**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Commission’s Investigation of Ohio’s Retail Electric Service Market.  | ))) | Case No. 12-3151-EL-COI |
| In the Matter of the Market Development Working Group.  | )) | Case No. 14-2074-EL-EDI |

**REPLY COMMENTS**

**BY**

**THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

# INTRODUCTION

This is a case about assuring that Ohioans receive the benefits of retail electric competition as intended by the Ohio General Assembly. The Office of the Ohio Consumer’s Counsel ("OCC") respectfully submits these reply comments on behalf of 4.6 million residential electric customers in Ohio.

# BACKGROUND

The Market Development Working Group (“MDWG” or "Working Group") created by the Public Utilities Commission of Ohio (“PUCO”) is composed of stakeholders with diverse interests. It was tasked with developing an operational plan that would permit customers to maintain their status as shopping customers if they relocate from one address to another.

The Working Group considered a number of options including a statewide seamless move,[[1]](#footnote-1) contract portability,[[2]](#footnote-2) instant connect,[[3]](#footnote-3) and “Warm Transfer” process.[[4]](#footnote-4) Each process involves different methods in which customers can control/ maintain their relationship with a Competitive Retail Electric Service (“CRES”) provider while initiating service or having electric service transferred from one address to another. The PUCO Staff provided invaluable assistance in facilitating discussions and in memorializing the diverse positions of parties within a Staff Report. Ultimately, the Staff recommended that the PUCO mandate a statewide warm transfer capability.

The PUCO provided parties the opportunity to file initial comments on the Staff Report by January 6, 2016 and reply comments by January 20, 2016. Initial comments were filed by Ohio Power (“OP” or “AEP Ohio”), First Energy Corporation (“First Energy”), Dayton Power and Light (“DP&L”), Duke Energy Ohio (“Duke”), the Retail Energy Supply Association (“RESA”), IGS Energy (“IGS”), and the Office of the Ohio Consumers’ Counsel (“OCC”). In general, the EDUs and OCC agreed with Staff that the implementation of contract portability, seamless moves, and instant connect were not cost effective and could present serious consumer protection issues.

The EDUs generally supported the use of a third-party if there had to be a warm transfer capability. But OCC and Duke commented that a “Cold Transfer” could be more appropriate.[[5]](#footnote-5) In the initial comments, OCC defined a cold transfer as where an EDU provides a shopping customer with the name and number of the CRES supplier who could be contacted by the customer at a later time. OCC commented further that the MDWG would be an appropriate forum for discussions about helpful information and resources that could be provided to customers to help make informed energy choices.[[6]](#footnote-6) IGS and RESA continued support for contract portability, seamless moves, and instant connect in their initial comments without regard for the need or cost effectiveness.[[7]](#footnote-7)

# REPLY COMMENTS

## A. The cost effectiveness in having EDUs warm transfer calls from customers to CRES either directly or through a third-party has not been determined.

Each of the EDUs commented that if there is to be a warm transfer capability, the transfer should be to a third-party who can then interface with the CRES.[[8]](#footnote-8) This concern seems to stem from a perception that a warm transfer, without a third-party intermediary, would indicate that an EDU is advocating for a *specific* competitive choice as opposed to *choice generally*. Regardless of the legitimacy of this perception, there are real costs associated with implementing warm transfers and these costs have not been quantified by the EDUs. The EDUs appear to be more focused on cost recovery than customers obtaining any meaningful benefit from the warm transfer.

For example, regardless of the costs, DP&L explicitly wants to ensure there is full recovery.[[9]](#footnote-9) First Energy seeks cost recovery through a Government Directives Rider (GDR) rider that was proposed in their most recent ESP, but as of now does not even exist.[[10]](#footnote-10) AEP Ohio proposes a third-party call transfer capability only in the context of a proposed settlement in Case 14-1693-EL-RDR[[11]](#footnote-11) that is highly contested and opposed by OCC and many other parties. Whether a warm transfer to the CRES is performed by an EDU or through a third-party, there should be a full examination of the costs to be charged to consumers and the benefits for consumers before the PUCO approves any warm transfer initiative.

