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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Staff Proposal for )  
An Economic Development Tariff ) Case No. 11-4304-EL-UNC  
Template. )

REPLY COMMENTS OF  
THE RETAIL ENERGY SUPPLY ASSOCIATION

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Pursuant to the Commission's July 15, 2011 Entry in this matter, the Retail Energy Supply Association ("RESA")<sup>1</sup> respectfully submits the following Reply Comments in the above styled proceeding. RESA filed Initial Comments concerning the Staff's proposed universal Tariff provision for economic development discounts. In response, eleven sets of Initial Comments were filed by numerous parties. The Initial Comments covered a wide range of interests and positions. RESA files these Reply Comments in response to certain statements made in the Initial Comments of Ohio Power Company and Columbus Southern Power Company. RESA wishes to state that the fact that it is not responding to a commenting party's Initial Comments should not be interpreted as agreement or support.

Turning to the Initial Comments of Ohio Power Company and Columbus Southern Power Company ("AEP Ohio"), at page 6, AEP Ohio questions whether or not customers that take generation service from a competitive retail electric service ("CRES") provider qualify for the proposed tariff. RESA submits that for legal and policy reasons retail customers do not have to forego purchasing power in the open market in order to qualify for the economic development

<sup>1</sup> RESA's members include: Champion Energy Services, LLC; ConEdison Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; MXenergy; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPI EnergyPlus, LLC; Reliant Energy Northeast LLC and TriEagle Energy, LP. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

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credits. Senate Bill 221 enhanced the Commission's authority to establish discounts for economic development which could be funded through general rates Section 4905.31, Revised Code. No provision exists in Section 4905.31, Revised Code that either requires that economic development discounts only be given to standard service customers, or that bars CRES providers from supplying the capacity or energy used by retail customers receiving an economic development discount. Further several sections of the State Energy Policy codified as Section 4928.02, Revised Code, can be read to support CRES providers supplying capacity and energy for economic development type projects.

- Subsection A provides that the State Energy Policy ensure the availability to consumers of adequate, reliable, safe, efficient, non-discriminatory and reasonably priced retail electric service. Intentionally eliminating CRES suppliers, especially those offering capacity and energy for less than the standard service offer, is discriminatory and could prohibit reasonably priced power from being offered to a class of customers.

- Subsection B provides that the State Energy Policy ensures the availability of unbundled and comparable retail electric service that provides consumers with the supplier, price, terms, conditions, and quality options they elect to meet their respective needs.

Establishing a Commission rule or policy that denies customers from entering into long term, fixed price or special services because the customer otherwise qualifies for economic development violates both the word and spirit of this subsection.

- Subsection C of the State Energy Policy ensures a diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers. Establishing a barrier against all suppliers in favor of the standard service offer supplier directly violates this subsection of the Policy.

- Subsection G of the State Energy Policy calls on the Commission to encourage innovation and market access for cost-effective supply and demand-side retail electric service; to recognize the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment. Barring CRES providers is a policy of inflexibility designed to erect a barrier to market development.
- Finally Subsection N of the State Energy Policy calls for facilitating the state's effectiveness at the global economy. In carrying out this policy, the Commission cannot disqualify shopping customers merely because they take generation service from a CRES provider.

In sum, restricting CRES providers from supplying the capacity and energy to retail end users *who qualify for economic development discounts* would impose a restriction which is not supported in the enabling statute and clearly violates the State's Energy Policy. The Commission as a state agency is required to follow the State Energy Policy.

RESA would also like to reply to another errant statement made on page 6 of the AEP Ohio Initial Comments. AEP Ohio states:

Utilities have expertise and a lengthy track record of working cooperatively with local officials and industrial prospects to encourage mutually beneficial economic development. Competitive suppliers have no such expertise, and no incentive to work toward an agreement that would benefit the State's economy.

This is not an accurate appraisal. CRES providers work closely with their customers and use the benefits of the competitive market to provide individualized value through customized energy products and services that not only save the customer money but also offer opportunities to *optimize long-term energy usage*. CRES providers are often active in many different jurisdictions and utility service areas. This exposes CRES to best practices in other parts of the

country which may not be currently in use in a particular Ohio utility service area. In sum, RESA submits that competitive suppliers do in fact have expertise in encouraging mutually beneficial economic development and do have an incentive to work towards an agreement that would benefit Ohio's economy.

While RESA takes no position on the amount of delta revenue which the utility should absorb, the policy of the state clearly mandates that shopping customers be permitted to be eligible for the Economic Development Tariff and CRES providers should be permitted to participate in working cooperatively with local officials and industrial prospects to encourage non-discriminatory economic development.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document is being served by email on the following persons this 15th day of August, 2011.



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