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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's
Investigation of Ohio's Retail Electric
Service Market.

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Case No. 12-3151-EL-COI

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**Reply 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 Reply Comments in response to the COI in this matter. Direct Energy filed its Initial Comments on February 6, 2014 in response to the Public Utilities Commission of Ohio ("Commission" or "PUCO") filing of Staff's Market Development Work Plan ("MDWP") January 16, 2014, in this matter.

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 has reviewed all of the initial comments filed in the above matter. To that end, Direct seeks to file these comments in part to support, in part to oppose and in part to clarify said comments.

II. Initial Comments Review

A. Ohio Retail Electric Service Market Definition and Measurements

Direct Energy supports First Energy Solutions Corp. ("First Energy Solutions") accurate portrayal of the perils of MDWP's recommended public release of certified retail electric suppliers ("CRES") providers' number of customers served and load in

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MWH.¹ However, Direct Energy in its comments presented a format where individual CRES provider information could be held confidential by using the format that Dominion East Ohio Gas has used for years to present similar information in their service territory. As such, Direct Energy recommends that the Commission utilize Dominion East Ohio's approach that provides a good balance of providing the public with important information regarding market share without the potential of any harm to the market.

B. Corporate Separation

Direct Energy supports Interstate Gas Supply Inc.'s ("IGS") comments that "absent full corporate separation... the Commission [should] prohibit shared services and other similar cost sharing arrangements between regulated EDUs and competitive affiliates."² While at the very least Direct Energy continues to advocate no shared services should be allowed to work on ESP, MRO or tariff filings. Direct Energy agrees with IGS that the only way to prevent all substantial conflicts of interest and anti-competitive effects in the market place is to either require a full corporate separation or only allow shareholders and the highest level of corporate executives to be shared between the EDU and unregulated affiliate.³

Additionally, Direct Energy echoes Duke Energy Retail Sales LLC's concerns regarding Staff's suggestions that the changes to the policies and procedures should be filed no later than 60 days after the change.⁴ The rules concerning corporate separation are currently under review and comments have been filed.⁵ At this time Direct Energy recommends that none of the regulations become less strict through this docket and instead recommends that the Staff review the documents filed in both this docket and Case No. 13-954-EL-ORD to ensure that a fully competitive and fair market place exists up until a full corporate separation is in place.

C. Standard Service Offer as the Default Service

Per OAC 4928.02(A) it is Ohio State Policy to "ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory and reasonably priced retail electric service." Direct Energy supports IGS's comments that request the opening of a separate proceeding to take a deeper dive into moving the SSO towards a more

¹ MDWP at page 12 and Comments of First Energy Solutions Corp. on the Market Development Work Plan at page 4.

² Comments of Interstate Gas Supply, Inc. at 11

³ Comments of Interstate Gas Supply, Inc. at 13

⁴ Initial Comments of Duke Energy Retail Sales, LLC and Duke Energy Commercial Asset Management, Inc at 8.

⁵ In the Matter of the Review of Ohio Adm. Code Chapter 4901:1-37, Corporate Separation for Electric Utilities and Affiliates. Case No. 13-954-EL-ORD

competitive model.⁶ A number of proposals were made in this proceeding that would both ensure reliability while also allowing the market to become more competitive. A separate proceeding would enable a thorough and focused review of both the Commission's statutory authority, per the Citizens Coalition's⁷, concerns as well as enable a thorough look at how best to structure the market to meet the Ohio State Policy cited above.

Direct Energy continues to believe that there is a difference between a standard service offer and default service. Default service is the ultimate net to catch customers who have no other service option. A workshop focused solely on how to achieve fully exited standard service offer versus default service as presented in our original comments will allow parties to flush out these disagreements.

D. Purchase of Receivables

For those utilities without a purchase of receivables program Direct Energy supports the receipt of additional information necessary to collect. Many weeks were spent in the workshops discussing what was necessary to make the current payment priority functional absent a purchase or receivables program. Direct Energy encourages the Commission to require additional information to allow for verification of customer payments and collection for non-payment.

