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# THIRD PARTY ACCESS: A STATE PERSPECTIVE

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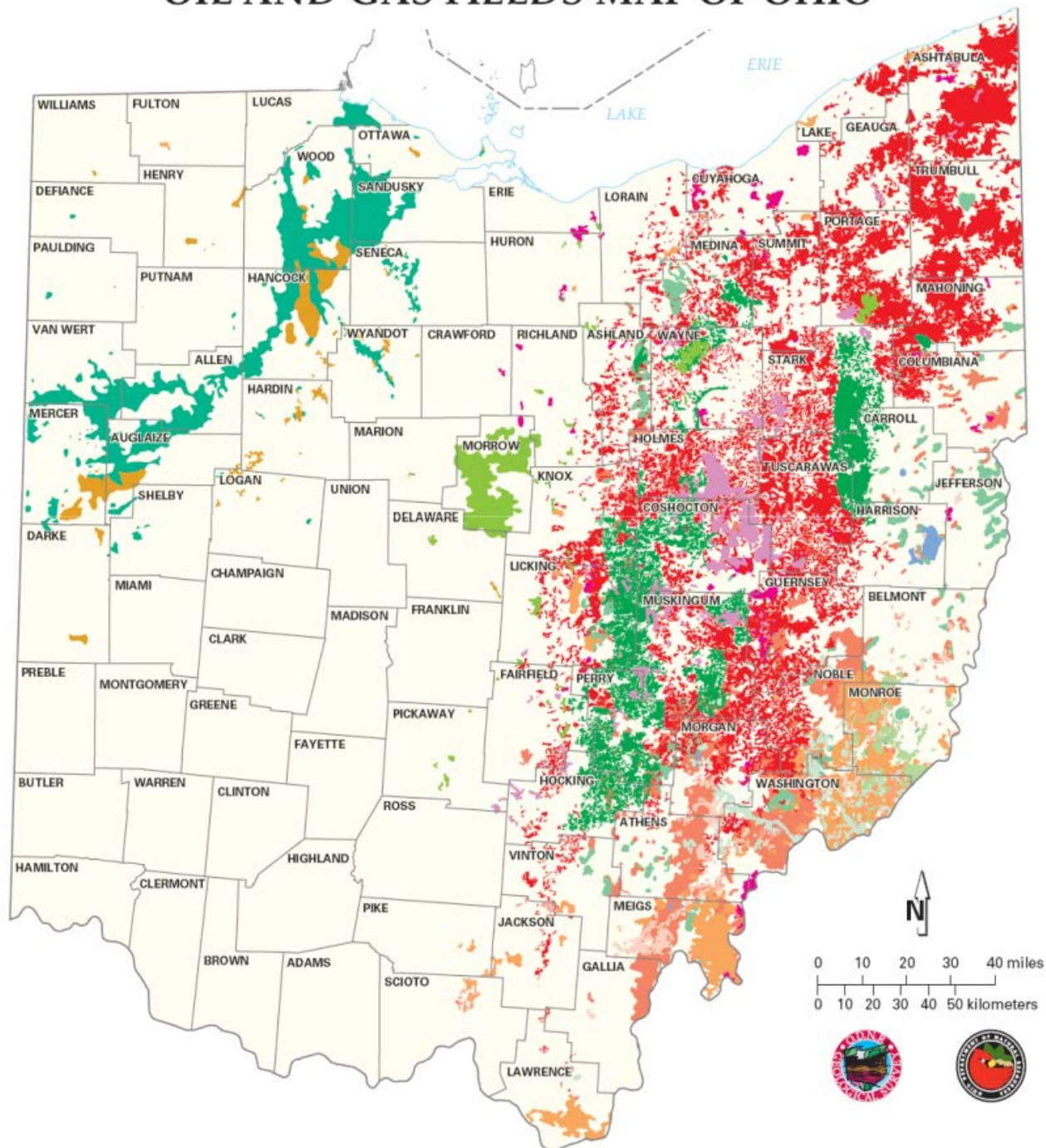
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# State of Ohio

- Microcosm of the U.S.
  - Geologic diversity – hills, farmland, big cities
  - Social & economic diversity
    - Very poor rural Appalachian
    - Very wealthy individuals & industry
  - Energy diversity: fuel oil, propane, natural gas, coal, nuclear, solar, wind, crude oil, gasoline & refined products

