

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)	
Power Company for Approval to Expire its)	Case No. 13-1937-EL-ATA
gridSMART Experimental Tariffs.)	

In the Matter of the Application of the Ohio)	
Power Company for Approval to Establish)	Case No. 17-1234-EL-ATA
Time-of-Use Rates.)	

INITIAL COMMENTS OF INTERSTATE GAS SUPPLY, INC.

I. INTRODUCTION

Recently, the General Assembly and the Commission have provided guidance on the roles of the competitive market and the electric distribution utilities (“EDUs”) regarding energy efficiency (“EE”) and demand side management (“DSM”) measures. The General Assembly terminated the costly EDU-run EE and peak demand reduction portfolio benchmarks and added provisions to the state’s energy policy to encourage cost-effective, timely, and efficient access customer usage data with customers and competitive suppliers to promote customer choice and grid modernization, as well as spur economic investments and improve energy options of individual customers.¹

In response, the Commission determined that Ohio’s EE and DSM needs will be best served by market-based approaches, where customers and suppliers can enter into mutually beneficial arrangements without subjecting other customers to extra risk or

¹ Am. Sub. House Bill 6 (2019); R.C. 4928.02(O), (P).

costs.² Regarding the role of the EDU, the Commission stated “it continues to be important that ***EDUs focus on providing consumers and CRES providers with direct and comparable access to meter data and enabling billing mechanisms*** that properly reflect cost-causation for things like generation capacity and network integration transmission service.”³

In contrast, in these proceedings the Ohio Power Company (“AEP Ohio”) requests approval of a new time-of-use (“TOU”) rate offering, while indefinitely continuing its rigid execution of the gridSMART Phase 2 TOU Transition Plan,⁴ as well as the retention of a decade-old “experimental tariff.”⁵ At the same time, AEP Ohio fails to take any steps to use actual customer energy usage data to reconcile CRES provider wholesale energy statements. The combined impact of these action is to permit AEP Ohio to monopolize the design and provision of TOU rate offerings.

II. ARGUMENT

A. The Commission should direct AEP Ohio to the steps necessary to truly transition TOU Rates to the competitive market.

The Commission has determined that the EDUs should offer pilot time-differentiated rates only for so long as it takes for the market to develop and for a

² *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of its 2021 Energy Efficiency and Demand Side Management Portfolio of Programs and Cost Recovery Mechanism*, Case Nos. 20-1013-EL-POR, Entry (June 17, 2020) (“Duke EE/DSM Entry”) at ¶ 9.

³ *Id.* (emphasis added).

⁴ *In the Matter of the Application of the Ohio Power Company for Approval to Establish Time-of-Use Rates*, Case No. 17-1234-EL-ATA (“TOU Rates Case”).

⁵ *In the Matter of the Application of Ohio Power Company for Approval to Expire its gridSMART Experimental Tariffs*, Case No. 13-1937-EL-ATA (“Experimental Tariffs Case”).

reasonable number of CRES providers to begin offering this service.⁶ In an effort to advance this finding, gridSMART Phase 2 attempted to begin this migration through a TOU Transition Plan.⁷ Unfortunately, as noted in the Staff Report, AEP Ohio's implementation of Phase 2 has undermined CRES providers' ability to offer TOU rates.⁸

Indeed, the Stipulation indicates that within twenty-four months of approval of the Stipulation, AEP Ohio will complete the CRES AMI interval data portal. "After completion of the CRES interval data portal, CRES providers will have the opportunity to offer more strategic and competitive TOU options and programs."⁹ These enhanced TOU options and programs were predicated on the fact that AEP Ohio "shall build its systems and/or processes to allow for CRES Settlement via actual load data after completion of the CRES AMI interval data portal **for all CRES TOU customers.**"¹⁰

As Staff states, without the fundamental capability to perform wholesale settlements based upon a customer's actual usage data, CRES providers will simply be unable develop TOU products and services for the mass market.¹¹ Despite Staff's encouragement of AEP Ohio to include this function in its next gridSMART application,

⁶ *In the Matter of the Commission's Investigation of Ohio's Retail Electric Service Market*, Case No. 12-3151-EL-COI, Finding & Order (Mar. 26, 2014) at 37-38.

⁷ *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR, Opinion and Order (Feb. 1, 2017) at ¶ 29-32.; Stipulation & Recommendation (Apr. 7, 2016) ("gridSMART Phase 2 Stipulation") at 6-8.

⁸ *TOU Rate Case*, Staff Report at 4; see also AEP Ohio TOU Transition Plan (July 24, 2017) at 7 (prescribing thirteen general rules for TOU Transition period).

⁹ gridSMART Phase 2 Stipulation at 10.

¹⁰ *Id.* (emphasis added).

¹¹ *TOU Rate Case*, Staff Report at 4.

that did not occur.¹² In AEP Ohio's gridSMART Phase 3 Application, AEP Ohio states it is merely "exploring the possibility" of performing PJM market settlements for all customers using AMI data.¹³ Even placing AEP Ohio's Stipulation obligations aside, this disregard for such a key component of transitioning to market-based TOU rates is alarming, and it is essentially rendering it impossible for CRES providers to offer cost-effective time-varying rates and programs. Until this occurs, CRES providers and customers are limited to inflexible status quo.

