitigate administrative costs and the risk imposed on new entrants into the Massachusetts gas market. Specifically, Direct Energy encourages the Department to (1) substitute a path plus credit/surcharge approach for the current slice-of-system approach; (2) eliminate the monthly recall and re-release process for assigning capacity and replace it with annual baseload releases; and (3) modify the non-daily metered program to ensure more consistency between nominated and actual volumes. These changes can and should be implemented as soon as practicable so that all market participants can take them into account in planning for and operating next (2004-05) winter. After the 2004-05 winter season and the successful implementation of these changes, the Department and interested parties

can turn their attention to the longer-term goal of introducing a voluntary capacity assignment program.

I. Introduction

The Department's Order opening this investigation seeks comments on whether the upstream capacity market is sufficiently competitive to warrant the Department allowing the voluntary assignment of interstate capacity rights by G.L. c. 164 gas companies to other entities. Order Opening an Investigation Regarding the Assignment of Interstate Pipeline Capacity, D.T.E. 04-1, at 3-4 (2004) ("January 12 Order"). To assist in that determination, the Department seeks comments regarding the assignment of interstate pipeline capacity and requests that such comments include information regarding: (1) the number of transportation customers; (2) the number of marketers; (3) the percentage of the market that has converted to transportation service (both in volume and number of customers); (4) developments at the FERC regarding this matter; and (5) mechanisms by which LDCs can include other affected market participants in an LDC's capacity planning process. January 12 Order at 4.

On March 1, 2004, the Berkshire Gas Company ("Berkshire"), KeySpan Energy Delivery New England ("KeySpan"), Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil"), Bay State Gas Company ("Bay State"), Blackstone Gas Company ("Blackstone") (together, the "LDCs"), Amerada Hess Corporation ("Hess"), Energy East Solutions, Inc. ("Energy East"), Select Energy, Inc. ("Select Energy"), the National Energy Marketers Association and the Massachusetts Attorney General each filed Initial Comments with the Department.[1] Pursuant to

[1] On February 27, 2004, Dominion Transmission, Inc. filed with the Department a Petition for Limited Participant Status.

the January 12 Order, Reply Comments are to be filed with the Department no later than March 29, 2004.

II. Direct Energy's Interest in this Matter

Direct Energy is a wholly owned subsidiary of Centrica plc. and is the market leader in unregulated energy supply in North America. Currently, Direct Energy supplies natural gas as a competitive supplier to customers in Ontario and Manitoba, Canada, and also in Ohio, Michigan, and Pennsylvania. Direct Energy has a strong interest in exploring opportunities to provide retail choices to gas customers in the Commonwealth, as it does other states such as Michigan, Ohio, and Pennsylvania, should the rules for gas retail choice enable such choices to be sustainably provided to Massachusetts customers.

As a potential new entrant into the Massachusetts market, Direct Energy has a direct interest in the operational terms and conditions applicable to retail gas supply in Massachusetts. Through its participation in various gas markets throughout North America, Direct Energy has gained considerable knowledge and experience (including extensive knowledge of the technical aspects of procuring and delivering natural gas) in the competitive natural gas markets. Direct Energy appreciates the opportunity to provide these reply comments and looks forward to participating in the Massachusetts market and contributing to the Commonwealth's continued efforts toward a fully competitive natural gas industry.

III. Direct Energy's Reply Comments

A. To Achieve a Fully Competitive Market in the Natural Gas Industry, Massachusetts Eventually Must Introduce a Voluntary Capacity Assignment Program.

Direct Energy believes that voluntary capacity assignment is the most economically efficient means for marketers to integrate capacity formerly held by the LDCs into marketers' portfolios. As the Department stated in its 1999 Capacity Order, "given the proper market conditions, voluntary assignment would be the most expeditious way to achieve the Department's long-range objective of a fully competitive gas industry in which all customers would have the option to purchase gas commodity and transportation capacity from a wide range of providers operating in a competitive market." 1999 Capacity Order at 28. Moreover, "voluntary assignment may encourage greater participation by marketers initially because marketers would be able to take less capacity than the LDCs currently hold. As a result, they would be able to enter the market with operating costs lower than the LDCs'." 1999 Capacity Order at 28. This, in turn, allows more pricing choices for customers and more customers participating in the market. 1999 Capacity Order at 28.

