

CASE No. 8908 - Standard Offer Service (SOS) Bidding Procedures

During Fiscal Year 2006, OPC continued to closely observe the bidding process used by Maryland utility companies to buy wholesale power to supply its customers. This supply is known as Standard Offer Service (SOS) and is used by the vast majority of residential customers. After an evidentiary hearing on improvements to the procurement process, the PSC adopted a request for proposal (RFP) and contract for the utilities to use to procure SOS power. OPC monitored the conduct of this RFP process, which occurred on December 5, 2005, January 23, 2006, and February 21, 2006. During the process, OPC requested that the load for certain BGE customers, the time-of-use or RL customers (which account for about 10% of BGE's customers), be combined for bidding purposes with the rest of BGE's residential customers. OPC made this request in hopes of garnering more bidding interest on the load of the time-of-use customers. The PSC approved the change sought by OPC on February 10, 2006. The RFP process conducted by the utilities in this case resulted in high SOS rates and large rate increases for customers of PEPCO, Delmarva and, particularly, BGE. Proposals to defer portions of those possible rate increases were docketed by the PSC in Case Nos. 9052 and 9058.