**B.** Comments filed by RESA and IGS do not change the fact that the implementation of seamless moves, instant connect, and contract portability are cost prohibitive and not in the public interest. Such processes should therefore not be further considered by the PUCO.

RESA and IGS provided no information to refute Staff’s estimated $3.5 million cost for statewide implementation of a seamless move or instant connect capabilities (which did not include costs associated with CRES supplier system changes).[[12]](#footnote-12) Additionally, there was no information provided by RESA or IGS to refute the significant information technology changes that would be required by both the EDUs and CRES providers to implement contract portability. Further, there was no information provided by RESA or IGS that contract portability, seamless moves, or instant connect provide any benefit for customers or that any of these capabilities are even desired by customers. At best, RESA and IGS would have the PUCO require instant connect and seamless moves because similar capabilities are being made available in Pennsylvania.[[13]](#footnote-13) But the regulatory construct in Pennsylvania is different from Ohio and has no bearing on decisions here in Ohio. The MDWG fully examined each of the alternatives. Seamless moves, instant connect, and contract portability capabilities cannot be implemented in a cost effective manner in Ohio.

IGS claims that the standard service offer (“SSO”) is a barrier to competition and that the instant connect, seamless move, and contract portability help remedy this barrier.[[14]](#footnote-14) But as OCC has pointed out, customers should be able to affirmatively choose their supplier of electricity as they initiate service at a new address or move from one address to another.[[15]](#footnote-15) Despite IGS’s contention, the SSO is one of these choices. Customers should have the ability to transition to and from the SSO based on their particular needs as they initiate new service or move from one address to another. Seamless moves, instant connect, and contract portability can place limitations on customer choice because customers are unable to evaluate alternative competitive choices that may be available at their new residence.

**C.** Given the lack of support for the warm-transfer capability proposed by Staff, the PUCO should reject the Staff recommendation and implement a “Cold-Transfer” capability.

RESA and IGS oppose Staff's recommendation that only warm transfer capability be considered,[[16]](#footnote-16) even though it is the CRES providers who supposedly want shopping customers to maintain their relationship with their supplier when they move. RESA claims that “warm transfer requires substantial effort on the part of customers – multiple conversations, additional time, and additional effort under circumstances where the customer is already shopping”.[[17]](#footnote-17) But RESA’s argument is meritless because the competitive options that are available for customers can be radically different when customers move to another address. There can be different rates based on the contract, usage patterns, aggregation programs, packaging of services, and other factors that influence the competitive energy market for the consumer and CRES. State policy supports customers having effective choices with their supplier to meet their respective needs.[[18]](#footnote-18) If customers spend additional time and effort examining and making informed competitive choices, that is a positive outcome and fully aligned with state policy.

Given the lack of CRES support for the warm transfer capability proposed by the PUCO Staff, thus there is no reason for the PUCO to require EDU customers to pay for a warm-transfer capability. As OCC recommended in its initial comments, the PUCO should require the MDWG to develop an operational plan that supports a “Cold Transfer” capability.[[19]](#footnote-19) This easily implemented program requires EDUs to provide shopping customers with contact information specific for their CRES provider and the necessary information about the new account to arrange for a CRES enrollment at the new address.[[20]](#footnote-20)

Customers can then call the CRES supplier directly to arrange an enrollment for CRES service at the new address.

**D.** The PUCO should direct the MDWG to develop a recommendation for additional information and resources that can be made available for customers when they initiate new service or move to a new address.

OCC commented initially that Ohio Adm. Code 4901:1-10-12 requires EDUs to provide new customers with information about their rights and obligations – including the right to obtain a list of CRES providers operating in the EDU service territory.[[21]](#footnote-21) But customers would benefit by having additional information about websites, fact sheets, and other available resources to help them make informed competitive choices. The PUCO should direct the MDWG to develop a recommendation for the type of information that EDUs should provide new customers about choice in the rights and obligations summary.

