DEPARTMENT OF ENERGY
Office of Energy Efficiency and Renewable Energy

Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy


ACTION: Notice.

SUMMARY: In this notice, the U.S. Department of Energy (DOE) is forecasting the representative average unit costs of five residential energy sources for the year 2012 pursuant to the Energy Policy and Conservation Act. The five sources are electricity, natural gas, No. 2 heating oil, propane, and kerosene.

DATES: The representative average unit costs of energy contained in this notice will become effective May 29, 2012 and will remain in effect until further notice.


SUPPLEMENTARY INFORMATION: Section 323 of the Energy Policy and Conservation Act (Act) requires that DOE prescribe test procedures for the measurement of the estimated annual operating costs of energy from measurements of energy use in a representative average use cycle or period of use and from representative average unit costs of the energy needed to operate such product during such cycle. (42 U.S.C. 6293(b)(3)) The section further requires that DOE provide information to manufacturers regarding the representative average unit costs of energy. (42 U.S.C. 6293(b)(4)) This cost information should be used by manufacturers to meet their obligations under section 323(c) of the Act. Most notably, these costs are used to comply with Federal Trade Commission (FTC) requirements for labeling. Manufacturers are required to use the revised DOE representative average unit costs when the FTC publishes new ranges of comparability for specific covered products, 16 CFR part 305. Interested parties can also find information covering the FTC labeling requirements at http://www.ftc.gov/appliances.


May 29, 2012, the cost figures published in today’s notice will become effective and supersede those cost figures published on March 10, 2011. The cost figures set forth in today’s notice will be effective until further notice.

New Paragraph DOE’s Energy Information Administration (EIA) has developed the 2012 representative average unit after-tax costs found in this notice. The representative average unit after-tax costs for electricity, natural gas, No. 2 heating oil, and propane are based on simulations used to produce the March, 2012, EIA Short-Term Energy Outlook. (EIA releases the Outlook monthly.) The representative average unit after-tax cost for kerosene is derived from its price relative to that of heating oil, based on the 2006–2010 averages for these two fuels. The source for these price data is the March, 2012, Monthly Energy Review DOE/EIA–0035(2012/02). The Short-Term Energy Outlook and the Monthly Energy Review are available on the EIA Web site at http://www.eia.doe.gov. Propane prices are econometric modeling projections based on historical Weekly Petroleum Status Report prices and Mont Belvieu spot prices. In prior Federal Register notices, the propane price was based on a previous 5-year average ratio with heating oil prices published in the Monthly Energy Review, but the propane price series was dropped in March 2011 due to budgetary issues. For more information on the two sources, contact the National Energy Information Center, Forestal Building, EI–30, 1000 Independence Avenue SW., Washington, DC 20585, (202) 586–880, email: infoctr@eia.doe.gov.

The 2012 representative average unit costs under section 323(b)(4) of the Act are set forth in Table 1, and will become effective May 29, 2012. They will remain in effect until further notice.

Dated: Issued in Washington, DC, on April 17, 2012.

David Danielson, Assistant Secretary, Energy Efficiency and Renewable Energy.

Table 1—Representative Average Unit Costs of Energy for Five Residential Energy Sources (2012)

<table>
<thead>
<tr>
<th>Type of energy</th>
<th>Per million Btu</th>
<th>In commonly used terms</th>
<th>As required by test procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$34.70</td>
<td>$11.84/kWh 2 3</td>
<td>$.1184/KWh</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>$10.35</td>
<td>$1.059/therm 4 or $10.59/MCF 5 6</td>
<td>$.0001035/Btu</td>
</tr>
<tr>
<td>No. 2 Heating Oil</td>
<td>29.12</td>
<td>$4.04/gallon          7</td>
<td>$.0002912/Btu</td>
</tr>
<tr>
<td>Propane</td>
<td>28.03</td>
<td>$2.56/gallon          8</td>
<td>$.0002803/Btu</td>
</tr>
<tr>
<td>Kerosene</td>
<td>32.22</td>
<td>$4.35/gallon          9</td>
<td>$.0003222/Btu</td>
</tr>
</tbody>
</table>


1 Btu stands for British thermal units.
2 kWh stands for kilowatt hour.
3 1 kWh = 3,412 Btu.
4 1 therm = 100,000 Btu. Natural gas prices include taxes.
5 MCF stands for 1,000 cubic feet.
6 For the purposes of this table, one cubic foot of natural gas has an energy equivalence of 1,023 Btu.
7 For the purposes of this table, one gallon of No. 2 heating oil has an energy equivalence of 138,680 Btu.
8 For the purposes of this table, one gallon of liquid propane has an energy equivalence of 91,333 Btu.
9 For the purposes of this table, one gallon of kerosene has an energy equivalence of 135,000 Btu.
In performing the indicative screens, Vantage Wind states that it relied on the updated market power analysis filed by Puget Sound Energy, Inc. (Puget). 4


5. Vantage Wind is an indirect, wholly-owned subsidiary of Vantage Wind Holdings LLC (Vantage Holdings). Vantage Wind states that Vantage Class B Holdings LLC (VCB Holdings), an indirect, wholly-owned subsidiary of Invenergy Investment Company LLC (Invenergy Investment), owns the Class B membership interests in Vantage Holdings and is the managing member. Vantage Wind states that Mehetia, Inc. (Mehetia) owns the Class A membership interests in Vantage Holdings. Vantage Wind represents that the Class A membership interests held by Mehetia are passive interests, consistent with the interests found to be passive in AES Creative Resources, L.P. 5

5. Invenergy Investment is a wholly-owned subsidiary of Polsky Energy Investments LLC, which is indirectly owned and controlled by an individual.

6. Vantage Wind states that through subsidiaries, Invenergy Investment is in the business of acquiring or developing, and owning and operating, electric generation facilities and associated interconnecting transmission facilities in the United States or abroad.

7. Vantage Wind states that other than their interests in Vantage Wind, none of Polsky Energy or Invenergy Investment and their respective affiliates own or control electric generation or transmission assets located within the Puget balancing authority area.

Vantage Wind states that this generation is accounted for in its market power analysis.

8. On June 17, 2011, the Commission issued an order accepting simultaneous protests due on or before February 18, 2011 and January 31, 2012. None was filed.

Discussion

Market-Based Rate Authorization

12. The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power. 10 As discussed

10 Order No. 697, FERC Stats. & Regs. ¶ 31,252, at PP 62, 399, 408, 440.

Accepting Updated Market Power Analysis and Providing Direction on Submitting Studies

Before Commissioners: Jon Wellighoff, Chairman; Philip D. Moeller, John R. Norris, and Cheryl A. LaFleur.

1. In this order, the Commission accepts an updated market power analysis filed by Vantage Wind Energy LLC (Vantage Wind). As discussed below, the Commission concludes that Vantage Wind continues to satisfy the Commission’s standards for market-based rate authority. Vantage Wind’s next updated market power analysis must be filed according to the regional schedule adopted in Order No. 697. 1

2. Additionally in this order, the Commission provides further direction on the performance of the indicative screens. In the future, when filing updated market power analyses with the Commission, filers that are load-serving entities should account for their remote generation and long-term firm purchases as described below. 2

Background

3. On December 20, 2010, Vantage Wind filed an updated market power analysis in compliance with the regional reporting schedule adopted in Order No. 697 and pursuant to the Commission’s order granting Vantage Wind authority to sell electric energy, capacity, and ancillary services at market-based rates. 3


2 Load-serving entities use transmission facilities owned and maintained by a transmission owner to secure energy and transmission service to serve the electrical demand and energy requirements of their end-use customers.