Other states have concluded that voluntary assignment is the appropriate mechanism for achieving the objective of a fully competitive gas industry. For instance, in New York, after a three-year trial period in which mandatory assignment was required, the New York Public Service Commission ("New York Commission") determined that mandatory assignment of capacity was an obstacle to competition. *See 93-G-0932, 97-G-1380, Re Restructuring of the Emerging Competitive Natural Gas Market*, the Policy Statement Concerning the Future of the Natural Gas Industry in New York State And Order Terminating Capacity Assignment, (issued

November 3, 1998) ("New York Natural Gas Policy Statement"). The New York Commission found that mandatory assignment would "limit the ability of marketers to find and use cheaper capacity and prevent customers from realizing savings." *Id.* at 10. Therefore, in order to "continue the movement to a competitive market," the Commission ordered that as of April 1, 1999, the LDCs could no longer require a mandatory assignment of capacity except where specific operational and reliability requirements warrant. *Id.* at 10-11.

Today, marketers serving New York customers may elect to service their firm customers by using interstate pipeline capacity released by the LDC or contracting with one or more pipelines for firm, non-recallable, primary delivery point capacity.[2] *See* 97-G-1380 et al., *In the Matter of Issues Associated with the Future of Natural Gas Industry and the Role of Local Gas Distribution Companies*, Order Concerning Assignment of Capacity (issued March 24, 1999); Orange and Rockland Utilities Inc., Service Classification No. 11, and Gas Transportation Operating Standards, February 17, 2004; Consolidated Edison Company of New York, Service Classification No. 9, and Sales and Transportation Operating Procedures Manual, February 17, 2004. As noted by Hess, the New York system, while still evolving, has been successful in encouraging marketers to enter the market and customers to switch to competitive suppliers. Hess Initial Comments at 16.

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[2] In the March 24, 1999 Order Concerning the Assignment of Capacity, the New York Commission required gas marketers serving firm gas loads to demonstrate that they had firm non-recallable primary point capacity for the winter season. *See* 97-G-1380 et al., *In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies*, Order Concerning Assignment of Capacity. To ensure that marketers obtain the required capacity and maintain it for the entire winter, New York requires marketers to submit proof of their capacity holdings. *See* 97-G-1380 et al., *In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies,* Order Revising Pipeline Capacity Requirements for Marketers (issued August 28, 2000).

Direct Energy believes that Massachusetts should continue to work toward implementing a voluntary assignment program along the lines of the New York model. However, before focusing its attention on this longer-term goal, Direct Energy encourages the Department to implement immediately the modifications to the current capacity assignment system discussed below.

B. Direct Energy Agrees with the Marketers that the Department Should Substitute a Path Plus Credit/Surcharge Approach for the Current Slice-of-System Approach as the Basis for Capacity Assignment.

In their initial comments, Select Energy, Energy East and Hess (together, the "Marketers")[3] universally recommend that the Department immediately revisit its decision to utilize a "slice-of-system" approach rather than a "path" approach as the basis for capacity assignment. *See* 1999 Capacity Order (ordering a mandatory, slice-of-system approach). Based on its experience elsewhere and its assessment of the Massachusetts market, Direct Energy agrees with the Marketers that the current slice-of-system approach constitutes a significant barrier to entry. Direct Energy suggests that the slice-of-system approach be replaced with a path plus credit/surcharge approach designed to meet three objectives: (1) to assign assets to marketers that are meaningful and usable; (2) to reduce unnecessary administrative costs; and (3) to preclude cost shifting and cost inequities.

