

Electric Choice Supplier Handbook
Glossary of Terms

Glossary of Terms

These definitions are for the purposes of this document only and do not apply to tariff and other documents that may contain different definitions.

Aggregation

Pooling together customers or electric loads to create a larger buying group for purchasing power.

Aggregator

Entity that pools customers into a buying group for the purpose of purchasing a large block of power. AESs, customers, and brokers may also act as aggregators.

Alternative Electric Supplier (AES)

Entity authorized to make retail sales of electricity according to requirements defined by the Michigan Public Service Commission. Alternative electric suppliers purchase the power they market and take title to any power they represent.

Ancillary Services

Services necessary to maintain reliable operation of the transmission system during the delivery of power from the marketer to the utility's distribution system. Ancillary services must be offered by the transmission provider to buyers or sellers of retail electricity. Six key ancillary services scheduled through the Midwest Independent System Operator (MISO) are:

- Scheduling, system control, and dispatch
- Reactive supply and voltage control from generation sources
- Regulation and frequency response
- Energy imbalance
- Operating reserve . spinning reserve
- Operating reserve . supplemental reserve

Billing Determinants

Measured or calculated values used to determine a bill. These include applicable usage values, fixed charges, and any minimums.

Broker

Entity that arranges the sale and purchase of energy, transmission, and other services between buyers and sellers but does not take title to any of the power in the transaction.

Commercial Pricing Node (CPNode)

Represents an aggregate price for a collection of Elemental Pricing Nodes. Energy supply and demand are financially settled at the CPNode level. The settlement function is performed by Midwest Independent System Operator (MISO).

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Commercial Customer

Customer who is generally referred to as the business customer. Commercial customers can fit into one of several categories; i.e., large or small, manufacturing and non-manufacturing. Generally Detroit Edison would own the high voltage transformation equipment used to serve this customer.

Company's System

All electric generation, transmission, and distribution facilities owned by Detroit Edison.

Complete Billing Option

Billing option under which Detroit Edison will supply the customer with a single bill that includes distribution charges and the AES's charges.

Creditworthiness

Ability of an entity to meet specific financial obligations necessary to receive credit from and transact business with Detroit Edison.

Customer

End-user of electricity at one or more locations in the State of Michigan, who has facilities connected to the Detroit Edison distribution system.

Customer Classes

Traditional utility customer groupings, generally industrial, commercial, and residential customers. See also Bid Classes.

Direct Access

See retail access. The Detroit Edison preferred term is retail access.

Distribution Surcharges

Additional charges on the customer distribution bill authorized by MPSC Final Order in various rate cases. Distribution surcharges include, but are not limited to: Nuclear Decommissioning Surcharge; Securitization Bond Charge and Securitization Bond Tax Charge; and Choice Implementation Surcharge.

Distribution System

Low-voltage electrical system used to deliver electricity from the wholesale transmission system to the end-use customer.

Distribution Utility

Regulated electric utility that constructs, maintains, and operates the distribution system that connects the transmission grid to end-use customers. In most cases this entity offers "customer

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service” functions (such as metering and billing) that extend beyond the wires function to distribute tariffed bundled service. Detroit Edison serves as the distribution utility for much of southeastern Michigan. Also known as Local Distribution Company (LDC) or Utility Distribution Company (UDC).

EI Server

System used to translate/collect time-of-use information from electric meters via telephone lines or portable computer devices.

Electric Choice

Name for the Detroit Edison retail access program.

Electric Utility

Private entity or state agency (including any municipality) with a monopoly franchise, that sells electric energy to end-users. This term usually refers to a vertically integrated utility that provides generation, transmission, and distribution services.

Electricity Generator

Regulated or unregulated entity that operates and maintains power plants or other generation sources with the capability of producing electricity for sale to customers.

Electronic Funds Transfer (EFT)

Generic term for electronically transferring money between financial institution accounts.

Federal Energy Regulatory Commission (FERC)

Federal counterpart to state utility regulatory commissions. FERC regulates the prices, terms, and conditions of power sold in interstate commerce. FERC also regulates the prices, terms, and conditions of all transmission services.

Full Service

Provision of electric generation, transmission, distribution, and related support functions as a combined service (also known as “bundled” service). This represents the normal offering from today’s vertically integrated electric utilities.

Generator

See Electricity Generator.

Hourly Load Determination

Method for calculating the hourly usage for a specific customer based on the total kWh consumed and a representative hourly profile for the customer class.

Industrial Customer

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Customer who is generally a major user of electricity and owns its high-voltage transformation equipment. This type of customer is assigned to an account executive who is responsible for handling all account matters, including service quality.

Interval Meter

Meter that measures and accumulates how much energy a customer uses during specific time intervals, usually an hour or half-hour.

Kilowatt (kW)

One thousand watts of power. A light bulb is often 100 watts.

Kilowatthour (kWh)

A measure of electricity consumption equivalent to the use of 1000 watts of power for a one-hour period.

Large Customer

Customer with ownership and control over a load that is greater than one (1) megawatt. The one (1) megawatt minimum may be a single location or the sum of non-coincident loads at multiple locations.