# OIL AND GAS FIELDS MAP OF OHIO



# Natural Gas in Ohio

- Late 1800s – largest producer of crude oil in the world (and also a lot of natural gas which was flared as waste by-product of crude oil extraction)
- 1880s – County fairgrounds racetrack – first horse racing at night time; track lit by natural gas on-site

# Third Party Access in Ohio (also known as “Choice”)

CHOICE: unlike many states, did not begin as a legislative mandate

CHOICE: evolved from existing local distribution company (LDC) collaborative and rate-case processes



# Third Party Access in Ohio

## 4 Large LDCs in Ohio:

- 3 Sisters of Ohio Fuel Co./Columbia Gas:
  - Columbia Gas of Ohio
  - Cincinnati Gas & Electric (now Duke Energy Ohio)
  - Dayton Power & Light (LDC portion now Vectren Energy Delivery of Ohio)
- Dominion East Ohio Gas (founded as part of John D. Rockefeller's Standard Oil Company)

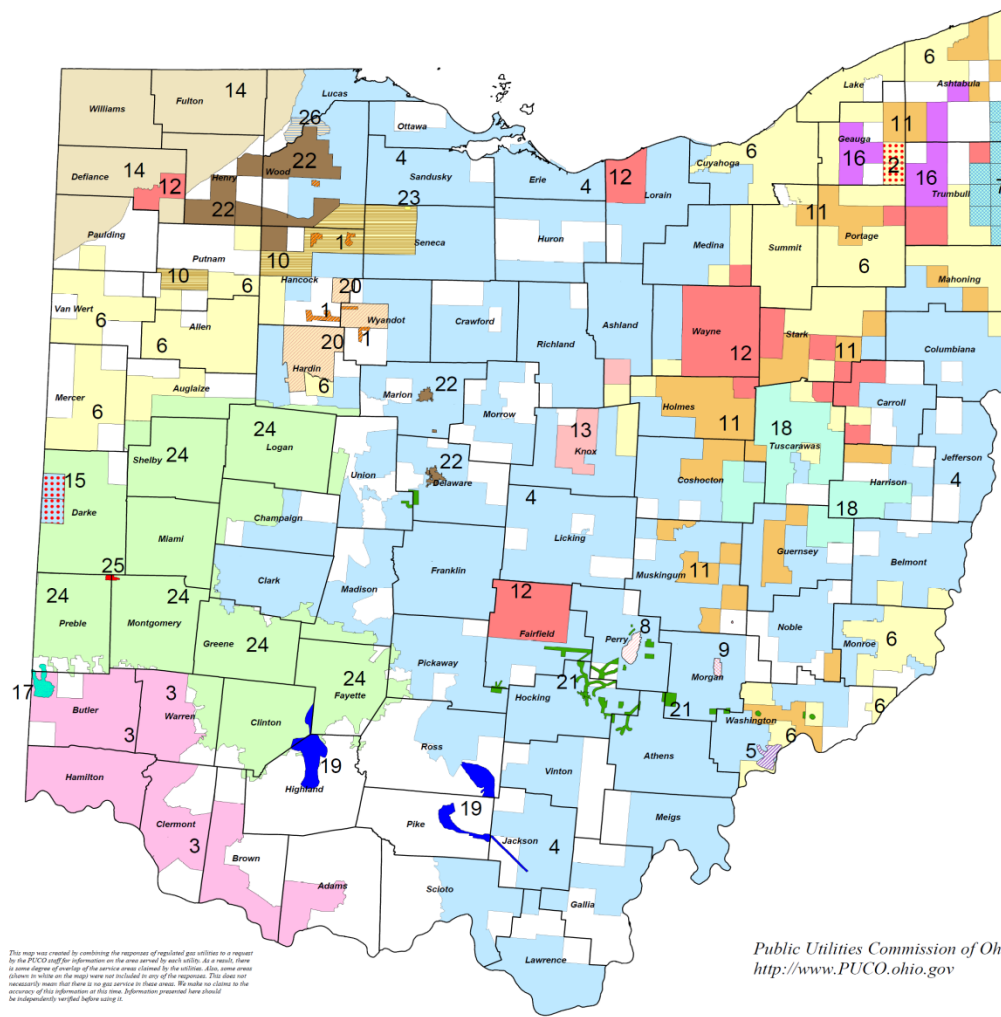
# Third Party Access in Ohio

1970s:

- Began with “self-help” transportation programs for large customers during the curtailment eras
  - General Motors owned several large auto plants in Ohio
  - GM owned significant land, including land with natural gas production
  - Sought way to get production in eastern Ohio to plants in Cleveland (Northern Ohio) and Dayton (Southwestern Ohio)