[3] The National Energy Marketers Association's Initial Comments do not specifically address this issue, but instead focus on the Association's recommendation that marketers have an "option to purchase capacity up to the proportion needed to serve migrating customers with the ability to purchase more capacity if necessary to serve additional customers acquired in the future or other commercial reasons." National Energy Marketers Association Initial Comments at 2.

(1) Assign Assets That Are Meaningful and (2) Reduce Unnecessary Administrative Costs

Direct Energy concurs with the Marketers that the slice-of-system approach is unworkable due in large part to the fragmentation of capacity contracts. Select Energy Initial Comments at 3; Energy East Initial Comments at 1-5; Hess Initial Comments at 4-5. The slice-of-system approach releases capacity to marketers as a "slice" or percentage of the LDC's overall portfolio. Thus, for example, a marketer who requests the equivalent of one percent of an LDC's overall capacity portfolio is assigned one percent of each and every component of that portfolio, regardless of how small a component may be. Because the LDCs' portfolios already contain numerous fragments of capacity on upstream pipelines, the system becomes unmanageable when broken up into smaller pieces and assigned to competitive suppliers in this manner. *See* Select Energy Initial Comments at 3; Hess Initial Comments at 4-5; Energy East Initial Comments at 4. This fragmentation has resulted in increased administrative burdens and has forced marketers to strand certain fragmented contracts. Hess Initial Comments at 4-5. Moreover, the costs associated with these fragmented contracts and stranded capacity (costs the LDCs do not share) result in the marketers having higher average costs than the LDCs, thereby providing the LDCs with a competitive cost advantage. Hess Initial Comments at 5.

At least one LDC agrees that the slice-of-system approach is problematic.[4] In its Initial Comments, Unitil states:

> "To date, when Unitil has assigned capacity to suppliers, it has used a literal 'slice of system,' which includes multiple pipeline contracts with multiple meter receipt points into the Tennessee system. This

[4] Similarly, the LDCs in Connecticut, specifically agreed with marketers that the Department of Public Utility Control should not adopt a slice-of-system approach. *See DPUC Investigation into Issues Associated with the Unbundleing of Natural Gas Services by Connecticut Local Distribution Companies,* Docket No. 97-07-11PHO2 at 5-6 (November 13, 2000); *Re Connecticut Natural Gas Corporation,* Docket Nos. 99-09-03RE06 (November 27, 2002) (describing the settlement).

> process can result in a supplier being assigned as little as 1 Dth at a given meter supply point, *which essentially makes the assigned capacity of no use to the supplier*."

Unitil Initial Comments at 4 (emphasis added).

Direct Energy concurs with Unitil that a revised approach in assignments is necessary to meet the goal of making capacity assignments meaningful for marketers and reducing unnecessary administrative costs. *See* Unitil Initial Comments at 4 (modifications to the assignment approach should be made "resulting in capacity that could actually be of some use to marketers . . . . ")

(3) Preclude Cost-Shifting and Cost Inequities

Direct Energy believes that another goal in capacity assignment should be to preclude cost inequities. Direct Energy concurs with the Marketers that a path plus credit/surcharge approach will address the current slice-of-system problems of fragmentation and administrative inefficiencies while also addressing concerns regarding cost inequities.

In the 1999 Capacity Order, the Department expressed two concerns regarding the path approach. First, the Department stated that "under a path approach, customers within an LDC's distribution system may experience different pipeline costs, because the pricing for different paths may vary." 1999 Capacity Order at 15. Second, the Department stated that under a path approach customers migrating to transportation early would select the least expensive capacity while those remaining would be burdened with less desirable and more expensive capacity. 1999 Capacity Order at 14-15 and n.19.[5]

[5] KeySpan in its Initial Comments asserts that the slice-of-system approach has been successful because "the LDCs' reliability planning and the equitable allocation of capacity costs have not been disrupted by selective 'cherry picking' of capacity by marketers." KeySpan Initial Comments at 7. As addressed further below, changing to a path plus surcharge/credit approach will result in equitable allocation of costs and will not allow "cherry picking."

