

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application Not)	
for an Increase in Rates Pursuant to)	Case No. 13-1937-EL-ATA
Section 4908.18, Revised Code, of)	
Ohio Power Company to Establish)	
an Expiration for its gridSMART)	
Experimental Tariffs)	

**MOTION TO INTERVENE
AND OBJECTIONS TO THE APPLICATION
OF ENVIRONMENTAL DEFENSE FUND AND OHIO ENVIRONMENTAL COUNCIL**

Pursuant to Ohio Rev. Code § 4903.22.1 and Ohio Admin. Code § 4901-1-11, the Environmental Defense Fund (“EDF”) and the Ohio Environmental Council (“OEC”), move for leave to intervene in this proceeding, and to submit objections to the application at issue. As shown in the attached Memorandum in Support, EDF and OEC have a real and substantial interest in the proceeding and the Commission’s disposition of this proceeding may impair or impede EDF’s and OEC’s ability to protect that interest. EDF’s and OEC’s objections provide reasons why Ohio Power Company (“AEP Ohio”) should not be permitted to withdraw its gridSMART experimental rates at this time.

Respectfully submitted,

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**MEMORANDUM IN SUPPORT
OF MOTION TO INTERVENE**

EDF and OEC seek leave to intervene in this proceeding pursuant to Ohio Rev. Code § 4903.22.1 and Ohio Admin. Code § 4901-1-11.

EDF is a national non-profit membership organization engaged in linking science, economics and law to create innovative, equitable and cost-effective solutions to society's most urgent environmental problems. EDF has over 300,000 members nationwide and has 9,590 members in Ohio. EDF has been active in Ohio working on environmental policies including smart power, climate change, natural gas fracking and sustainable agriculture.

EDF, through its current programs aimed at advancing "smart" electric and gas system modernization, is pursuing initiatives at the state and national levels designed to ensure that grid investments maximize their potential to create a cleaner, more resilient electric and gas system. Specifically, EDF works extensively with public utility commissions, industry, academia and other stakeholders across the country and in this region to evaluate, improve and advance electric and gas system investment plans so that they realize a full range of resiliency, environmental, economic and consumer benefits. EDF aims to ensure that grid modernization investments provide: (1) benefits that outweigh the costs of the investments; and (2) accountability that dollars spent are providing tangible benefits. EDF also supports state energy policies that reduce greenhouse gas emissions.

The OEC is a non-profit, charitable organization comprised of a network of over 100 affiliated member groups whose mission is to secure healthy air, land, and water for all who call Ohio home. Throughout its 44-year history, OEC has been a leading advocate for fresh air, clean water, and sustainable energy use in Ohio. OEC was an active participant in the effort that led to the passage of S.B. 221, including the inclusion of energy efficiency resource standard. The

OEC, thus, supports effective deployment of smart grid technology and improvements (including Time of Use Rates) and its impact on the attainment or non-attainment of energy efficiency goals will have a direct effect on the air quality within Ohio and Ohio's contribution to climate change.

AEP Ohio's time-based pricing rates have been successful and, if AEP Ohio withdraws the rates at this time, not only will consumers lose an opportunity to save money by enrolling on these rate plans, but also significant environmental benefits will be lost.

No other party to this proceeding can adequately represent EDF's and OEC's interest. Intervention would neither unduly delay the proceeding nor unjustly prejudice any existing party.

Accordingly, both EDF and OEC have a real and substantial interest in this proceeding and are entitled to intervene under Ohio Rev. Code § 4903.22.1 and Ohio Admin. Code § 4901-1-11.

OBJECTIONS TO APPLICATION

In its Application, AEP Ohio seeks to cancel five experimental time-based pricing tariffs established as part of its gridSMART Phase 1 smart grid deployment project. The tariffs are

- (1) Schedule RS-TOD2 (Experimental Time-of-Day Service);
- (2) Rider DLC (Experimental Direct Load Control Rider);
- (3) Schedule CPP (Experimental Critical Peak Pricing Service);
- (4) Schedule RS-RTP (Experimental Residential Real-Time Pricing Service); and
- (5) Schedule GS-1 TOD (Experimental Small General Service Time of Day).

AEP Ohio seeks to cancel these tariffs as of the first billing cycle of January 2014.

1. The Commission Should Not Allow AEP Ohio to Withdraw its Time-Based Rates Because These Rates Provide Customers With Significant Environmental and Economic Benefits

AEP Ohio's time-based tariffs provide significant environmental and economic benefits for customers who shift their energy usage to off-peak periods. The environment benefits because, in PJM, wind energy generally forms a higher proportion of the total generation mix

during off-peak periods as compared to on-peak periods.¹ From an economic perspective, several studies have shown that customers on time-based rates save energy and save money.²

Customers can save money on time-based rates due to how rates are calculated. Standard utility rates are based on the average annual cost to serve a customer, so a customer pays the same rate regardless of when they use energy. Customers can receive lower prices under time-based rates because the rates are based on the time of day when the customer uses energy and the utility's cost-to-serve is typically lower during off-peak periods as compared to on-peak periods. In addition, small businesses served by rate schedules with demand charges can reduce their demand charges.

AEP Ohio acknowledges that customers served by time-based rates can save money:

Customer programs like the gridSMART® Phase 1 SMART Shift, two-tier time-of-day tariff could provide significant net benefit to customers. If DR or CRES providers offered similar programs to Phase 2 AMI customers, the estimated net customer benefits, assuming 5 percent penetration and 10 percent peak load reduction across all AEP Ohio customers, could be approximately \$4 to \$6 million in annual customer savings.¹

The Commission should not permit AEP Ohio to withdraw its time-based rates because customers would lose these significant environmental and economic benefits.

