

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company to Initiate)	Case No. 13-1939-EL-RDR
Phase 2 of its gridSMART Project)	
And to Establish the gridSMART)	
Phase 2 Rider)	

**INITIAL COMMENTS OF
DIRECT ENERGY SERVICES, LLC AND DIRECT ENERGY BUSINESS, LLC**

I. Introduction.

On August 8, 2012, the Commission issued its opinion and order in Case No. 11-346-EL-SSO, et. al., which approved Ohio Power Company’s (“AEP Ohio”) application for a standard service office in the form of an electric security plan (“ESP”), in accordance with Section 4928.143, Revised Code. In that opinion and order, the Commission approved AEP Ohio’s request to initiate Phase 2 of its gridSMART project, directed AEP Ohio to file its proposed expansion of the gridSMART project as part of a new application, and directed that any gridSMART investment beyond Phase 1 that is not subject to recovery through AEP Ohio’s distribution investment rider be recovered through a mechanism other than the current gridSMART rider, such as through a gridSMART Phase 2 rider. ESP Order at 62-63.

On September 13, 2013, Ohio Power Company (“AEP Ohio”) filed an application to establish a gridSMART Phase 2 rider as the mechanism to recovery any gridSMART project investment beyond Phase 1 (“Application”). The Application outlines AEP Ohio’s proposed expansion of the gridSMART project, including: deployment of Advanced Metering Infrastructure (“AMI meters” or “smart meters”) for approximately 894,000 customers; Distribution Automatic Circuit Reconfiguration for approximately 250 priority circuits; and

Volt/VAR Optimization for approximately 80 circuits. AEP Ohio proposes that the gridSMART Phase 2 rider take effect on January 1, 2013 and operate similarly to the Company's current gridSMART rider for Phase 1, with an annual true-up and reconciliation.

Relatedly, on September 13, 2013, AEP Ohio also filed an application to establish an expiration date for its gridSMART Experimental Tariff. See Case No. 13-1937-EL-ATA.

II. Issues that Merit Additional Consideration and Action.

Direct Energy supports AEP Ohio's Application to expand its gridSMART project and to establish a Phase 2 rider to recovery associated costs. However, there are several issues outlined in the Application that merit additional consideration and action by AEP Ohio.

A. Data Access and Exchange Issues

In Attachment A to its Application, AEP Ohio notes that Phase 2 will support a "more robust customer choice market by enabling customer access to information, improved data for market settlement, and potential for time-differentiated rate design offerings."¹ AEP Ohio also specifically notes that competitive retail electric service ("CRES") providers could take the "lead role" in offering demand response and time-differentiated pricing programs to customers.²

Direct Energy certainly welcomes the opportunity to work with AEP Ohio and other stakeholders to facilitate the development of data exchange so that CRES providers can develop time-differentiated and other smart-meter enabled products, including demand response, for Ohio customers. However, the Application does not provide any details on how AEP Ohio will work with CRES providers to enable the information sharing that is essential to the development and marketing of smart-meter enabled products.

¹ AEP Ohio Attachment A at p. 2

² Id. at p. 6

Specifically, AEP Ohio should provide additional, detailed information about how it plans to develop a master data management system (“MDMS”) that will enable CRES providers to access customer data for product development and billing. There are several elements to development of an MDMS that AEP will need to work with CRES providers to coordinate, including: interval frequency, reporting frequency, data quality, and format of data exchange. Interval frequency describes the number of times within a 24-hour period that data is captured and recorded as a “block” – hourly interval data represents the energy used within a block of 60 minutes; 15-minute interval data represents the energy used within a block of 15 minutes, etc. Reporting frequency describes how often the utility provides data to CRES providers and is typically on a “next-day” or monthly basis for billing. Data quality describes whether the data is “raw” which may include brief gaps or lapses in recording (“AMI meter data”) or whether it has been validated, estimated, and edited (“VEE” or “bill quality” data). Finally, format describes how data is transferred, typically through a web portal, EDI, or an FTP file. Direct Energy has provided a matrix (Attachment A) that outlines its preferences regarding AEP Ohio’s development of an MDMS.

Minimum MDMS capabilities need to be put in place as soon as practicable, so that CRES providers can begin to market the most basic types of TOU rates, such as the “Free Power Day” product offered by Direct Energy in Texas and Pennsylvania. More advanced MDMS capabilities should be considered during this initial phase so that the system can develop to accommodate transfer of more granular data and more advanced products in the future. The Commission should direct AEP Ohio to work with all stakeholders to develop an MDMS that will allow efficient data access and exchange with CRES providers without inhibiting new product development.

B. AMI Meter Deployment Schedule

The Application outlines AEP Ohio's proposed expansion of the gridSMART project, including deployment of AMI meters for approximately 894,000 customers and estimates that such meters will be deployed over the course of four years. However, AEP Ohio did not outline a proposed schedule for deployment. Specifically, Direct Energy requests that AEP make available a monthly schedule for deployment that includes the areas/ where meters will be deployed and the number of meters to be deployed within that time period. Additionally, Direct Energy also requests that as the deployment schedule is executed AEP Ohio incorporate an AMI meter indicator within its existing customer marketing lists, MDMS or other system. This will ensure that CRES providers have a detailed understanding of which customers have AMI meters and will be essential to marketing campaigns. It would significantly frustrate customers' experience to receive an offer for a TOU product if the customer is not eligible for such a product because their AMI meter has not yet been installed. Therefore, the Commission should direct AEP Ohio to provide a detailed plan regarding the deployment schedule of its AMI meters and also provide an AMI meter indicator within its system.

C. Customer Education

Relatedly, AEP Ohio's Application states that its gridSMART project will include a multi-pronged, public outreach and education campaign. AEP should work with CRES providers to develop and execute this plan. In the Commonwealth Edison ("ComEd") territory in Illinois, the utility is planning an extensive consumer education campaign that includes direct mail prior to the installation of an AMI meter, additional information about AMI meter capabilities the day of the installation, and a follow-up direct mail piece within 30-60 days after the AMI meter is installed. Further, ComEd is planning a number of workshops and community

events that will discuss AMI meters and dynamic pricing products with consumers. Direct Energy recommends that AEP Ohio look to CRES providers, Staff, and other stakeholders as partners in consumer education efforts. Most importantly, customer education efforts should be closely tied to the AMI meter deployment schedule and the launch of AEP Ohio's MDMS so that interested customers are able to enroll in AMI-meter enabled products from CRES providers as soon as possible.

III. Conclusion

Direct Energy supports AEP Ohio's Application to expand its gridSMART project and is very excited about the opportunity to work with AEP Ohio to bring dynamic pricing products to customers in Ohio. Direct Energy respectfully requests that the Commission direct AEP Ohio to work with all stakeholders to develop an MDMS that will allow efficient data access and exchange with CRES providers; to provide additional information about its AMI meter deployment schedule; and to collaborate with CRES providers and other stakeholders to ensure that AEP Ohio's customer education campaign coincides with customers' ability to enroll in advanced pricing products from CRES providers.

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 1st day of November, 2013 by electronic mail delivery upon the persons listed below.

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Summary: Comments Initial Comments electronically filed by Ms. Jennifer L. Lause on behalf of Direct Energy Business, LLC and Direct Energy Services, LLC