To address the first concern and ensure that all customers pay the same share of the LDC's cost of holding a portfolio of upstream pipeline capacity regardless of the capacity path utilized, the Marketers recommend that the Department adopt a credit/surcharge mechanism. Select Initial Comments at 3; Energy East Initial Comments at 1, 7-8; Hess Initial Comments at 6. Energy East recommends that Massachusetts adopt a modified version of the Rhode Island model whereby suppliers have flexibility in selecting contract paths for upstream capacity while surcharging or crediting the supplier for any differential between the actual cost of the contract paths selected and the average cost of the LDC's capacity portfolio. Energy East Initial Comments at 6-7. Energy East asserts that the Rhode Island approach "vastly reduces capacity fragmentation, maximizes operational flexibility and precludes cost shifting." Energy East Initial Comments at 6.

Similarly, Hess suggests that "cost inequities can be eliminated through charges or credits to marketers for the difference in cost between the capacity path assigned to them and the average cost of all capacity on that pipeline." Hess Initial Comments at 6. Hess notes that this method is utilized in New York and Rhode Island and was used by Bay State Gas in its residential pilot program in the mid 1990s. Hess Initial Comments at 6.

The Rhode Island model is instructive because while it utilizes a mandatory capacity allocation system, it allows marketers to select capacity paths from those posted on an annual basis. *See New England Gas Company, Rhode Island Public Utilities Commission Tariff No. 101, Section 6, Transportation Terms and Conditions, Schedule C, 1.07.0 Capacity Release*

(effective Oct. 1, 2003) ("NEGC Terms and Conditions").[6] To address cost inequities, the LDC assesses a surcharge/credit to marketers based on the difference between the charges of the upstream pipeline transportation capacity and the weighted average of the LDC's upstream pipeline transportation capacity charges. NEGC Terms and Conditions at sheet 13. To the extent the charges of the released pipeline capacity are greater than the weighted average charges, the marketer receives credit for the difference based on the total quantity of capacity released by the LDC to the marketer. *Id.* To the extent that the cost of the released pipeline capacity is less than the weighted average cost, the marketer is surcharged for the difference. *Id.* By adopting a credit/surcharge approach similar to the Rhode Island system, Massachusetts can meet the goal of an allocation program that eliminates cost inequities.[7]

To address the Department's second concern that early entrants will receive the more advantageous pieces of capacity, Hess suggests that paths be determined and released annually. Hess Initial Comments at 6. Similarly, Energy East suggests that LDCs post their capacity paths on an annual basis. Energy East Initial Comments at 7. Direct Energy concurs that annual release of capacity paths structured to provide all suppliers with an equal opportunity to claim the paths they desire will prevent inequities among early and late entrants.

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[6] In Rhode Island, each marketer is required to accept, for each customer account, an assignment of a portion of the LDC's firm interstate pipeline transportation capacity. NEGC Terms and Conditions at sheet 11. The amount released is based on the pro-rata percentage of the customer account's Average Normalized Winter Day Usage to the system total, and the pipeline on which the capacity is released. For most customers, the quantity is reviewed annually against the customer's most recent usage patterns. *Id.* Any change in the required capacity is reflected in a revised capacity release with the marketer for effect on the following November 1st. *Id.* Each marketer's capacity assignment associated with customers in an aggregation pool is reviewed on a monthly basis and adjusted to reflect any net changes resulting from the addition and deletion of customers to the pool. *Id.* at sheet 14.

[7] In its Initial Comments, KeySpan suggests that a path approach will allow marketers to choose the least expensive paths thereby shifting the "-expensive capacity to the firm sales customers or deny them assets of greater reliability." KeySpan Initial Comments at 9. As addressed above, the path plus credit/surcharge approach addresses KeySpan's inequitable costs concerns by basing surcharges and credits on the average cost of the LDC's capacity portfolio.