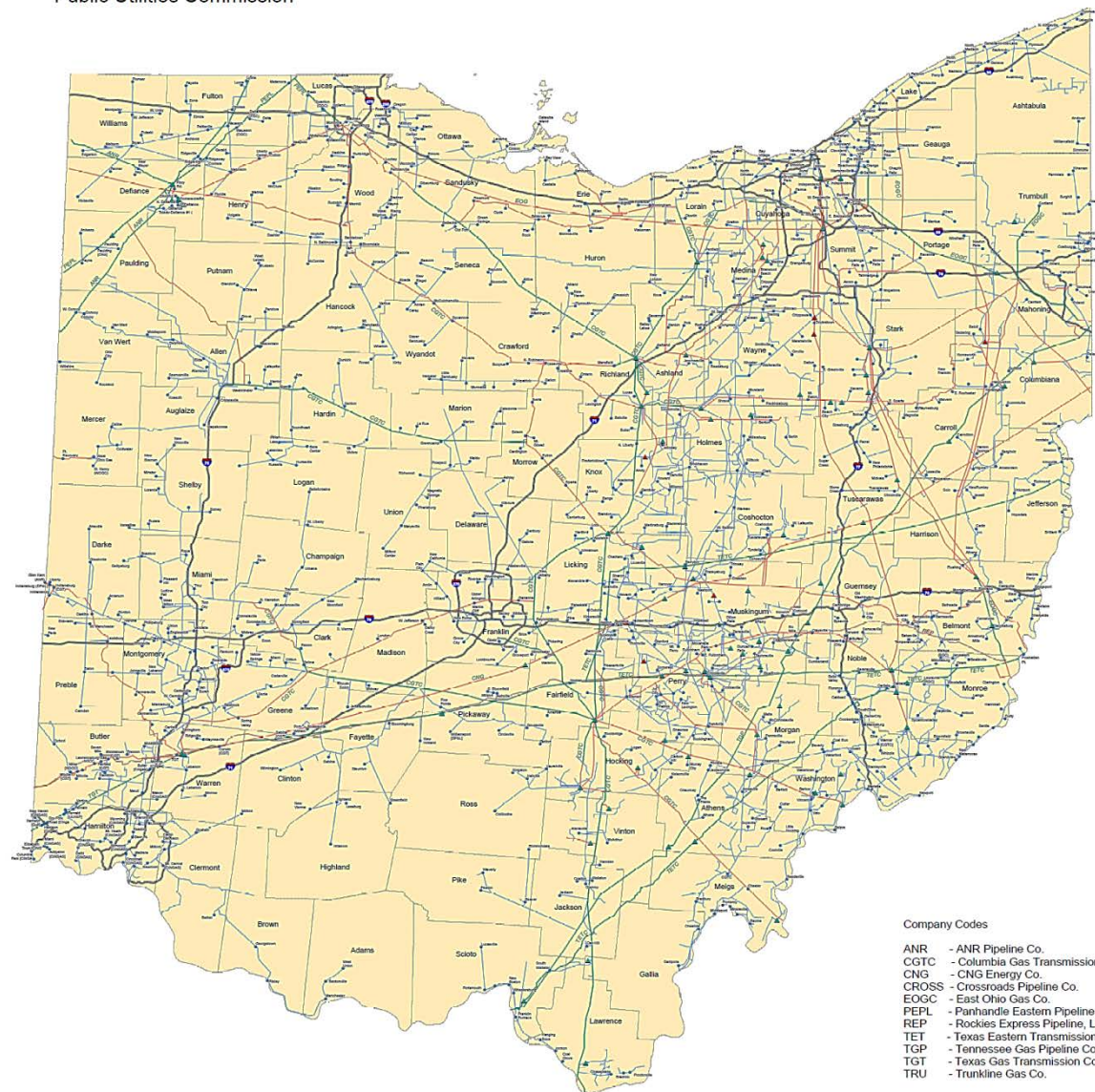
# PUCO Regulated Natural Gas Companies



This map was created by combining the regulated gas utilities in a request by the PUCO staff for information on the areas served by each utility. As a result, there is some degree of overlap of the service areas claimed by the utilities. Also, some areas shown on the map were not included in any of the requests. This does not necessarily mean that there is no gas service in these areas. We make no claim to the accuracy of this information at this time. Information presented here should be independently verified before using it.

