

**Ohio Retail Electric Service Market
Case No. 12-3151-EL-COI
July 30, 2013 Workshop Summary**

Barriers to Competitive Retail Market, Do They Exist?

Prepared Discussion Remarks:

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Open Discussion:

After the prepared remarks, an open discussion was held with parties commenting on both the comments presented and any other potential barriers to a competitive retail market place. The following topics were discussed in detail throughout the workshop.

- **Default service and the Standard Service Offer**

Discussion revolved around the necessity of the Standard Service Offer and whether or not there is structural bias associated with it. Generally the electric utility companies and the consumer advocacy groups believe the SSO is legally required and serves as a benchmark for other rates to be measured against. This is because the SSO price is obtained through a regulated, competitive, and transparent process. The SSO price also serves as a necessary protection against predatory pricing. For the most part, suppliers believe the SSO creates barriers within the competitive market; SSO's are unique to each utility company's service territory and vary in length of time. Suppliers also feel customers should have the choice of choosing their supplier immediately. Utilities and consumer groups are afraid this would be too cumbersome for customers. The default service option allows customers the chance to familiarize themselves with different suppliers and contract rates available.

- **Standardization of the Electric Security Plans**

The point was raised that the current trend of short-term ESP's with the ability to exit the SSO auction at the end of the ESP, creates a barrier to long-term investment planning in the Ohio market. Long-term capital investments are considered risky due to the lack of standardization across service territories, trend of short-term ESPs, and the unpredictability of regulatory oversight. According to some suppliers, consistency across service territories and the ability to forecast long-term into the Ohio energy market should create a more competitive and robust market.

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- **Model States with Deregulation**

Texas was mentioned as a state that has already been deregulated but most of the discussion focused around how Ohio should be wary of using Texas as a model state. One key difference is that Texas operates under ERCOT and the wholesale marketplace is a function of the state. Another difference is how a customer signs up for service. In Texas, customers contact their supplier directly and the supplier notifies the distribution company. Since electricity is an essential service, concerns were raised regarding consumer protection and how new customers do not necessarily have the time or knowledge to examine the available options.

- **Smart Meters and Data Access**

Concerns were raised by suppliers over equal access to smart grid data. Access to this data would allow suppliers to offer better and more innovative products designed around customer's usage. Utilities warned that access and distribution of this data will require changes to their current infrastructure and the associated costs will be passed on to customers. Each individual utility has their own uniform system, usually across multiple jurisdictions, with unique efficiencies specific to that utility. Another problem is that each utility is in a different stage of smart grid deployment and most are still in the early stages.

- **Generation Subsidies**

Generation subsidies within the Standard Service Offer were mentioned as a barrier to competition and suppliers believe all subsidies should either be eliminated or the utility should not be allowed to bid into the auction. While this may result in an increased SSO, it levels the competition among all parties. Consumer groups raised the point that "subsidies" could be considered a relative term.

- **Focus Groups**

Concern was raised over the lack of customer involvement in the process. No party presented an objection to reaching out to customers and holding focus groups prior to spending more money in order to better develop the market. Some of the questions addressed in these focus groups would revolve around why or why not a customer has chosen a supplier, what were their likes or dislikes about the process, and what do customers really know about their electric bill.