E. Seamless Moves/Contract Portability

A seamless move is the best option for our customers who have chosen to shop for a contract that best fits their needs and they should not be forced to find a new one because they are moving. Up until the time that contract portability is available for all the EDUs, Direct Energy supports the use of warm transfers. Warm transfers will at least allow shopping customers to remain with their existing CRES provider if they so choose. It will also help educate customers that the option is available to remain with their CRES provider. Although Duke Energy Ohio ("Duke Energy") argues that customers are not complaining about the lack of availability of seamless moves, uneducated customers can not complain.⁸ Without at least a warm transfer, a typical customer would be unlikely to know that many CRES providers are able to provide service in other EDUs. Moreover, Duke Energy mischaracterized CRES providers' desire for automatic contract portability.⁹ There was only one CRES provider who did not want their contracts automatically transported with the customer and preferred a warm transfer. While a warm transfer is an interim and immediate fix, ultimately there needs to be an automated

⁶ Comments of Interstate Gas Supply, Inc. at page 6.

⁷ Comments of the Citizens Coalition to Commission Staff's Market Development Work Plan

⁸ Comments of Duke Energy Ohio at page 6.

⁹ Id at page 7.

process which at a minimum provides the customer new account number and load information. Without that the transfer process becomes onerous for a customer who in the middle of moving is trying to find a new account number and discuss their transfer with multiple entities. In addition, load information would allow a supplier to determine if the customer is eligible for a different rate. Direct Energy recognizes that there may be a few hurdles to setting up seamless moves, but this is a common practice in many other states and Ohio can look to these other states for guidance on these issues.¹⁰

F. Bill Format

If an EDU bills for non-electric products or services on the EDU bill then the CRES provider should also be afforded the same ability. As pointed out by IGS, there are EDUs in Ohio currently billing for non-electric products or services on the EDU bill.¹¹ CRES providers want the same competitive opportunity to bill for other services as EDUs. Until that time EDU's have a unique competitive advantage to both save money on using one bill for multiple services and marketing other services outside of electric supply and generation to their customers. Finally, First Energy and DP&L's concerns regarding increased costs are unwarranted in this area. EDU's billing systems are fully covered through rates recovered from all distribution customers and if there are not additional fees for programming for the existing services then there should be no problem allowing for similar competitor services. If in fact, the utility pays a per bill fee to place their own services on the bill then and did not use rate payers to fund that functionality then a further discussion to negotiate fees with interested CRES providers should take place. As such, there is no reason for not allowing CRES providers the same ability to bill for other services on utility consolidated bills if the technology is already available and in use.

G. Advanced Metering Infrastructure (AMI)

Direct Energy currently offers time of use products in other states and would like the ability to bring these products, plus new ones, to the state of Ohio. However, CRES providers are currently unable to provide these products because EDUs do not provide this data. Without the Commission granting the EDUs authority to provide this data to CRES providers, we are unable to provide these products. It is not market forces that are preventing time-differentiated pricing options, as stated by Dayton Power & Light Company, but lack of data that is preventing these products from becoming a reality.¹² When the appropriate meters are installed and access to smart data in bill quality format is provided, Direct Energy will be able to provide time-differentiated pricing products to the market.

¹⁰ Comments of First Energy Solutions Corp. on the Market Development Work Plan.

¹¹ Comments of Interstate Gas Supply, Inc. at pages 8-9.

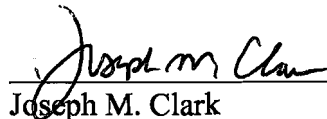
¹² Comments of Dayton Power and Light Company at page 8.

Finally, Direct Energy respectfully requests that the Commission allow all current regulatory proceedings and future regulatory proceedings on this matter to continue, regardless of the status of OEWG group discussions. Innovative products being brought to the market through time of use data should not be held in limbo waiting for the conclusion and decision on lengthy discussions.

III. Conclusion

Direct Energy has found the entire process of collaboratives, workshops, and comments 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,

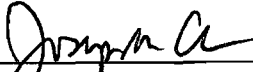
A handwritten signature in black ink, appearing to read "Joseph M. Clark", is written over a horizontal line.

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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 20th day of February, 2014 by electronic mail delivery upon the e-mail addresses listed below.



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