

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's)	
Investigation of Ohio's Retail Electric)	Case No. 12-3151-EL-COI
Service Market.)	

**Initial Comments of Direct Energy Services, LLC
and Direct Energy Business, LLC ("Direct Energy")**

I. Introduction

A. Procedural History

Direct Energy Services, LLC and Direct Energy Business, LLC ("Direct Energy") hereby timely files its Initial Comments in response to the Public Utilities Commission of Ohio ("Commission") Staff's ("Staff") Market Development Work Plan ("MDWP") filed on January 16, 2014.

The Staff's MDWP correctly reflects the procedural history of the Commission's investigation of the retail electric market in Ohio, including the numerous workshops and subcommittee meetings. Direct Energy appreciates the time and effort put into the workshops and discussions by Staff and parties. We have found the meetings to be very informative and have in some cases resulted in utility process changes without the need for additional cases. At a minimum, the investigation and workshops have opened a dialogue to allow all parties to come together and work toward amicable solutions.

As the Commission considers the next steps to address the items upon which a consensus could not be reached or items which may require administrative rule or legislative changes, Direct Energy encourages the Commission to consider the future market to ensure we will not have to come back in the future to reconsider the same issues.

To that end, Staff put together an excellent report which summarizes months of meetings and proposes potential solutions. Direct Energy finds Staff's summary an accurate representation of the workshop discussions and in general agrees with Staff's recommendations. There are a few areas where Direct Energy seeks clarification or asks the Commission to affirmatively direct the stakeholders to resolve an issue.

II. Requested Clarifications

A. Ohio Retail Electric Service Market Definition and Measurements

Direct Energy agrees with Staff's measurement criteria¹ and proposes that the supplier information also include a representation of market share in a confidential manner. Dominion East Ohio Gas Company has provided something similar in its territory which does not disclose an individual supplier's name and uses a pie chart to represent the market share of suppliers. On the electric side this could be presented both with and without aggregation. Given that an aggregation may move between suppliers, a retail representation of market share to show market share based on individual enrollments rather than opt-out enrollments should also be presented.

Direct Energy agrees with Staff's definition of a market, however, the below section indicates that a seller in the market must only be a price taker in order for effective competition to occur. Presumably this is meant to say that no seller can influence market price and therefore must take energy at the wholesale market rate. However, by using the term "price takers" and "in the short run" it seems to ignore other market tools which allow suppliers to use various assets and market options to influence their ultimate price to consumers. These include long term power purchase agreements, hedging and call options, and the ability to leverage power contracts for customers across PJM. Direct Energy recommends that this definition remove the sentence regarding "price takers" and delete the reference to "in the short run" as shown below.

¹ MDWP at 8-11.

“Participation in the market by multiple sellers so that an individual seller is not able to influence significantly the market price of the commodity refers to the concept that the idealized purely competitive market insures that no buyer or seller has any market power or ability to significantly influence the price for a sustained period. ~~The sellers in a purely competitive market are price takers.~~ The market sets the price and each seller reacts to that price by altering the variable input and output ~~in the short run.~~”²

Lastly, Direct Energy would like the additional criteria proposed by Staff to allow for the potential for an exited market where default supply/SSO is provided by CRES providers. To that end we would propose the following change to criteria number 7.³

7. 100% of the SSO load is procured via a competitive process, **or provided fully by the retail market,** for all EDUs in Ohio.

B. Standard Service Offer as the Default Service

Direct Energy believes the most effective market is one where a full retail default structure exists. While the current move to wholesale full requirements auctions places Ohio one step closer to a full retail market, the focus of default service remains on wholesale markets and not retail customer pricing. However, Staff’s report does note:

“Staff recommends that as customer awareness and participation increases, the Commission should reevaluate the default service mechanism. Any future changes to the SSO should be implemented consistently statewide.”⁴

Direct Energy suggests that the Commission or Staff convene a collaborative to discuss the next state of default service no later than 30 days from the first market monitoring report which shows each customer class in each utility maintaining 50% switching for at least three (3)

² MDWP at 9.

³ MDWP at 10.

⁴ MDWP at 15.

months. The collaborative would determine a process to move default service to a retail level and provide a report to the Commission with that recommendation.

C. Bill Format – logos:

Direct Energy supports the addition of logos to all customer bills.⁵ Given the generally accepted notion that residential and small commercial customers prefer receiving a single bill rather than dual bills, and until the utilities offer supplier consolidated billing functionality, competitive retail electric supply (“CRES”) providers are at the mercy of the utility to offer a single bill for customers. A bill that is issued by the utility and includes only the utility logo inherently limits the visibility and brand of the retail supplier and often results in customers not being aware of which company is actually providing their generation service. Direct Energy presented at the workshop our positive experience in Columbia Gas where logos previously presented on the utility bill were small and near the supplier charges and then later were increased in size and moved to a location similar to the utility. The benefit to the customer of a logo is to make the supplier visible on the bill as a monthly reminder of the customer’s retail supplier; the benefit to a CRES provider is the branding and relationship maintenance with the customer. Placing the logo near the supplier charge in a similar size as the utility will work if the bill formats provided in the workshops become the standard format going forward. However, if the final bill format design places a supplier’s charges and logo in a position where it is not clearly visible, the purpose of adding a logo will be defeated. Direct Energy encourages the Commission to monitor customer feedback and supplier experience with the logo to determine if the logo should be moved to a more visible position based on actual final bill format.