(4) Timing Of A Change To A Path Approach

Regarding the timing for a change to the path approach, Hess encourages the Department to "change its policy as soon as practicable to allow the market to operate on a path basis before the start of next winter." Hess Initial Comments at 7. Energy East recommends that the Department initiate appropriate proceedings to implement the changes effective November 1, 2004. Energy East Initial Comments at 1.[8] Direct Energy recommends that regardless of the mechanism chosen to institute the change, it should be commenced as soon as possible to ensure that the new approach is in place by late summer (August/September), thereby allowing all parties to take the new system into account when planning for the 2004-05 winter.

In sum, Direct Energy encourages the Department to adopt a system that ensures that assigned assets are meaningful, reduces administrative inefficiencies and precludes cost shift and cost inequities. It is clear that the current slice-of-system approach is not meeting these goals. The fragmentation of upstream contracts remain a significant barrier to entry to the Massachusetts gas market. The slice-of-system approach is administratively burdensome and greatly increases the risk of entering the market. While shielding existing LDC customers from the potential harm of inequitable cost-shifting, the policy also shields these customers from the potential benefits of competitive offerings from marketers being able to enter the market unburdened by the costs of unusable capacity. Direct Energy believes that the path plus credit/surcharge approach can rectify these problems and still meet the goal of precluding cost inequities as effectively as the slice-of-system approach. Finally, Direct Energy encourages the

[8] While Select recommends that the Department revisit its decision regarding the use of slice-of-system and change to a path approach, it does not recommend a specific timetable for doing so. Select Initial Comments at 3.

Department to implement the change to the path plus credit/surcharge approach as soon possible and in time for 2004-05 winter planning.

C. Direct Energy Agrees with Hess that the Department Should Eliminate the Monthly Recall and Re-Release Process for Assigning Capacity and Replace it with Annual Baseload Releases.

In its Initial Comments, Hess urges the Department to eliminate the LDCs' practice of recalling and re-releasing all assigned capacity to marketers every month. Hess Initial Comments at 7; *see also* Model Terms and Conditions Sections 13.4 (Capacity Assignments); 13.7 (Recall of Capacity); 24.5 (Enrollment, Cancellation and Termination of Supplier Service). Hess asserts that "monthly recall and re-release of every contract takes away all flexibility marketers might have to work the greatest value of these resources while at the same time, customers lose price efficiencies." Hess Initial Comments at 7. Direct Energy agrees with Hess that monthly recall and re-release of every contract is administratively burdensome and limits marketers' flexibility to maximize the value of their assigned capacity. *See* Model Terms and Conditions Sections 13.4; 13.7, and 24.5.

Hess urges the Department to require the LDCs to adopt the New York method of recall and re-release. Hess Initial Comments at 8. Under the New York model, LDCs calculate and release baseload levels of capacity associated with the market's load for the year and only execute monthly recalls and re-releases of incremental levels of capacity. Hess Initial Comments at 7-8. Under this approach, Hess asserts, marketers will be able to manage multiple month value-added strategies in the off-peak periods. Hess Initial Comments 7-8. This approach has been adopted in Rhode Island where the capacity assignments are reviewed and re-released each November 1st and are subject to annual adjustment. *NEGC Terms and Conditions* at sheet 17.

Direct Energy agrees with Hess that the current practice of monthly re-release and recalls must be eliminated in order to maximize the value of capacity held by marketers. *See* Model Terms and Conditions Sections 13.4; 13.7; 24.5. Direct Energy suggests that the Department implement a modified version of the New York recall and release model. Specifically, Direct Energy agrees that there should be annual baseload releases, but proposes that the LDCs release between 70-80% of the marketer's capacity based on the marketer's current customer base. A 70-80% annual release rather than 100% provides additional flexibility to both the marketers and the LDCs to address normal monthly fluctuations in customers served.

