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December 16, 2022

*Via Electronic Filing*

Ms. Tanowa Troupe  
Public Utilities Commission of Ohio  
Docketing Division  
180 East Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215-3793

**Re: Case No. 00-2317-EL-GAG  
Initial Comments to NOPEC's September 28, 2022 Show Cause Filing on Behalf of  
Cleveland State University Energy Policy Center**

Dear Ms. Troupe:

By Entry issued September 7, 2022, the Public Utilities Commission of Ohio ordered Northeast Ohio Public Energy Council ("NOPEC") to "show cause" why its certificate to provide governmental aggregation services should not be suspended ("September 7<sup>th</sup> Entry"). NOPEC filed its "show cause" response on September 28, 2022. By subsequent entries, the attorney examiners extended the deadline for interested parties to file initial comments regarding NOPEC's show cause filing to January 12, 2023.

At the request of Andrew R. Thomas, Director of Cleveland State University Energy Policy Center, we are filing the attached comments on his behalf in support of NOPEC and, as applicable, in support of NOPEC maintaining its certification as a governmental aggregator in the above-referenced docket:

These Initial Comments are being filed pursuant to the above-referenced entries, and should be included on the Docket Card as formal initial comments filed by interested parties pursuant to the attorney examiners' September 7<sup>th</sup> Entry and subsequent entries in this proceeding, and not in the Public Comment section.

Sincerely,

Devin D. Parram

Attachment



October 21, 2022

Public Utilities Commission of Ohio  
180 East Broad Street, 11<sup>th</sup> Floor  
Columbus, Ohio 43215

RE: Northeast Ohio Public Energy Council (NOPEC) PUCO Case No. 00-2317-EL-GAG

Dear Public Utilities Commissioners and Staff:

My name is Andrew Thomas and I am the Director for Cleveland State University’s Energy Policy Center,<sup>1</sup> housed in the Levin College of Public Affairs and Education (formerly the Urban College). The purpose of this letter is to support NOPEC’s continued certification as an aggregator by the Public Utilities Commission of Ohio (PUCO). NOPEC has played a critical role in ensuring a competitive electricity marketplace for non-mercantile end users. For the reasons set forth herein, it is imperative that NOPEC continue its ability to play that role.

At the outset, it must be noted that NOPEC made the correct and responsible decision to return residents to the lower-priced electric service offered by the utility. Cleveland State University, which has over the years benefited greatly from retail competition, made the decision to temporarily move to the standard service offer (SSO) under the recommendation of its broker.<sup>2</sup> This has been, or should have been, the recommendation of most brokers throughout Ohio who have had to procure retail power supplies on behalf of their clients in 2022. There is no reason why aggregated customers should be treated any differently than disaggregated customers. They all should get the best available rate.

But more to the point, it is critical that NOPEC be able to now continue to perform aggregation services for non-mercantile customers in Ohio. The conditions in the markets right now may have dictated a short term move by NOPEC’s customers to the SSO, but long term, the service NOPEC provides will save its customers many millions of dollars. This has been made manifest by two reports prepared jointly by Cleveland State and Ohio State Universities investigating the savings generated by competitive markets in Ohio. Ohio electricity rates were compared to other Midwestern states that do not have competitive markets.

In the first study, we demonstrated that Ohio ratepayers saved an average of \$3 billion/year between 2011-2015 as a direct result of the restructured and deregulated electricity markets.<sup>3</sup> Of

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<sup>1</sup> The Energy Policy Center at Cleveland State has been in operation for 13 years. Its areas of research include, among other areas, electricity markets and regulation. <https://levin.urban.csuohio.edu/epc/staff.html>.

<sup>2</sup> Cleveland State has saved over \$600,000 on its electricity bills in the summer of 2022 as a result of moving into the SSO. The author of this letter is a member of CSU’s procurement team.

<sup>3</sup> Thomas, Andrew R.; Bowen, William M.; Hill, Edward W.; Kanter, Adam; and Lim, Taekyoung, "Electricity Customer Choice in Ohio: How Competition Has Outperformed Traditional Monopoly Regulation" (2016). *Urban Publications*. 0 1 2 3 1416. [https://engagedscholarship.csuohio.edu/urban\\_facpub/1416](https://engagedscholarship.csuohio.edu/urban_facpub/1416). The \$3 billion per year in savings from regulation came from a combination of savings from shopping (around \$400 million/year for

this, about \$125 million per year in savings came directly as a result of shopping in non-mercantile markets – markets for which NOPEC played a key role in setting. Smaller residential and commercial markets had little leverage themselves to negotiate prices, and aggregators enabled them to realize that leverage.

