

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan.)	
)	
)	Case No. 16-481-EL-UNC
)	
)	

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company Application for Approval of a Distribution Platform Modernization Plan.)	
)	
)	Case No. 17-2436-EL-UNC
)	
)	

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company to Implement Matters Relating to the Tax Cuts and Jobs Creation Act of 2017.)	
)	
)	Case No. 18-1604-EL-UNC
)	
)	

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of a Tariff Change.)	
)	
)	Case No. 18-1656-EL-ATA
)	
)	

REPLY COMMENTS OF THE RETAIL ENERGY SUPPLY ASSOCIATION

The audit report and comments by intervening parties filed in this proceeding extensively address issues with Ohio Edison Company, Toledo Edison Company, and the Cleveland Electric Illuminating Company's (collectively "FirstEnergy") tracking of the benefits of Grid Mod I. The auditor concluded that due to FirstEnergy's deficiencies, it could not properly audit operational savings and determine any specific level of current

or future operational savings.¹ This included “deficiencies that pertained to the achievement and measurement of the twenty-two overall benefit categories.”² Correctly tracking the benefits is important considering the sizeable cost of the grid modernization program: this initial phase of grid modernization for FirstEnergy was capped at \$516 million of capital costs as well as \$139 million of incremental O&M.³

Although the audit report focuses on the deficiencies in FirstEnergy’s tracking of benefits in various enumerated categories, the audit report largely glossed over the benefits to grid modernization that comes from access to smart meter data. Enabling technologies like the smart meters and upgrading IT systems will permit the market to create customizable and unique product and service offerings to more than 700,000 customers who, without these upgrades, could only receive offerings based on total monthly consumption and average class profiles of demand. Accessing, and importantly, FirstEnergy settling with PJM based on the actual interval meter data, will unlock many dynamic product offerings for customers who could not have received them absent the grid modernization efforts. This largely unaccounted for benefit is also an outcome consistent with state energy policy.⁴

As the Commission considers the audit report in this proceeding and looks forward to the pending Grid Mod II Application, RESA urges the Commission to focus on items where benefits will be directly realized by customers, e.g., customers (and their authorized agents such as CRES providers) having access to their individualized interval

¹ *Id.* at 1-2.

² *Id.* at 2.

³ Audit Report at 7-8.

⁴ See R.C. 4928.02.

meter data such that they can obtain customized product and service offerings from the competitive market. Accordingly, any Commission guidance offered in this proceeding for assessing the benefits of future grid modernization programs should include a recognition of the benefits customers will have from being more engaged in their energy decisions, their ability to manage their energy costs, and the ability of the market to offer customized energy products and services.

RESA also urges the Commission to recognize the overall cost of grid modernization when reviewing this audit report and providing any potential guidance for future grid modernization programs. A theme that seems common in these grid modernization type applications is for utilities (or others) to advocate for countless projects and programs regardless of cost and whether the benefit can be delivered to customers through competitive market forces without the need for nonbypassable cost recovery. That theme continues in FirstEnergy's Grid Mod II Application that comes with a price tag even greater than Grid Mod I.⁵ To this end, RESA urges the Commission to include a recognition in any forward-looking guidance it may issue in this proceeding that where customer benefits can be provided through the competitive market they should not be included in grid modernization programs. Such guidance would allow for cost containment in future phases of grid modernization while still allowing customers to benefit from modern energy products and services, consistent with the pro-customer choice state energy policies.

⁵ *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of Phase Two of Their Distribution Grid Modernization Plan*, Case No. 22-704-EL-UNC, Application at 19 (July 15, 2022).

Respectfully Submitted,

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CERTIFICATE OF SERVICE

In accordance with Ohio Adm.Code 4901-1-05, the Commission's e-filing system will electronically serve notice of the filing of this document upon the interested parties, this 25th day of August, 2023. The following parties were provided by electronic mail a copy of this document.

/s/Matthew R. Pritchard

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ATA**

Summary: Reply Comments of The Retail Energy Supply Association electronically
filed by Mr. Matthew R. Pritchard on behalf of Retail Energy Supply Association.