Under this proposal, the LDCs would maintain their rights to recall any or all of a marketer's assigned capacity in the event a marketer is declared ineligible to nominate gas for thirty days or is disqualified from service for a year. *See* Model Terms and Conditions Sections 11.6.6; 12.6.3. Such recall options would continue to be implemented at the LDCs' discretion. *See* Model Terms and Conditions Sections 13.7.5; 13.7.6. Moreover, the LDCs would maintain their right to recall permanently any or all of a marketer's capacity if the marketer fails to meet its responsibilities under the Terms and Conditions or Supplier Service Agreement. *See* Model Terms and Conditions Section 13.7.7.[9]

D. Direct Energy Concurs with Energy East that the Department Should Modify the Non-Daily Metered Program to Ensure More Consistency Between Nominated and Actual Volumes.

In its Initial Comments, Energy East recommends that the Model Terms and Conditions be amended to require the LDCs to provide baseload and temperature-sensitive components of

[9] Similarly, in Rhode Island, the releases are subject to recall (1) when required to preserve the integrity of the LDC's facilities and service; (2) at the LDC's option, whenever the marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other conditions set forth in the Capacity Release Transaction between the marketer and the LDC. NEGC Terms and Conditions at sheet 17.

the algorithms used for non-daily metering customers so that "suppliers may more accurately plan for and meet actual market requirements." Energy East Initial Comments at 12. Energy East also recommends that the Department review the summer month algorithms to remove any temperature-sensitive load predicted by the algorithm where it does not in fact occur. Energy East Initial Comments at 12-13.

Direct Energy agrees with Energy East that the Model Terms and Conditions should be modified to require LDCs to provide additional information to marketers regarding the structure of the algorithms used to determine daily delivery requirements. *See* Model Terms and Conditions Section 12.3 (nominations and scheduling of service). Specifically, the Department should require the LDCs to provide sufficient information to the marketer to allow the marketer to replicate the process (and results) the LDC uses to develop the daily delivery requirements for non-daily metered customers. *See* Model Terms and Conditions Section 12.3.2 (addressing calculation of the consumption algorithm). Doing so will minimize imbalances by allowing better management of supply and demand. This, in turn, will result in lower costs for all customers.

Direct Energy also concurs with Energy East that the current algorithms for non-daily metered customers should be revised to reflect consumption more accurately. Direct Energy notes that the problem with the summer month algorithms described by Energy East can also occur in the winter months. For example, the algorithms used by the LDCs may cause marketers to over-deliver during winter months, especially in months where degree days are higher than normal. Thus, Direct Energy recommends that both the summer and winter months algorithms be revised accordingly. *See* Model Terms and Conditions Sections 12.3.2, 12.3.3 (noting the

formation of a collaborative working group to address a standard nomination process, including the development of consumption algorithms).

Direct Energy also suggests that the non-daily metered program be modified to allow more frequent "true-ups" of actual versus delivered volumes which currently only occur two times a year. *See e.g.*, The Berkshire Gas Company, Distribution Service Terms and Conditions at Section 12.6.5. Specifically, Direct Energy proposes that the Model Terms and Conditions be modified to require true-ups on a monthly basis with a 30-40 day lag period. Such a system will encourage more accurate forecasting by the LDCs, which, in turn, will lower costs for all participants. Given the volatility in the underlying gas market, substantial changes in prices can occur over a six-month period. Under the current system, the parties who have no control over the forecasting bear the price risk of inaccurate forecasting and price volatility. Shortening the true-up period from six months to one will provide for a more appropriate allocation of risk.[10]

IV. Conclusion

As a potential new entrant in the Massachusetts natural gas market, Direct Energy appreciates the opportunity to provide these Reply Comments and looks forward to working with

[10] Direct Energy notes that several utility programs such as those offered by Dominion East Ohio and Atlantic Gas and Light currently utilize monthly true-up systems.

the Department and the other commenters as Massachusetts continues to move toward a fully competitive natural gas market.

Respectfully submitted,

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