Regarding AEP Ohio's proposed TOU Rates, IGS expresses caution with placing an emphasis on the promotion of default service TOU rates. In discussing the benefits of the competitive market offering EE and DSM products and services, the Commission noted that in a competitive market customers are able to enter into mutually beneficial arrangements without subjecting other customers to extra risk or cost burdens.¹⁴ However, currently, residential default service TOU rates are just a cost-shifting guessing game. The supply auction winners are paid the same rate for every kWh the customers use regardless of when those kWhs are consumed. This means that any discount provided to one default service customer for a shift in usage must be recovered from the others to properly compensate the suppliers. Thus, unless adjustments are made, residential default service TOU rates are unwittingly subjecting other customers to cost burdens in the name of demand side management.

¹² See *Id.*

¹³ *In the Matter of the Application of Ohio Power Company to Initiate its gridSMART Phase 3 Project*, Case No. 19-1475-EL-RDR, Testimony of Scott S. Osterholt (July 29, 2019) at 47.

¹⁴ Duke EE/DSM Entry at ¶ 9.

Therefore, IGS respectfully requests that the Commission executes the following:

- Within twelve months, direct AEP Ohio to undertake necessary system upgrades to facilitate the calculation of CRES provider wholesale market settlements for energy and capacity based upon actual customer energy usage data.
- After eighteen months, AEP Ohio should file an application to terminate its TOU offering, consistent with the General Assembly's policy determination that EE and DSM should be provided by the competitive market. Through these combined steps, the Commission can provide a timely and reasonable transition.
- Finally, during any continuation of AEP Ohio's TOU rate offerings, the Commission should ensure that all costs associated with that offering are allocated directly to customers that take service on those rates. No costs should be recovered through nonbypassable charges.

B. Consistent with gridSMART Phase 2 and state policy, the Commission should expire the Direct Load Control Rider.

Despite seven years of requesting a withdrawal, AEP Ohio now seeks the continuation of its Direct Load Control Rider ("Rider DLC"). However, IGS submits the Commission should expire AEP Ohio's Rider DLC, consistent with the Commission's order adopting the gridSMART Phase 2 Stipulation, the policy of the state, and AEP Ohio's initial request.

Initially, IGS notes that the parties in the gridSMART Phase 2 Stipulation explicitly agreed that the Rider DLC would expire regardless of the Commission's determination

regarding the sufficiency of the CRES TOU market.¹⁵ AEP Ohio provides no explanation for its proposed deviation from this agreement, and IGS is disappointed with its disregard.

In fact, AEP Ohio provides minimal explanation or support for its request to continue Rider DLC at all. AEP Ohio merely states that it “is requesting Commission approval to continue this tariff as there are no alternative tariffs for this program.”¹⁶ Yet the lack of alternatives is unpersuasive when AEP Ohio has failed to present the reasonableness and value of this program to begin with. Rider DLC was approved almost ten years ago as an “experimental offering.”¹⁷ Certainly a decade has been a sufficient amount of time to analyze the data and provide actual results of the program. AEP Ohio has also not provided information regarding the number of participants in Rider DLC or the costs of this continuing this program. The Commission simply cannot evaluate the merits of this request.

Regardless, as noted above, the General Assembly and the Commission have made it clear that with regards to EE and DSM programs, “this state will be best served by reliance upon market-based approaches such as those available through PJM and competitive retail electric service providers.”¹⁸ Utilizing ratepayer dollars to provide

¹⁵ gridSMART Phase 2, Opinion and Order at ¶ 31, Stipulation at 8-9.

¹⁶ *Experimental Tariffs Case*, Amended Application (June 16, 2020) at 2.

¹⁷ *In the Matter of the Application of Columbus Southern Power Company to Establish New Experimental Rate Schedule Classifications for Residential and Small General Service Time of Day Rates and Residential Experimental Direct Load Control Rider*, Case No. 10-424-EL-ATA, Finding and Order (Dec. 1, 2010).

¹⁸ Duke EE/DSM Entry at ¶ 9.

monetary incentives, in addition to furnishing and installing smart thermostats and other load control devices, is the exact opposite of this.

In fact, the retention of Rider DLC is contrary to multiple policies of this state. For example, Rider DLC is only available to those customers that do not shop for electricity.¹⁹ Utilizing distribution rates to subsidize a generation service that is only offered to standard service offer customers is not only an anticompetitive subsidy, but also discriminatory, both of which are contrary to state policy.²⁰ Therefore, the Commission should expire Rider DLC.

III. CONCLUSION

Although AEP Ohio is the furthest along in its smart meter deployment out of Ohio's four EDUs, customers in its territory are lagging behind in experiencing the benefits. The EDU's focus should be on providing consumers and CRES providers with direct and comparable access to meter data and enabling billing mechanisms that properly reflect cost-causation.²¹

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¹⁹ *TOU Rate Case*, Staff Report at 1.

²⁰ See R.C. 4928.02(B), (H).

²¹ Duke EE/DSM Entry at ¶ 9.

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CERTIFICATE OF SERVICE

I certify that these *Initial Comments of Interstate Gas Supply, Inc.* were filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on July 10, 2020. The Commission's e-filing system will electronically serve notice of the filing of this document on the parties subscribed to these proceedings. Additionally, notice was provided to the parties listed below.

/s/ Bethany Allen

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Summary: Comments Initial Comments of Interstate Gas Supply, Inc. electronically filed by Bethany Allen on behalf of Interstate Gas Supply, Inc.