

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Direct Energy Services LLC)	Docket No. RC07-4-000
Sempra Energy Solutions LLC)	Docket No. RC07-6-000
Strategic Energy, LLC)	Docket No. RC07-7-000

(NOT CONSOLIDATED)

**COMMENTS OF
THE MICHIGAN PUBLIC SERVICE COMMISSION**

Pursuant to Rule 215 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission or FERC”), 18 C.F.R. § 385.215 (2007), the Michigan Public Service Commission (“MPSC”) hereby supplements its timely filed intervention of October 29, 2007 in the referenced proceedings. The MPSC states as follows.

Section 215(b) of the Federal Power Act provides that “all users, owners and operators of the bulk-power system shall comply with reliability standards that take effect under this section.”¹ By Commission order, the North American Reliability Corporation’s (“NERC”) Reliability Standards became mandatory and enforceable for all owners, operators, and users of the bulk power system.² Retail power marketers as users of the bulk power system should be required to comply with relevant and applicable NERC Reliability Standards and therefore be registered as load serving entities (“LSEs”). NERC defines an LSE as a party that “secures energy and transmission service (and related interconnection operations services) to service the electrical demand and energy requirements of its end-use customers.”³ The designation as

¹ 16 U.S.C. § 824b.

² *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh’g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

³ NERC Statement of Compliance Registry Criteria (Rev. 3.1)

LSEs of Direct Energy Services, LLC (“DES”), Sempra Energy Solutions LLC (“Sempra”), and Strategic Energy, LLC (“Strategic”) by NERC and ReliabilityFirst is consistent with NERC’s definition of an LSE.

There are, by that definition, numerous reliability functions that are to be performed by LSEs. A blanket exemption from LSE designation for retail power marketers would create a reliability gap as these entities would not be obligated to perform certain essential functions. The MPSC, however, acknowledges that not all of the Reliability Standards may apply to LSEs such as retail power marketers –DES, Sempra, and Strategic– that do not own assets and that it is incumbent for NERC and the Regional Entities to determine which Reliability Standards are applicable and essential to reliability for such LSEs. Issues of extreme importance to the MPSC are resource adequacy and reserve margins. Retail power marketers such as Direct Energy, Strategic Energy, and Sempra should be registered as LSEs so that they will be obligated to comply with any and all NERC and ReliabilityFirst resource adequacy requirements and reserve margin requirements. Given the importance of resource adequacy and planning reserves, no exemption should be made for any LSE, including retail power marketers, from resource adequacy requirements. If retail power marketers were not obligated to comply with current or future resource adequacy requirements, they would have no NERC or regional reliability requirement to plan for and obtain sufficient resources to meet the applicable reserve requirements for their retail loads.

Similarly, the MPSC believes that retail power marketers should be required to provide information concerning their load to the extent needed to ensure reliability of service. Appellants state that to some extent the information concerning retail power marketers’ loads is already being provided by traditional utilities. However, as retail power marketers participate more

fully in energy markets and serve more load, the ability of traditional utilities to forecast such load may change. Consequently, retail power marketers would need to assume the responsibility for the forecasting requirements for the load that they serve. Moreover, these entities are authorized to enter third-party agreements as needed to comply with applicable Reliability Standards.

Accordingly, based on the foregoing, the MPSC requests that if the parties cannot reach an agreement after meeting to discuss the Reliability Standard requirements that FERC appoint a settlement judge regarding which of the requirements should be made applicable to retail power marketers.

Respectfully submitted,

**THE MICHIGAN PUBLIC SERVICE
COMMISSION**

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Dated: November 6, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served, via electronic mail or first class mail, the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 6th day of November, 2007.

/s/ M. Denyse Zosa

M. Denyse Zosa

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