2. The Commission Should Not Allow AEP Ohio to Withdraw its Time-Based Rates Until the Commission Concludes its Ongoing Investigation and Barriers Preventing Competitive Suppliers From Offering These Rates are Eliminated

The Commission has opened an investigation into whether time-based rates should be included in a utility's standard service offer.³ The Commission has also approved time-based

¹ Monitoring Analytics, *Quarterly State of the Market Report for PJM: January through September 2013* at 52-53, Tables 3-4 and 3-5 (November 14, 2013).

² Ahmad Faruqui, Ph.D., *Dynamic Pricing: The Top 10 Myths*. The Brattle Group (April 7, 2011), available at: http://www.brattle.com/_documents/UploadLibrary/Upload936.pdf.

rates for Duke Energy. The Commission's order acknowledged that Duke was experimenting with these rates to learn more prior to fully commercializing the rates to all customers through its standard service offer.⁴ Given that other utilities are moving toward including time-based rates in their standard service offers and the Commission's investigation is in progress, the Commission should not allow AEP Ohio to withdraw these rates.

In the Commission's investigation, several commentors identified barriers which prevent competitive retail electric suppliers from offering time-based prices.⁵ These barriers include: customers' lack of smart meters; suppliers' lack of data access; and utilities' unwillingness to open up their billing systems. AEP Ohio has suggested that competitive suppliers should offer time-based rates and the utility should not be required to offer these rates under its standard service offer.⁶ But no competitive suppliers currently offer these rates due to the barriers described above.

If AEP Ohio withdraws its time-based rates, customers would have no option to obtain service from competitive suppliers on time-based prices. The Commission should focus its efforts on eliminating the barriers that prevent competitive suppliers from adopting these plans. Instead of allowing utilities to cancel existing time-based rate plans, the Commission should encourage utilities to expand time-based rate plans, as Duke Energy recently did. Customers

³³ *In the Matter of the Commission's Review of Time-Differentiated and Dynamic Pricing Options for Retail Electric Services*, Case No. 12-150-EL-COI (Entry) (January 11, 2012).

⁴ *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of Pilot Tariff Rate TD 13* (Finding and Order) (February 13, 2013).

⁵ *In the Matter of the Commission's Review of Time-Differentiated and Dynamic Pricing Options for Retail Electric Services*, Case No. 12-150-EL-COI (Initial Comments of the Retail Electric Supply Association) (April 11, 2012); *Id.* (Comments of the Demand Response and Smart Grid Coalition (DRSGC) on the Commission's Review of Time-Differentiated and Dynamic Pricing Options) (April 11, 2012); *Id.* (Comments of Direct Energy Services, LLC and Direct Energy Business, LLC (April 11, 2012).

⁶ *In the Matter of the Commission's Review of Time-Differentiated and Dynamic Pricing Options for Retail Electric Services*, Case No. 12-150-EL-COI (Comments of Ohio Power Company at 2) (April 11, 2012).

should be provided the option to enroll on utility time-based rate plans at least until the barriers are removed that would allow competitive suppliers to offer these plans. The Commission should not allow AEP Ohio to withdraw its time-based rates until the elimination of barriers preventing competitive suppliers from offering time-based prices.

3. **The Commission Should Not Allow AEP Ohio to Withdraw its Time-Based Rates Until the Conclusion of AEP Ohio's Pending gridSMART Phase 2 Case and SSO Case**

AEP Ohio has a pending application to implement gridSMART Phase 2. In that case, EDF, OEC, and others commented that AEP Ohio should extend the commitments it made in gridSMART Phase 1, including the commitment to provide voluntary time-based rates.⁷ AEP Ohio has also filed an application to implement a new standard service offer ("SSO").⁸

Clearly both the utility and customers have a learning curve on time-based pricing. The utility needs to develop more information on how customers react to these prices so the utility can develop the most effective time-based rate plans. Customers need to learn more about how they can shift their energy usage to off-peak time periods and how these time-based rates can lower their energy bills. It will take time for the utility and for customers to acquire this learning. Much of the learning effort will come from customers who are currently enrolled on AEP Ohio's time-based rates and who educate fellow consumers about their own experience on these rate plans. If AEP Ohio cancels these rate plans now, this will interfere with the learning curve and impede customer acceptance of time-based rate plans. If AEP Ohio cancels its time-

⁷ *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR (Initial Comments of Environmental Defense Fund, Ohio Environmental Council and the Environmental Law and Policy Center at 3-4) (November 1, 2013).

⁸ *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 13-2385-EL-SSO (Application) (December 20, 2013).

based rates now, but reinstates them in the gridSMART Phase 2 case or the new SSO case, this would also cause unnecessary customer confusion.

The Commission should not allow AEP Ohio to withdraw these rates until the gridSMART Phase 2 case and the new SSO case are resolved.

CONCLUSION

For all the foregoing reasons, EDF and OEC respectfully request that the Commission deny AEP Ohio's application to cancel its time-based rates.

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was served by electronic mail (where available) or ordinary mail on the parties listed below, this _26th___ day of December, 2013.

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ⁱ *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of its gridSMART Project, and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR (Application at Attachment A at 6) (September 13, 2013).

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Summary: Motion MOTION TO INTERVENE AND OBJECTIONS TO THE APPLICATION OF ENVIRONMENTAL DEFENSE FUND AND OHIO ENVIRONMENTAL COUNCIL
electronically filed by Mr. Trent A Dougherty on behalf of Environmental Defense Fund and Ohio Environmental Council