Line Losses

Energy consumed in moving power through a utility's system between the point of receipt and the point of delivery. Line loss percentages, also referred to as real power losses, are referenced in the Electric Choice Rider, Sec. E 18.

Load

Amount of electricity required at a given time by energy customers measured in kilowatts.

Load Duration Curve

Graph of a customer's metered interval kilowatt demands achieved over a given time period ranked from high to low.

Load Profiling—Leading

Method for forecasting load profile demand data for the purpose of scheduling generation. In some cases profiling may also be used for reconciliation thereby shifting imbalance risk to the host utility.

Load Profiling—Following

Method of using established load profiles and measured kWh usage to calculate hourly energy use over a given period for purposes of reconciliation calculations. The imbalance risk remains with the Marketer. Detroit Edison is using this method.

Local Distribution Company (LDC)

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See Distribution Utility definition.

Marketer

Entity that takes title to and sells power and has FERC approval to market energy services. The Marketer role may also be assumed by utilities that sell power outside their own service areas. Within the Detroit Edison Electric Choice Program, the term Marketer takes on a more specific meaning. It refers to the entity that lines up sources of generation and arranges to move the power through one or more transmission systems to deliver it to the Detroit Edison distribution system. A Marketer can also be a AES.

Maximum Demand

The highest demand of the load that has occurred within a specified period of time.

Megawatt (MW)

One million watts of power.

Meter Profile

An attribute that identifies an Electric Choice customer's metering and how the meter will be read.

Michigan Public Service Commission (MPSC)

Entity created by Michigan law to regulate investor-owned electric and rural electric cooperatives within the state.

Midwest Independent System Operator (MISO)

Independent third-party with no financial interest in generation facilities that administers the operation and use of transmission systems owned by utilities. MISO exercises final authority over the dispatch of generation to preserve reliability and facilitate efficiency, ensures non-discriminatory transmission access, administers transmission tariffs, ensures the availability of ancillary services, and provides information about the status of the transmission system and available transmission capacity. MISO also determines energy balance/imbalance status for each MISO participant. MISO is regulated by FERC.

Non-Coincident Demand/Loads

Sum of the individual maximum customer loads (or demands) measured at different locations at whatever time each location reaches the maximum. This is in contrast to a coincident demand determination in which the hourly demands for the relevant locations are summed and then the peak hour for that sum becomes the relevant measure.

Nondiscriminatory Pricing

Requires utilities to charge the same fees to all users for like transactions and services.

Obligation to Serve

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Obligation of a utility to provide electrical service to any customer who seeks that service and agrees to pay the regulated rates set for that service.

Open Access

See retail access. Detroit Edison prefers to use the term retail access.

Optional Ancillary Service

Optional services used during the delivery of power that a Marketer, AES or customer may purchase from a transmission provider. (See also Ancillary Services).

Optional Interval Metered Service (OIMS)

A meter profile in Electric Choice. Electric Choice customers that have elected to have an interval meter with working phone line to transmit usage data. The service has a monthly fee and one-year commitment.

PA 141 of 2000

Law that specifies "all retail customers in this state have a choice of electric suppliers." It directs the Michigan Public Service Commission to "issue orders establishing the rates, terms, and conditions of service that allow all retail customers of an electric utility or provider to choose an alternative electric supplier." The law was amended in 2008 to limit choice participation to 10% of a utility's sales (10% Cap).

Participant

Generic term used to describe entities involved in the Electric Choice Program. Examples include customers, bidders, aggregators, AESs, and Marketers.

Peak Demand/Peak Load

Electric load (in kilowatts) that corresponds to the maximum level of electric demand in a specified period of time.

Point of Delivery (Distribution)

Point where a utility transfers power from its transmission system to the customer's service location or to another utility's transmission system, usually at the electric meter.

Point of Receipt (Distribution)

Point where a utility receives power from a Marketer/AES for delivery through its transmission system to a customer or to another utility's transmission system, usually at the transmission/distribution system interface.

Power

Combination of the electric demand and energy requirements of a customer. Also relates to the generation or transfer of electric power. Usually expressed in kilowatts.

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Price Schedule

Table of billing determinants and associated prices used by the AES for billing their customers. When the complete billing option is used, the AES provides Detroit Edison this information to calculate the AES portion of the customer's electric bill.

Primary Customer

Non-residential customer, served at 4,800 volts or higher.

Primary Interval Metered Service (PRIMS)

A meter profile in Electric Choice. Primary Service customers that participate in Electric Choice must have an interval meter with a working phone line to transmit usage data.

Rate Schedule

Document describing the services provided and related terms, conditions, and prices for products and services received from the local distribution company or other regulated provider. Detroit Edison's rates are approved by the MPSC and published in The Detroit Edison Rate Book for Electric Service.

Rate Ready Schedule

Basic rate information provided to Detroit Edison by the alternative electric supplier when the alternative electric supplier selects the complete billing option. The schedule identifies specific product offerings the alternative electric supplier is providing to the customer.

