

12-3151-EL-COI

Overview of Ohio's Retail Electric Service Market



September 17, 2014

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Retail Investigation Discussion Agenda

- Overview of Commission Ordered Investigation (COI)
- Investigation Process
 - Commission Issued Questions
 - Workshops
 - Sub-Committees
- Development Work plan / Staff Report
- Commission Order



Commission Ordered Investigation

- The Commission has the authority to open a case to investigate areas under the jurisdiction of the Commission.
- Investigations typically are collaborative efforts that seek comments from interested parties and industry experts.



Investigation Process



- The Commission initially issued an Order seeking comments on specific questions on various issues concerning Ohio's retail electric service market.
- Commission ordered a series of 6 workshops facilitated by Staff to discuss in detail the comments received and to find solutions to various issues raised.
- Staff created subcommittees to explore solutions to issues discussed in the workshops.

Commission Questions

- The Commission issued an initial set of 22 questions on the retail electric market in Ohio.
- 28 parties submitted comments and reply comments.
- Parties included utilities, certified retail energy suppliers, environmentalist, industrial groups and consumer advocates, each with their own perspective and agenda.
- The Commission reviewed the comments, reply comments and issued an additional 16 clarifying questions based off the original set of questions.



Workshop Overview

- Commission issued a series of 6 workshops to discuss various issues raised in the comments and reply comments.
- Workshops
 - 7/9/13 - How Do We Create Consistency in Operation Support Across the State?
 - Subcommittees Formed:
 - Market Evaluation
 - Data & Billing
 - Purchase of Receivables (POR)
 - 7/30/13 – Barriers to Competitive Retail Market, Do They Exist?
 - 9/5/13 – Corporate Separation
 - 10/10/13 – Market Evaluation and POR Subcommittee Status Update
 - 11/5/13 – Data & Billing Subcommittee Status Update
 - 12/11/13 – En Blanc Meeting



1st Workshop

How Do We Create Consistency in Operation Support Across the State - Workshop Discussion

- Held collaborative workshop to discuss various issues concerning the retail electric market.
- Suppliers drove the discussion and Staff had to prod parties that preferred the status quo to partake in the discussion.
- Topics discussed included customer identification for switching, bill formatting and inserts, electronic data interchange (EDI), and purchase of receivables.
- Second half of the workshop focused on the PUCO's Apples-to-Apples website.



2nd Workshop

Barriers to Competitive Retail Markets, Do They Exist? Workshop Discussion

- Discussed default service and if the current model of the SSO as the default is appropriate. The suppliers would like to change this model.
- Standardizing and extending the timeframe of the ESPs. Suppliers believe the short term ESPs are a hindrance to long-term planning and potential capital investments.
- Smart Meter data access is a growing concern for suppliers. The need for safe EDI transactions on smart meter data is key to new products and services per the suppliers.
- Generation subsidies within the SSO, concerning call centers and other areas but could not define adequately.
- DP&L suggested creating a focus group to determine what the consumers actually want concerning the retail electric market.



3rd Workshop Corporate Separation Workshop Discussion



- General agreement that Corporate Separation should be functional and utilities should not be required to fully divest their generation assets.
- Potential for information sharing between affiliates and concerns regarding the lack of adequate firewalls preventing this from happening.
- Return on Equity and business risk is changing due to the deregulation of generation. This creates concerns on what the risk factors should be and when they should be determined.



4th Workshop Market Evaluation & POR Subcommittee Status Update

Subcommittee Discussions

- “Can’t develop a path until you know your destination”
- Subcommittee was formed to determine Ohio’s ideal destination concerning the Retail Market, focusing on a definition of the market and measurements.
- Multiple definitions were proposed, Staff took those and presented their definition in an effort to move the discussion forward to the measurements.
- Staff decided on a high level academic definition, with the idea that the measurements would focus on the details.

