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 provide information to manufacturers regarding the representative average unit costs of energy. (42 U.S.C. 6293(b)(3)) These test procedures are found in Title 10 of the Code of Federal Regulations (CFR) part 430, subpart B.

Section 323(b)(3) of the Act requires that the estimated annual operating costs of a covered product be calculated 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.

DOE last published representative average unit costs of residential energy in a Federal Register notice entitled, “Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy”, dated March 10, 2011, 76 FR 13168. 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.

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.

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, Forrestal Building, EI–30, 1000 Independence Avenue SW., Washington, DC 20585. (202) 586–8800, email: infoctr@eia.doe.gov.

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>$34.70</td>
<td>11.84¢/kWh 1, 2, 3</td>
<td>$.1184/kWh</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>10.35</td>
<td>$1.05/therm 4</td>
<td>.0001035/Btu</td>
</tr>
<tr>
<td>No. 2 Heating Oil</td>
<td>29.12</td>
<td>$4.04/gallon 5, 6</td>
<td>.00002912/Btu</td>
</tr>
<tr>
<td>Propane</td>
<td>28.03</td>
<td>$2.56/gallon 8</td>
<td>.00002803/Btu</td>
</tr>
<tr>
<td>Kerosene</td>
<td>32.22</td>
<td>$4.35/gallon 9</td>
<td>.00003222/Btu</td>
</tr>
</tbody>
</table>


1 Btu stands for British thermal units.
2 kWh stands for kilowatt hour.
3 1 Btu = 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 138,690 Btu.
8 For the purposes of this table, one gallon of liquid propane has an energy equivalence of 91,333 Btu.

For the purposes of this table, one gallon of kerosene has an energy equivalence of 135,000 Btu.
Before Commissioners: Jon Wellinghoff, Chairman; Philip D. Moeller, John R. Norris, and Cheryl A. LaFleur.

In performing the indicative screens, Vantage Wind states that it relied on the updated market power analysis filed by Puget Sound Energy, Inc. (Puget). 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 Invenery Investment Company LLC (Invenery 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. 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.

6. Invenery Investment is a wholly-owned subsidiary of Polsky Energy Investments LLC, which is indirectly owned and controlled by an individual. Vantage Wind states that through subsidiaries, Invenery 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 Invenery Investment and their respective affiliates own or control electric generation or transmission assets located within the Puget balancing authority area. Invenery Investment indirectly owns controlling interests in two companies that own generation in the Bonneville Power Authority Administration balancing area, which is first-tier to the Puget balancing authority area. The two companies are Grays Harbor Energy LLC, which owns a 650 MW gas-fired generation facility, and Willow Creek Energy LLC, which owns a 72 MW wind-powered generation facility. 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 transmission import limit (SIL) values for the Northwest region, including the Puget balancing authority area.6 In accepting Puget’s SIL values, Commission staff adjusted Puget’s SIL values to account for long-term firm transmission reservations by using data reported by Puget to derive a “net” SIL value for the Puget balancing authority area. This “net” SIL value is the accepted SIL value for that balancing authority area as set forth in the NW SIL Order.7 Puget’s screens, however, used the higher, “gross” SIL values originally filed by Puget.8 Additionally, Puget reported all of its remote generation resources and firm power purchases that Puget controls, as non-firm imports (Line D of the pivotal supplier screen and Line E of the market share screen).9

9. In Vantage Wind’s December 20, 2010 Filing, Vantage Wind filed screens that utilized the “gross” SIL values that Puget used in its screens. Thus, Vantage Wind needed to revise its indicative screens so that its total imports are consistent with the Commission’s accepted SIL values for the Puget balancing authority area.

10. On August 8, 2011, Vantage Wind filed revised pivotal supplier and wholesale share market screens as an amendment to its updated market power analysis to demonstrate that it continues to pass the indicative screens when the Commission-accepted SIL values for the Puget balancing authority area are applied.

Discussion

Market-Based Rate Authorization

11. 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

11. Notice of Vantage Wind’s December 20, 2010 and August 8, 2011 filings were published in the Federal Register, 75 FR 61,600 (2010) and 77 FR 2518 (2012), with interventions or protests due on or before February 18, 2011 and January 31, 2012. None was filed.

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