The CSU/OSU team updated the 2016 study in 2019, finding that savings from deregulation had dropped to around \$400 million per year between 2016-2018, mostly as a result of the SSO approaching market price.<sup>4</sup> Of this, non-mercantile savings were around \$100 million per year in 2016-17. By 2018, however, the SSO markets had finally begun to converge with the non-mercantile retail markets. Commercial retail providers have since found it challenging to beat the SSO.<sup>5</sup>

***In other words, the markets were working exactly as they were supposed to work.*** After 8 years of competition, by 2018 the competitive retail prices and the SSO had achieved market equilibrium. Aggregators and commercial retail electricity service providers were no longer offering discounts tied to the SSO price in their retail contracts, but instead began to offer prices that competed head to head with the SSO in price. Competition has been intense not only to acquire retail shoppers, but also in the SSO auctions. This in turn led to lower electricity prices for all non-mercantile end users.

This will not change now just because SSO prices have dipped below the retail prices. Market equilibrium will return, SSO prices will again be competitive with retail markets, and the value that aggregators play in keeping prices low for small users will continue to be critical. Indeed, we have already seen the signs that this will be the case for 2023. Recent SSO auctions by utilities have made clear that the SSO will likely be significantly higher than what might otherwise be available from shopping. Doubtless this reflects the fact that bidders are now better accounting for the risk that, when prices require it, end users will readily move into the SSO.

For the FirstEnergy region of Northeast Ohio, where NOPEC competes, substantially higher pricing is likely to happen with the next SSO offering. In a recent auction (October 4, 2022) held by FirstEnergy for the first tranche of bidders to supply the SSO for the year beginning on June 1, 2023, *the weighted average price obtained was \$122.30/MWh.*<sup>6</sup> The last auction held by FirstEnergy (March 2022 for the current SSO delivery period) brought in a price of \$68.11/MWh.<sup>7</sup> In other words, depending upon the results from the next few auctions, the FirstEnergy SSO may double in price in 2023. Indeed, this appears to be the trend for Ohio: recent auctions in AES Ohio (\$122.50/MWh, April 2022) and Duke Ohio (\$115.75/MWh, September 2022) have

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mercantile and \$125 million per year from non-mercantile markets) and competition in the auctions for the SSO (around \$2.5 billion per year).

<sup>4</sup> Thomas, Andrew R.; Bowen, William M.; Henning, Mark; Hill, Edward W.; and Kanter, Adam, "Update on Electricity Customer Choice In Ohio: Competition Continues to Outperform Traditional Monopoly Regulation (Full Report)" (2019). *Urban Publications*. 0 1 2 3 1618. [https://engagedscholarship.csuohio.edu/urban\\_facpub/1618](https://engagedscholarship.csuohio.edu/urban_facpub/1618)

<sup>5</sup> *Id.* at 34.

<sup>6</sup> *See:* <https://www.firstenergycbp.com/Results.aspx>

<sup>7</sup> *Id.*

generated similar numbers.<sup>8</sup> Notably, the AES Ohio SSO auction was held well before NOPEC announced its decision to move its customers into the SSO. NOPEC's movement of its load into the SSO is not what is driving up prices in SSO. Rather, it is the auction bidders' accounting for the movement of educated ratepayers throughout the state into the SSO that has resulted in higher auction prices.

For this reason, it is imperative that NOPEC be allowed to continue to advocate for its customers as an aggregator. Ratepayers in Northeast Ohio should must have an aggregation recourse in the face of these sorts of rate increases. If the PUCO were to now decertify NOPEC, this would materially damage residents and small commercial users in Northeast Ohio. It would also materially damage the market equilibrium that took so many years to develop.

Competitive markets have proven to be a powerful tool to deliver value to Ohio's ratepayers. Efforts to undermine the efficiency of these markets are a threat to Ohio's economic development and well-being. Any attempt to constrain aggregation or competitive generation markets would cause significant harm to all of Ohio's electric consumers and Ohio's economy.

For these reasons, I urge that the PUCO dismiss with prejudice its action to show cause why NOPEC should not be decertified as an aggregator. The decision of NOPEC to temporarily put its customers into the SSO under recent market conditions should be celebrated, not condemned. It demonstrates NOPEC's good faith in representing its customers. The companies that bid into the current SSO knew the risks that they were taking when they bid into that market. NOPEC's ratepayers cannot be asked to forego the SSO markets that all other end users may exploit. Nor should they be asked to now give up their right to aggregate and shop their loads going forward because SSO markets are temporarily below the retail markets. NOPEC has been and will continue to be in the best position to aggregate and shop Northeast Ohio's non-mercantile end user loads. Their ability to do so should not be constrained in any way by the PUCO.

Thank you for the opportunity to provide comments in this case.

Very truly yours,

*Andrew R. Thomas*

Andrew R. Thomas

Executive in Residence and Director, Energy Policy Center  
Levin College of Public Affairs and Education  
Cleveland State University  
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<sup>8</sup> See: <https://www.aes-ohioauction.com/Results.aspx>; and <https://www.duke-energyohiocbp.com/Results.aspx>.

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**Case No(s). 00-2317-EL-GAG**

Summary: Comments on behalf of Cleveland State University Energy Policy Center  
electronically filed by Teresa Orahood on behalf of Devin D. Parram