5th Workshop Data & Billing Subcommittee Status Update



Subcommittee Discussions

- Suppliers want to reduce the barriers around customer enrollment consumer groups are concerned with protecting customers for uninformed decisions.
- Suppliers want the ability to transfer customer contracts when a customer moves locations, however there is technical issues.
- Suppliers need interval usage data to provide various products, however there are concerns with consumer protections and how to provide the data cost effectively.
- The Commission asked to work towards standardizing bill formatting, bill messaging and adding supplier logos on the bill.

6th Workshop En Blanc Meeting



Market Overview Speakers:

- Pat Wood III, Wood3 Resources
- Bill Massey, COMPETE Coalition
- Philip O'Connor, PROactive Strategies

All three speakers gave presentations on the benefits of deregulation and how to successfully move to a competitive market.

- Holly Karg, the Director of Public Affairs, gave an update on the success of the Public Utilities Commission's ability to reach out and inform consumers across the state about electric choice and a brief overview on the newly redesigned Apples-to-Apples website.
- The second portion of the workshop consisted of panelists comprised of individuals who participated in these meetings. The Panelists answered questions from the Chairman and Commissioners about their specific topics.



Formation of Subcommittees

- Staff solicited from stakeholders suggested topics warranting subcommittee formation and asked for subject matter experts willing to serve on the subcommittees .
- There were multiple responses and many of the responses overlapped topics. Staff attempted to address everyone's concerns and formed sub-committees that addressed the majority of the topics proposed and attempted to group topics together that were related and included overlap.
- The **Customer Data and Billing Subcommittee** was established to discuss topics related to the exchange of customer information between suppliers and utilities. The objective is to find cost effective ways to improve the customer enrollment process, supplier billing and collection, and continuation of supplier service to a customer who moves within the utilities' territory (contract portability).



Formation of Subcommittees - Continued

- The **Purchase of Receivables (POR) Subcommittee** was created to discuss the viability of POR as a tool to further develop Ohio's retail electric service market.
- The **Market Evaluation Subcommittee** was established in order to identify / define characteristics of a fully functional market and effective competition, attempting to determine whether the Ohio market has achieved effective competition and whether the characteristics of a fully functional market exists. In order to make such an assessment, the subcommittee attempted to address the following three topics:
 - Define a fully functional market
 - Identify metrics to measure a fully functional market
 - Describe Ohio's competitive market, based on the above definition and metrics

Development Work Plan / Staff Report

- Staff was responsible for creating and submitting a development work plan to the Commission.
- The work plan was to address issues and concerns presented by the parties and solutions the industry could enact to solve them.
- Staff reviewed all the parties written comments, subcommittee and workshop discussions as well as additional industrial publications and other states' filings to assist in their creation of the work plan.
- Staff issued a 48 page work plan with specific solutions and timeframes.



Commission Ordered

- The Commission reviewed Staff's development work plan and the intervening parties replies to the development work plan and issued an Order.
- The Commission ordered:
 - The creation of a Market Development Working Group (MWDG) to set policy for the electronic data interface working group and continue to guide improvements to the electric retail market.
 - Set a definition and measurements of what is effective competition with in the electric retail market.
 - Set up an audit schedule for the utilities and their affiliates to ensure that market data was not transferred between the utility and their retail affiliate.
 - The Standard Service Offer should be maintained and is not a barrier to competition.
 - The Commission encouraged utilities to present the Commission with a plan for purchasing the generation receivables within their service territory.



Commission Ordered - Continued

- The Commission ordered - Continued:
 - Through the MDWG Staff should facilitate an operational plan for implementing statewide seamless move, contract portability, instant connect or warm transfer process.
 - Various bill changes including:
 - Standardizing the price-to-compare message across all the utilities
 - Placing the generation suppliers logo on the bill.
 - Utilities should file amended tariffs that specify the terms, conditions and charges associated with providing interval customer energy usage data.
 - The Commission will work with Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC) to standardize and provide best practices for the retail electric market across MACRUC states.



Questions?