# CONCLUSION

As discussed in the Staff Report and supported by the EDUs and OCC, implementing seamless move, instant connect, or contract portability presents a number of technical and consumer protection issues that cannot be implemented in a cost effective manner. A “warm transfer” raises concerns, too. A "warm transfer" would result in additional unquantified costs for the EDUs and has few (if any) benefits for customers. RESA and IGS also generally oppose the warm transfer alternative. A “Cold Transfer” alternative builds upon the Staff Report recommendation. EDUs would be responsible for providing sufficient new account information to existing shopping customers so that they can arrange for CRES service if they choose. Customers (and not an EDU or third-party) would be responsible for initiating the contact with the CRES provider. To help ensure customers have sufficient information to make an effective energy choice, the existing customer rights and obligations summary provided to new customers should be modified to include information about the Energy Choice Ohio website and other helpful resources. The PUCO should direct the MDWG to provide a recommendation for providing additional choice information to consumers in the customer rights and obligations summary.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

 I hereby certify that a copy of these Reply Commentswas served on the persons stated below via electronic transmission to the persons listed below, this 20th day of January 2016.

 */s/ William J. Michael*

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**SERVICE LIST**

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1. Seamless moves involve the capability for customers to have their existing CRES contract (with consent from the supplier) relocated from one service address to another during a move. The Electric Distribution Utility (“EDU”) coordinates the supplier and customer to facilitate the seamless move. [↑](#footnote-ref-1)
2. Contract portability involves specific terms and conditions within a contract that enables CRES providers to relocate the supply of electricity from one address to another without affirmative customer consent. [↑](#footnote-ref-2)
3. Instant connect allows the capability for CRES to provide for the supply of electricity on the same day that distribution service is initiated by an EDU. [↑](#footnote-ref-3)
4. A warm transfer means that EDUs would be required to extend an invitation to shopping customers who contact them to transfer distribution service to warm transfer the caller to their existing supplier to discuss the CRES terms and conditions at their new address. *See generally* 12-3151-EL-COI, Finding and Order (March 26, 2014) at 23. [↑](#footnote-ref-4)
5. Comments of Duke Energy Ohio at 3; Comments of the Ohio Consumers’ Counsel at 5. [↑](#footnote-ref-5)
6. OCC Comments at 6. [↑](#footnote-ref-6)
7. *See, e.g.,* IGS Comments at 2. [↑](#footnote-ref-7)
8. *See* EDU Comments. [↑](#footnote-ref-8)
9. DP&L Comments at 5. [↑](#footnote-ref-9)
10. First Energy Comments at 8. [↑](#footnote-ref-10)
11. AEP Ohio Comments at 4. [↑](#footnote-ref-11)
12. Staff Report at 15. It is also noteworthy that in the FirstEnergy ESP IV Case, Case No. 14-1297-EL-SSO, IGS has entered into a side agreement with FirstEnergy that provides for a filing intended to implement a warm transfer process. This side agreement circumvents the PUCO’s MDWG review process. [↑](#footnote-ref-12)
13. IGS Comments at 4; RESA Comments at 2. [↑](#footnote-ref-13)
14. IGS Comments at 2. [↑](#footnote-ref-14)
15. Case 12-3151-EL-COI, OCC Comments on PUCO Staff’s Market Development Work Plan, (February 6, 2014) at 27-32. [↑](#footnote-ref-15)
16. RESA Comments at 2; IGS Comments at 1. [↑](#footnote-ref-16)
17. RESA Comments at 2-3. [↑](#footnote-ref-17)
18. Ohio Revised Code 4928.02(B) and (C). [↑](#footnote-ref-18)
19. OCC Comments at 5. [↑](#footnote-ref-19)
20. *Id*. [↑](#footnote-ref-20)
21. OCC Comments at 6. [↑](#footnote-ref-21)