Public Utilities Commission of Ohio, 2  
<http://www.PUCO.ohio.gov>





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<http://www.PUCO.ohio.gov>

\*Updated May 2010 -  
Addition of Rockies Express Pipeline

- Meter Station
- ▲ Pump or Compressor Station
- ▲ Storage

- Multiple main line
- Single main line
- Secondary Line
- Interstate Highw

# Third Party Access in Ohio

1980s:

- LDCs' General Transportation Service (GTS) for large industrial end-users
  - Large volume customers
  - Real-time metering capability
  - Attractive load profiles (fairly constant, non-heat-sensitive load)
  - Could shop from suppliers other than utilities
  - Generally could procure gas more inexpensively

# Third Party Access in Ohio

1990s:

- LDCs' GTS availability expanded to medium-sized customers
  - Commercial office buildings
  - Grocery stores
  - Non-industrial businesses
  - Restaurants – especially chain restaurants like Wendy's, McDonald's, Burger King, KFC, etc.

# Third Party Access in Ohio

2000s:

- LDCs expanded open access to small volume customers (commercial and residential)
  - Residential consumers
  - Real estate offices
  - Attorneys offices
  - Other small commercial customers



# Third Party Access in Ohio

## Current:

- LDCs transitioning out of the merchant function
- LDCs established Standard Choice Offers (SCOs) or Standard Service Offers (SSOs)
  - Replaced the Gas Cost Recovery (GCR) Mechanism
  - SCO = 3<sup>rd</sup> party suppliers bid for rights to deliver commodity to the LDC citygate to meet LDC's GCR requirements for all customers
  - SSO = 3<sup>rd</sup> party suppliers bid for a portion of LDC customer requirements & actually assigned customers randomly



# Duke Energy Ohio CHOICE Statistics

117,311 residential participants

364,096 eligible (32.2%)

13,084 commercial & industrial participants

27,351 eligible (47.8%)

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130,395 enrolled of 391,447 eligible (33.3%)

# Columbia Gas of Ohio Statistics

491,537 residential participants

1,196,605 eligible (41.1%)

54,864 commercial & industrial participants

107,119 eligible (51.2%)

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546,401 enrolled of 1,303,724 eligible (41.9%)

# East Ohio Gas CHOICE Statistics

847,206 residential participants

1,009,080 eligible (84.0%)

79,066 commercial & industrial participants

85,131 eligible (92.9%)

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926,272 enrolled of 1,094,211 eligible (84.7%)

# Vectren Energy CHOICE Statistics

260,179 residential participants

261,205 eligible (99.6%)

23,072 commercial & industrial participants

23,114 eligible (99.8%)

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283,251 enrolled of 284,319 eligible (99.6%)

# Billing Options

## One Bill:

- ☐ From **LDC** for both Marketer and LDC charges

## One Bill:

- ☐ From **Marketer** for both Marketer and LDC charges

## Two Bills:

- ☐ One from **LDC** for distribution
- ☐ One from **Marketer** for supply with telephone numbers for LDC for safety concerns and PUCO for dispute resolution.

# Annual Reviews

Annual Staff Reports of Choice programs and how they are working

Staff recommendations to the Commission for recommended program modifications

PUCO Order directing any program modifications, if any



# Issues Ohio Has Dealt With

- Customer education
- Marketer advertising
- Consumer protection
- Enrollment procedures
- Customer satisfaction surveys
- Codes of conduct
- Affiliate relationships

# Consumer Education

Educational campaign prior to launch  
of Choice programs

Bill stuffers

PUCO's educational efforts

Apples to Apples

# Consumer Issues

Customer solicitation methods

Door-to-door solicitation

Slamming

Customer ID info

# Problems Encountered To Date

Door-to-door solicitation

PUCO has received thousands of consumer contacts and complaints regarding door-to-door solicitations

PUCO, Ohio Attorney General, and Choice Marketers have jointly met regarding Ohio's Consumer Protection Laws

# Marketer Codes of Conduct

- Clear & understandable bills & contracts
- Communications or practices
- Firm deliveries
- Credit standards
- PUCO phone number must be on all bills
- Contact person
- PUCO Complaint Process

# LDC Codes of Conduct - Affiliates

Non-discriminatory

Strict tariff enforcement

No preferential treatment

No preference or endorsement

Separate books & records

Use of LDC name/logo



# Issues Ohio Is Still Dealing With

Obligation to serve  
Supplier of last resort  
GCR reform  
Exiting the Merchant Function

# Third Party Access in Ohio:

Still a work  
in progress

# Questions?

# Merci!

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