

**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	)	

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

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**I. Introduction.**

On September 13, 2013, Ohio Power Company (“AEP Ohio”) filed an application to establish a gridSMART Phase 2 rider as the mechanism to recover 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.

Direct Energy Business, LLC and Direct Energy Services, LLC (“Direct Energy”) intervened and filed timely Initial Comments in this proceeding. The Commission Staff, Ohio Consumers’ Counsel, Environmental Advocates<sup>1</sup>, Interstate Gas Supply, Inc. (“IGS”), FirstEnergy Solutions (“FES”), Ohio Partners for Affordable Energy (“OPAE”), the Ohio Hospital Association, and the Retail Energy Supply Association (“RESA”) also filed Initial

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<sup>1</sup> Environmental Defense Fund, Ohio Environmental Council, and Environmental Law and Policy Center are jointly referred to as “Environmental Advocates.”

Comments. After review of the Initial Comments, Direct Energy submits the following reply comments. First, Direct Energy has a strong interest in offering smart meter-enabled products to customers in AEP's territory, including time-variant products. Second, Direct Energy supports AEP Ohio's efforts to phase out existing time-of-use ("TOU") tariffs and to enable competitive retail electric service providers ("CRES providers") to bring smart-meter enabled products to market. Finally, Direct Energy strongly supports establishing a stakeholders' collaborative, rather than a hearing, to discuss and resolve a number of the issues raised in this docket.

## **II. Reply Comments.**

### **A. Direct Energy has a strong interest in offering smart meter-enabled products to customers in AEP's territory, including time-variant products.**

In its Initial Comments, Staff noted that AEP's filing did not include a proposal to offer any smart meter-enabled products to customers in its territory. Staff further expressed the view that "there appears to be little interest by [CRES providers] in providing such rates in the near term"<sup>2</sup> and cited that lack of interest as a reason for AEP to offer at least one such product, potentially as a subset of the SSO, to customers. As evidenced by Direct Energy's involvement in the Duke Energy Ohio SmartGrid Collaborative and related dockets<sup>3</sup>, and Direct Energy's participation in this proceeding, Direct Energy has a strong interest in offering smart meter-enabled products to Ohioans. Direct Energy already offers such products to customers in Texas and to customers in Pennsylvania Power & Light's ("PPL") territory.<sup>4</sup> Direct Energy also notes that the comments filed by IGS, FES, and RESA (of which Direct Energy is a member) also show the CRES providers' support for offering smart meter-enabled products. The key to the development and availability of these products in the market is CRES providers' access to AMI

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<sup>2</sup> Staff Initial Comments at 5.

<sup>3</sup> See PUCO Docket Nos. 13-2050, and 13-1141.

<sup>4</sup> See Direct Energy products available in PPL at <http://www.directenergy.com/en/pennsylvania/electricity-pennsylvania-power-and-light-ppl-current-pricing.aspx>

meter data. Therefore, the Commission should order AEP to work with the CRES providers and other stakeholders through a collaborative to establish the protocols for AMI meter data access and exchange.

**B. Direct Energy supports AEP Ohio’s efforts to phase out existing time-of-use (“TOU”) tariffs and to enable competitive retail electric service providers (“CRES providers”) to bring smart-meter enabled products to market.**

AEP Ohio stated in its Application that it plans to evaluate whether to include a “simple time-differentiated Standard Service Offering (SSO) rate option.”<sup>5</sup> Additionally, 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. Staff noted in its Initial Comments that “until [time-of-use] rate offerings are available in the competitive marketplace...utilities with advanced metering capabilities [should] offer at least one such rate to SSO customers.”<sup>6</sup> Direct Energy believes that in a true, fully competitive market, the utility is a “wires-only” company and all customers are served by a CRES provider either through a bi-lateral contract, a municipal aggregation as permitted by state law, or on a default service product provided by the competitive market. While Direct Energy also understands the value of the existing TOU pilot programs provided by AEP Ohio it supports AEP Ohio’s efforts to phase out these existing tariffs and to enable CRES providers to bring smart products to market. Further, Direct Energy does not support the development of a new TOU default service option as a subset of the Standard Service Offer (“SSO”). Instead, if there is going to be a gap in time between the expiration of AEP Ohio’s TOU tariffs and the availability of CRES provider TOU products, the Commission should direct AEP Ohio to work with CRES providers to ensure that customers

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<sup>5</sup> AEP Application Attachment A at 6.

<sup>6</sup> Staff Initial Comments at 5.

currently on an AEP Ohio TOU tariff are not transitioned back to Standard Service Offer (“SSO”) service, possibly by permitting CRES providers to serve such customers.

In their Initial Comments, the Environmental Advocates suggest that AEP Ohio should implement a prepaid electric service pilot program.<sup>7</sup> While Direct Energy certainly agrees with the benefits of a prepaid electric service option, we fundamentally believe that such an option should be provided by the competitive market, rather than AEP Ohio. In fact, Direct Energy currently offers Power-To-Go, a prepaid electric service product, to its customers in Texas. Power-To-Go is a no deposit, no credit check plan that empowers customers to better control their energy usage by paying for a specific amount of electricity to activate their account, and then continuing to pay as often as the customer likes to keep the account balance above zero.<sup>8</sup> In Texas, specific consumer protection rules<sup>9</sup> have been implemented that govern prepaid products and Direct Energy would fully support discussion of such rules and procedures as a part of a stakeholders collaborative so that such products can be made available to customers in AEP Ohio’s territory.

**C. Direct Energy strongly supports establishing a stakeholders’ collaborative, rather than a hearing, to discuss and resolve a number of the issues raised in this docket.**

In its Application, AEP Ohio suggests that a hearing on the Application is unnecessary.<sup>10</sup> OPAE’s Initial Comments suggest the opposite, and requests that the Commission establish a hearing on the Application. The Environmental Advocates and IGS both suggest a collaborative be established for AEP’s gridSMART phase 2 expansion. Direct Energy agrees that a collaborative is the best forum for discussion of, and proposed solutions to, the issues raised in

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<sup>7</sup> Environmental Advocates Initial Comments at 6-7.

<sup>8</sup> See <http://www.directenergy.com/en/texas/power-to-go.aspx>

<sup>9</sup> See Texas Administrative Code Chapter 25, Subchapter R – Customer Protection Rules for Retail Electric Service (<http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.498/25.498.pdf>)

<sup>10</sup> AEP Application at 5.

this docket. Specifically, Direct Energy suggests that the Commission order AEP Ohio to host weekly meetings for four consecutive weeks to determine how data will be provided to CRES providers and to file a revised plan to implement such protocols or system changes within 30 days of the final meeting. Collaborative meetings should also include discussion of a more specific AMI meter deployment schedule and consumer education

### **III. Conclusion.**

In conclusion, Direct Energy respectfully requests that the Commission adopt Direct Energy's recommendations in its Initial and these Reply Comments.

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 18<sup>th</sup> day of November, 2013 by electronic mail delivery upon the persons listed below.

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