

ENERGY Terms

Ancillary Services Costs	Portion of costs included in electric supply prices that covers system operating costs such as operating reserves, regulation charges, PJM scheduling, reactive supply, voltage control and spinning reserve charges.
ARR	Auction Revenue Rights. Allocation of revenues from PJM's Annual FTR auction distributed to Firm Transmission Service customers.
ATC	Around the Clock – Represents hours covered under an electricity delivery period which is 24 hours a day regardless of weekday, weekend or holiday.
Basis	The difference in price between delivery points, such as PJM West Hub vs. DPL.
Block Index	An electric purchase structure whereby a buyer/user purchases electricity at hourly rates and purchases wholesale fixed rate block purchases to stabilize portions of the electric price.
Block Purchase	Amount of power purchased in MWs for a defined time of the day (on peak, off peak or ATC) and term length (1 month, summer period, 1 year, 2 year etc.) at a fixed rate per MW.
Broker	Party that sells or arranges the sale of energy commodity and is directly compensated by an energy supplier.
Capacity	Amount of electric generation available to be put out onto the grid.
CSP	Curtailment Service Provider – PJM authorized entity to offer demand response programs.
DA	Day Ahead Market – Hourly electric prices set a day ahead time, an alternative to buying on the real time hourly market.
Default Rate	See utility default rate.
Demand Response	End user electric usage curtailment during peak or grid emergency periods to reduce costs or generate revenue.
Distribution Cost	Local utility charges for delivering electricity or natural gas bill through the local distribution system – represents a portion of the total electric and/or gas bill.
DOE	Department of Energy.
DPL	Delmarva Power & Light - Energy zone on supply side, utility on distribution side.
EDI	Electronic Data Interchange – file formats for exchanging data or executing transactions electronically between parties – used by utilities and ISOs.

Electric Demand	Amount of electricity that flows to a customer meter at a point in time. Measured in Kilowatts (kw).
EACs	Energy Attribute Certificates – Certificates evidencing quantities of renewable energy generated during a specific time. REC's are sold by brokers and suppliers to end users represents.
Electric Supply	Portion of electricity that can be purchased from third party suppliers. Electric supply includes energy, capacity, transmission, ancillary costs, required renewable costs, and supplier margin/fees.
ELRP	Emergency load response program – program initiated by PJM where end users are paid to curtail electric demand during grid emergency events in return for cash payments (thru CSP).
FERC	Federal Energy Regulatory Commission – Mission includes helping ensure long term reliability of grid system, oversees PJM.
Forward Market	Prices of energy today for delivery in the future – Prices available on futures exchanges such as ICE or over the counter.
FRR	Fixed Resource Requirements. Alternative to PJM Capacity Market where LSE must commit fixed capacity resources for a 5 year term.
Full Requirements	Contract structure whereby supplier provides all usage requirements for a specific term at a fixed price.
Hedge	Fixed price commitment for future delivery of energy for a defined quantity of energy.
Henry Hub	Delivery point for the NYMEX gas contract in Henry Hub, LA.
Green - E	Organization that certifies RECs that meet Green-E requirements.
Installed Capacity Obligation or ICAP	End users rated capacity requirement as defined by PJM. Includes peak demand grossed up for losses and system adjustment.
Interval Meter	Meter used to measure electric flow every hour or smaller time increment. Usually required for large commercial electric accounts and for all standalone accounts for demand response and hourly priced contracts.
ISO	Independent System Operator such as PJM, ERCOT, NYISO.
Kilowatt (kw)	One thousand watts – metric for measuring the electricity flow to a customer meter.
Kilowatt Hour (kwh)	The amount of kilowatts used in one hour. If a customer uses 100 kw an hour for two hours the total kilowatt hours for the two hour period would be 200 kwh.
LDC	Local Delivery Company – local utility that delivers electricity or natural gas to end use facility.

LMP	Locational Marginal Price – PJM hourly energy price for a specific delivery zone within PJM.
LSE	Load Serving Entity – entity qualified by PJM to serve load to end users behind the PJM service territory.
Marginal Losses	Differences between payments made to generators and dollars collected from end-users that are credited back.
Mega Watts (MW)	Equal to 1000 kw – Quantity used to trade in wholesale markets.
Mil	Price unit of measure for electricity = to \$.001 kwh (one tenth of one cent per kwh).
NERC	National Energy Regulatory Commission – Overseas the RTO's around the country.
NYMEX	New York Mercantile Exchange – an organization that provides markets and market clearing house for trading futures such as electricity, natural gas, fuel oil and other commodities.
Off peak	Per NERC definition – all times not covered by On peak (see below).
On peak	Per NERC definition – electricity consumed between 7:00 a.m. – 11:00 p.m. M-F excluding 6 FERC holidays.
PJM	Regional independent grid operator for the Mid-Atlantic and mid-west region. Headquartered in Valley Forge Pennsylvania.
PLC	Peak Load Contribution – similar to demand, a measure of an electric account's demand relative to the entire RTO demand during RTO peak load periods. An account's PLC in PJM each year is determined by its demand during the 5 highest summer peak hours for the entire PJM system (each hour occurring on a different day).
PoLR	Provider of Last Resort – Electric supply rate charged by local electric utility for end users who do not contract with a supplier, used interchangeably with SOS and default rate.
PUC	Public Utilities Commission (State of Maryland).
Real Time Energy	Hourly cost of energy portion of electricity based on real time market (as incurred).
REC's	Renewable Energy Certificates – Certificates evidencing quantities of renewable energy generated during a specific time. REC's are sold by brokers and suppliers to end users.
RPS	Renewable Portfolio Standard – State regulatory renewable energy purchase requirements.
RTO	Regional Transmission Organization – Organization that manages a regional power grid - PJM, NYISO or ERCOT.
SOS	Standard Offer Service – see utility default rate.

Supplier	Licensed (Federal and State) energy supplier who provides energy supply to end users in deregulated markets.
Supplier Margin	Amount of profit suppliers earn after hedge costs on fixed rate full requirements contracts.
Supply Cost	Cost of energy commodity delivered to the local utility on a buyer's behalf. For electricity, supply cost includes energy, UCAP, transmission, congestion, supplier margin and other related costs. For natural gas, supply cost includes commodity cost, transportation (interstate pipeline costs) and supplier margin.
System Peak Predictor Service	Enel X service provided to customers predicting peak load hours within PJM in order to reduce end user capacity costs (and potentially transmission costs).
Total Electricity Spend	Supply Cost + Distribution (Utility) Cost.
Utility Default Rate	Energy supply price an end user is charged by the local utility if they do not contract with a third party supplier. Used interchangeability with PoLR and SOS.
Utility Interface	Communications and services between local utility and end user/buyer and or their energy consultant.
Working Capital Balance (PJM Sub Account)	Balance of customer funds held by the supplier. Represents the difference between billed dollars and spend dollars. If W/C balance falls below zero, suppliers will charge a cost to carry - usually linked to the base bank borrowing rate.