Reactive Supply and Voltage Control

Maintenance of voltages within acceptable limits by operating generation and transmission facilities within a control area. This is a mandatory ancillary service.

Real Power Losses

See Line Losses.

Reconciliation

Hourly comparison of a Marketer's schedule (energy provided) to its customer's collective loads (including losses) to determine if the Marketer met its load, or oversupplied or undersupplied energy within the hour. This becomes the determinant for energy imbalance charges or payments. This responsibility is performed by MISO.

Regional Transmission Organization (RTO)

Regional Transmission Organizations that administer the transmission grid on a regional basis throughout North America (including Canada). Midwest Independent System Operator (MISO) is an RTO.

Regulation and Frequency Response

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Provision of continuous balancing of generation and interchange power with load and maintaining scheduled interconnection frequency at 60 cycles per second. This is a mandatory ancillary service.

Residential Customer

Residential dwelling (house, condominium, apartment) that is individually metered.

Retail Access

Ability of a retail customer to purchase electricity from an AES other than the local utility and have it delivered over the local utility's transmission and distribution system (Also known as direct access and open access). The Detroit Edison retail access program is known as Electric Choice.

Retail Access Service Rider (RASR)

Michigan Public Service Commission approved rider which sets forth the Detroit Edison, terms and conditions of service for the delivery of energy purchased by the customer from an AES and supplied by a Marketer at a designated point of receipt and ultimate delivery to an end-use customer.

Retail Access Transaction

Contract between one or more generators, Marketers, or AESs of electric power and one or more AESs or customers providing for the purchase and sale of energy. Contract between an AES or Marketer and the local distribution company for the delivery of energy and/or any ancillary services.

Retail Wheeling

Act of transmitting power from a third-party generator to a retail customer to complete a retail access transaction.

Retailer

See Alternative Electric Supplier

Scheduling

Scheduling the movement of power through, into, within or out of a control area.

Separate Billing Option

Billing option under which the customer will receive separate bills from Detroit Edison for distribution services and from their AES for energy and other, related AES charges.

Separately Metered Load

Electrical load which is served through a single meter or group of meters so that the usage is uniquely identified.

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SINK

Unique four-character node identifier used in transmission path naming terminology to represent the location or aggregate location where energy is consumed.

SINK-Meter Link

Functional process which establishes the relationship between a customer and its Marketer. The customer, identified by the meter number, is connected or linked to a particular load group which belongs exclusively to a unique Marketer.

Special Contract

Contract that provides for utility service under terms and conditions other than those listed in the utility's tariff. The ability of a customer to participate in Retail Access is limited by the terms of any special contracts under which they may be presently operating.

Spinning Reserve

Reserve generating capacity that is immediately available to meet unexpected power needs. Referred to as spinning because the generating units are on-line and available to serve additional load immediately.

Standard Load Profile (SLP)

A meter profile in Electric Choice. Electric Choice customers that do not have an interval meter with working phone line. These customers will be read via meter reading route. The service load and type determine the load profile. The standard load profile is used by the Alternative Energy Supplier for scheduling of power only – this is not used to bill the customer.

Stranded Costs

MPSC-approved costs such as generation, power contract, and regulatory assets currently paid by customers, but which may not be recoverable by the utility if customers switch to another supplier.

Supplier

Entity that owns or has title to electric generation. Detroit Edison sometimes uses the terms AES and/or Marketers when referring to suppliers.

Time Of Use (TOU) Meter

Meter that measures and accumulates customer energy usage during specific time-of-day intervals, usually an hour or half-hour and in total.

Time Of Use Rates

Rates charged to customers based on when they use energy as well as how much energy they use. These are usually fixed rates specified for different blocks of time and are based on forecast costs.

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Transition Charge

Mechanism by which stranded costs continue to be paid by customers who switch to another supplier. These costs include implementation costs required to facilitate retail access.

Transmission Loading Relief (TLR)

A North American Electric Reliability Council-approved procedure used for interconnected electric systems in the eastern portion of the United States to maintain transmission service reservation priorities provided by open access transmission tariffs and to avoid or eliminate operating limit violations which jeopardize the safety and reliability of lines and equipment.

Transmission Provider

Entity that provides transmission service, including ancillary services in a given geographic area. International Transmission Company (ITC) provides this function in Detroit Edison's service territory.

Transmission Service

High-voltage, bulk transport of power from generators to a specified distribution system. The transmission provider maintains and operates the transmission system in a given geographical area to ensure overall reliability of the electric system.

Transmission System

High-voltage wires that connect generation facilities with distribution facilities.

Utility

Regulated entity that exhibits the characteristics of a natural monopoly. For the purposes of electric industry restructuring, utility refers to the regulated, vertically integrated electric company. Transmission utility refers to the regulated owner/operator of the transmission system only. Distribution utility refers to the regulated owner/ operator of the distribution system that serves retail customers.

Utility Distribution Company (UDC)

See Distribution Utility. Also known as Local Distribution Company.

XML

Extensible Markup Language, Detroit Edison's EDI format for communicating data among Electric Choice participants.