

Ancillary Services

Necessary services that must be provided in the generation and delivery of electricity. As defined by the Federal Energy Regulatory Commission, they include: coordination and scheduling services (load following, energy imbalance service, control of transmission congestion); automatic generation control (load frequency control and the economic dispatch of plants); contractual agreements (loss compensation service); and support of system integrity and security (reactive power, or spinning and operating reserves).

Bcf

The abbreviation for 1 billion cubic feet of natural gas.

Btu (British Thermal Unit)

A standard unit for measuring the quantity of heat energy equal to the quantity of heat required to raise the temperature of 1 pound of water by 1 degree Fahrenheit.

Capacity Charge

An element in a two-part pricing method used in capacity transactions (energy charge is the other element). The capacity charge, sometimes called Demand Charge, is assessed on the amount of capacity being purchased.

Day-Ahead Market

The forward market for energy and ancillary services to be supplied during the settlement period of a particular trading day that is conducted by the Independent System Operator, the power exchange, and other Scheduling Coordinators. This market closes with the Independent System Operator's acceptance of the final day-ahead schedule.

Day-Ahead Schedule

A schedule prepared by a Scheduling Coordinator or the Independent System Operator before the beginning of a trading day. This schedule indicates the levels of generation and demand scheduled for each settlement period that trading day.

Demand

The rate at which energy is delivered to loads and scheduling points by generation, transmission, and distribution facilities.

Demand (Electric)

The rate at which electric energy is delivered to or by a system, part of a system, or piece of equipment, at a given instant or averaged over any designated period of time.

Demand Bid

A bid into the power exchange indicating a quantity of energy or an ancillary service that an eligible customer is willing to purchase and, if relevant, the maximum price that the customer is willing to pay.

Demand-Side Management

The planning, implementation, and monitoring of utility activities designed to encourage consumers to modify patterns of electricity usage, including the timing and level of electricity demand. It refers only to energy and load-shape modifying activities that are undertaken in response to utility-administered programs. It does not refer to energy and load-shape changes arising from the normal operation of the marketplace or from government-mandated energy-efficiency standards. Demand-Side Management (DSM) covers the complete range of load-shape objectives, including strategic conservation and load management, as well as strategic load growth.

Distribution System

The portion of an electric system that is dedicated to delivering electric energy to an end user.

Interruptible Load

Refers to program activities that, in accordance with contractual arrangements, can interrupt consumer load at times of seasonal peak load by direct control of the utility system operator or by action of the consumer at the direct request of the system operator. It usually involves commercial and industrial consumers. In some instances the load reduction may be affected by direct action of the system operator (remote tripping) after notice to the consumer in accordance with contractual provisions. For example, loads that can be interrupted to fulfill planning or operation reserve requirements should be reported as Interruptible Load. Interruptible Load as defined here excludes Direct Load Control and Other Load Management. (Interruptible Load, as reported here, is synonymous with Interruptible Demand reported to the North American Electric Reliability Council on the voluntary Form EIA-411, "Coordinated Regional Bulk Power Supply Program Report," with the exception that annual peakload effects are reported on the Form EIA-861 and seasonal (i.e., summer and winter) peakload effects are reported on the EIA-411).

Load (Electric)

The amount of electric power delivered or required at any specific point or points on a system. The requirement originates at the energy-consuming equipment of the consumers.

Mcf

One thousand cubic feet.

Megawatthour (MWh)

One million watthours.

MMcf

One million cubic feet.

Peak Demand

The maximum load during a specified period of time.

Power Marketers

Business entities engaged in buying, selling, and marketing electricity. Power marketers do not usually own generating or transmission facilities. Power marketers, as opposed to brokers, take ownership of the electricity and are involved in interstate trade. These entities file with the Federal Energy Regulatory Commission for status as a power marketer.

Power Pool

An association of two or more interconnected electric systems having an agreement to coordinate operations and planning for improved reliability and efficiencies.

Rate Base

The value of property upon which a utility is permitted to earn a specified rate of return as established by a regulatory authority. The rate base generally represents the value of property used by the utility in providing service and may be calculated by any one or a combination of the following accounting methods: fair value, prudent investment, reproduction cost, or original cost. Depending on which method is used, the rate base includes cash, working capital, materials and supplies, and deductions for accumulated provisions for depreciation, contributions in aid of construction, customer advances for construction, accumulated deferred income taxes, and accumulated deferred investment tax credits.

Ratemaking Authority

A utility commission's legal authority to fix, modify, approve, or disapprove rates, as determined by the powers given the commission by a State or Federal legislature.

Regional Transmission Organization

A utility industry concept that the Federal Energy Regulatory Commission embraced for the certification of voluntary groups that would be responsible for transmission planning and use on a regional basis.

Retail Competition

The concept under which multiple sellers of electric power can sell directly to end-use customers and the process and responsibilities necessary to make it occur.

Retail Market

A market in which electricity and other energy services are sold directly to the end-use customer.

Transmission

The movement or transfer of electric energy over an interconnected group of lines and associated equipment between points of supply and points at which it is transformed for delivery to consumers, or is delivered to other electric systems. Transmission is considered to end when the energy is transformed for distribution to the consumer.

Transmission System (Electric)

An interconnected group of electric transmission lines and associated equipment for moving or transferring electric energy in bulk between points of supply and points at which it is transformed for delivery over the distribution system lines to consumers, or is delivered to other electric systems.

Utility Consolidated Billing

In a market with Utility Consolidated Billing (“UCB”), the utility offers an option to Alternative Retail Electric Suppliers (“ARES”) in which it provides, for a fee, a single bill to the customer that includes both the utility’s delivery charges and the ARES’ supply charges. ARES supply charges, included on the consolidated bill, are sent to the utility via electronic communication. The utility performs all regular billing and payment processing functions that it performs for customers on utility supply. The utility then forwards customer payments for the ARES supply portion of the consolidated bill to the ARES. The utility recovers the cost of UCB through fees assessed to the ARES.

Utility Distribution Companies

The entities that will continue to provide regulated services for the distribution of electricity to customers and serve customers who do not choose direct access. Regardless of where a consumer chooses to purchase power, the customer's current utility, also known as the utility distribution company, will deliver the power to the consumer's home, business, or farm.

Wires Charge

A broad term which refers to charges levied on power suppliers or their customers for the use of the transmission or distribution wires.