The workshops also included a discussion regarding who should pay for the cost of including supplier logos on the bill. Some electric distribution utility (“EDU”) estimated costs

⁵ See MDWP at 20-21.

were significantly greater than the others. Before requiring all suppliers to pay for logos on bills, the Commission should determine a reasonable cost cap to avoid significant impacts to suppliers by this requirement and avoid the situation where CRES providers may not enter or must exit a service territory because of the inability to pay extremely high logo costs.

Direct Energy supports supplier logos on bills when supplier consolidated billing is not an option. We ask the Commission to allow for logos or in the alternative require a utility to provide functionality for supplier consolidated billing. In addition, the Commission should waive this requirement when the costs could act as a barrier to the market.

D. Customer Enrollment

Direct Energy appreciates Staff looking for a compromise on the issue of customer account numbers. There are several issues with access to customer account numbers and length of account numbers today.⁶ These include:

1. A customer wishing to enroll with a CRES provider who does not have a bill must stop the sales process to obtain a copy of the bill.
 - a. In a door to door solicitation this may mean leaving the person at the door to obtain the bill and return.
 - b. In a telephone solicitation it is putting someone on hold, leaving the phone, etc. to come back with a bill.
 - c. In a web enrollment it requires leaving the website or it may time out and starting the process over again.
2. A long account number can lead to an inaccurate number being written, typed or verbally provided.

In regards to the issues under number 1, the customer is likely to say “forget it” and not complete the enrollment. Typically a customer who leaves in the middle of the sale does not

⁶ Similar to the MDWP, Direct Energy will use the term account number to refer to any unique identifying number used for enrollment purposes.

return. In today's environment customers are busy and looking to enroll with a minimum of hassle. When a customer must stop and find additional information it can add not only length of time to the sale but can add frustration as the customer must be directed to which number to use and where to find it.

In regards to number 2, an enrollment will reject when the account number is inaccurate. This leads to the supplier having to contact the customer to verify the correct account number and, depending on if we are able to quickly reach the customer, can potentially lead to a one to two month delay in enrollment.

Staff proposes a process where a customer can access their account number online without needing the account number to log on. It is unclear how this new website resolves the above issues. Customers today already have the ability after initial set up to access their bills online by logging in with a username and password. This process still requires a customer to stop a sale, log onto the utility website, find the number, and then go back and begin the sale process over with a supplier. In addition, the process would still require a very long number to be typed, written, or verbally read leading to potential enrollment rejects if the number provided is not accurate.

While Direct Energy appreciates Staff's attempt to provide a compromise it is unclear how a customer having access on a utility website without an account number is more secure than setting up a website for account lookup with limited access only to licensed CRES providers where a utility can see who logged in based on password or IP address. If the intent is to have the customer's initial set up require an account number then that is the same thing that exists today and the barrier is not removed. Either way the customer must take additional steps

requiring them to step away from the sale process to access the account number – which account number is still very long and lends itself to errors and mistyping.

Direct Energy urges the Commission to allow a customer to provide permission to a supplier to access the account number directly from the utility. As proposed in the workshops, this would require a customer to affirmatively consent to the approach and could not be used for a door to door solicitation. This not only makes for a seamless sales process for a customer but would also eliminate delays in a customer receiving their product due to account number transcription errors. By ordering this functionality the Commission could have the workshop re-group with a focus on consumer protections for the look up rather than focused on whether or not enroll without account number should exist.

E. Advanced Metering Infrastructure

Direct Energy agrees with Staff's assessment that customer energy usage data ("CEUD") from AMI should enable new and innovative electric products and services and that the cost of providing interval CEUD to CRES providers should be evaluated by EDUs that have deployed or plan to deploy AMI.⁷ Direct Energy also strongly agrees with Staff's belief that customers should be the owners of their own CEUD and encourages the Commission to ensure that any rules or policies that pertain to data exchange between EDUs and CRES providers give customers the power to control such information.⁸

Staff also encourages the Commission to direct EDUs who have deployed AMI to all or a significant number of its customers to file amendments to their supplier tariffs, specifying the terms, conditions, and charges associated with providing interval CEUD⁹. While Direct Energy

⁷ MDWP at 23.

⁸ MDWP at 24.

⁹ MDWP at 25.

is fully committed to working with EDUs to identify the options for granularity, frequency, quality, and format of interval CEUD, CRES providers should not be charged to access bill quality interval CEUD for customers who elect to enroll in a time of use or other dynamic pricing product. Today, CRES providers are not charged for the monthly billing data required to bill its customers and similarly should not be charged for access to such data in the future. Once time of use or other dynamic pricing products are available in the market, the CRES providers who offer such products and, by nature of the way such suppliers do business, customers who choose to enroll on such products, should not be penalized by being forced to pay for access to interval CEUD necessary for billing. Instead, the costs associated with the technology, such as a Meter Data Management System, that are necessary to allow CRES provider access to bill quality interval CUED necessary for billing of advanced products (with customer authorization) should be recovered by the EDU through a distribution charge paid by all customers and such costs should be included in the EDU's AMI deployment plan. Unlike historical usage, this data is necessary for billing and charging a CRES provider for monthly billing data is the same as charging a customer for their choice of an advanced product as that cost is likely to be passed through to the customer.

III. Conclusion

Direct Energy has found the collaboratives and workshops very informative and believes they helped to build communication paths between stakeholders to resolve barriers to markets and improve consumer protections and interactions with CRES providers. We look forward to continuing to work with all parties to make Ohio the model for competitive retail electric service for all states to follow.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing Initial Comments of Direct Energy Services, LLC and Direct Energy Business, LLC was served this 6th day of February, 2014 by electronic mail delivery upon the e-mail addresses listed below.

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Summary: Comments (Initial Comments) electronically filed by JOSEPH CLARK on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC