

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Staff Report Regarding
AEP Ohio's Supplier Consolidated Billing
Pilot

Case No. 21-1150-EL-UNC

COMMENTS OF THE RETAIL ENERGY SUPPLY ASSOCIATION

The Public Utilities Commission of Ohio has long stated its desire to enhance the competitive electric market through supplier consolidated billing. In the Matter of the Commission's Review of the Purchase of Receivables Implementation Plan for Ohio Power Company, Case No. 15-1507-EL-EDI, Finding and Order ¶ 24 (Sept. 27, 2019). Through the funding and efforts of several competitive retail electric suppliers, Ohio Power Company and the suppliers have adopted billing system changes that permit suppliers to engage in supplier consolidated billing and the Commission has approved billing format changes for two suppliers to engage in supplier consolidated billing. Since July 2020, one of those suppliers has enrolled customers without any unresolved complaint (and only one reported "inquiry" to Commission staff that was apparently resolved). Based on these initial successful efforts, supplier consolidated billing is well on the way to becoming an option that will expand the ability of suppliers to interact effectively, and without an intermediary, with their customers. In accord with Ohio's policy to support competitive supply of electric generation, the Commission should continue to support this effort.

Background

Through a series of cases culminating in the approval of a settlement in an Ohio Power electric security plan case in 2018, the Commission was among the first commissions in the country to allow the implementation of a pilot to provide supplier consolidated billing that included five competitive electric suppliers, capped expenditures of \$2 million with suppliers providing half the amount, a cap on participants of 80,000 customers, and other terms to allow for the monitoring and expansion of the pilot. In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143, in the Form of an Electric Security Plan, Case No. 16-1852-EL-SSO, et al., Opinion and Order at ¶¶ 119 and 221-22 (Apr. 25, 2018).

Suppliers, Commission staff, and Ohio Power began efforts to initiate supplier consolidated billing in 2017. Those efforts culminated in November 2019 when Ohio Power could successfully transact supplier consolidated billing. Further, two suppliers of the five that provided funds to cover programming costs of the pilot also sought and received authority for approval of bill formats for supplier consolidated billing. One, Constellation New Energy, then began to enroll customers in July 2020. Report of the Staff of the Public Utilities Commission at 2-3 (Nov. 5, 2021) (“Staff Report”). Enrollments continued throughout the pilot. Staff Report at 4 and Ohio Power’s Response to the Office of Ohio Consumers’ Counsel’s Discovery Request INT-01-007 (attached). However, enrollments in the pilot ended in late 2021.

On November 5, 2021, the staff of the Commission filed a report concerning the pilot in this proceeding. The report states that the results “are less than enthusiastic” based on the number of suppliers enrolling customers and the number of customers enrolled. Staff Report at 4. It further notes that Ohio Power did not receive any customer complaints related to the pilot, and staff’s review of its own records revealed only one customer “inquiry” concerning the

customer's enrollment that was investigated and resolved by the supplier. Id. at 4-5. Despite the successful efforts to initiate the program without adverse customer reports, the Staff Report recommends either that the pilot should not be expanded to other customers or providers or that another review should be conducted after a defined period to determine if the pilot should continue because of low participation and concerns with the methods of customer enrollment. Id. at 5.

Staff Concerns About the Pilot

The concerns for stopping or further burdening the pilot expressed in the Staff Report fail to account for the success of the initial efforts or the hurdles that suppliers had to overcome to achieve them. Further, the recommendations are inconsistent with the Commission's stated goal of implementing supplier consolidated billing.

Although the Staff Report expresses concerns about the low level of participation, it ignores that the pilot itself is new and had to overcome significant barriers. First, it took two years for Ohio Power and the parties to complete the system integration before the first customer could be enrolled. By the time that process was completed, a pandemic consumed further resources. Additionally, the implementation delay left the pilot vulnerable to other business priorities. See Initial Comments of Interstate Gas Supply, Inc. (Aug. 9, 2022). The fact that so much progress was made is testament to the importance of this pilot to the industry.

The Staff Report's snapshot of customer enrollments also is incomplete. As noted, cumulative participation continued until additional enrollments ended in late 2021. At the same time, the pilot has been initiated with practically no demonstrated adverse customer reaction. Staff Report at 4-5.

Participation rates this early in the enrollment process must also be viewed with care. Equally important is a recognition that the pilot is a first attempt to change consumer practices in a way not previously tried in this state. Changing customer habits regarding billing expectations should not be expected to be done overnight. The implementation of customer choice itself is instructive. It took years for small commercial and residential customers to begin to migrate in large numbers to choice programs in Ohio. Similarly, customers need time to grow comfortable about billing changes. Particularly when other events such as the pandemic have upset so much of consumers' lives, it is unfair to judge the success of the pilot by low take rates over a brief period of implementation.

Given how new this effort is, it is also important to recognize that the pilot is an outgrowth of state Commission policy. As the Commission explained in a 2019 Finding and Order, "as the marketplace is currently situated, the Commission's desired course for competitive suppliers is to ultimately partake in supplier consolidated billing and dual billing. This would facilitate the innovative marketplace that we envision for the state of Ohio, and would easily resolve how suppliers can bill non-commodity goods and services that they wish to market and then bill to their customers." In the Matter of the Commission's Review of the Purchase of Receivables Implementation Plan for Ohio Power Company, Case No. 15-1507-EL-EDI, Finding and Order ¶ 24 (Sept. 27, 2019).

Benefits of Supplier Consolidated Billing

The Staff Report also fails to consider the potential benefits to consumers that can be achieved.

Supplier consolidated billing will expand supplier offerings for the benefit of retail customers by facilitating a broader direct relationship between the supplier and its customer.

This relationship should help suppliers establish brand identity and clarify their role with customers, who otherwise tend to feel they are customers of the utility, regardless of their retail supplier. This benefit will be reduced or lost (and may be difficult to recover) if the Commission does not extend and expand the pilot.

In addition, supplier consolidated billing allows for suppliers to lower barriers to entry by including multiple products on the bill. This benefit cannot be realized under the existing utility billing systems because they accommodate only a fixed number of characters and limit suppliers ability to customize their messaging, products, and services for customers. These limitations require some suppliers to send separate, supplemental communications to the customer. These communications are inefficient and can cause customer confusion. The utility billing systems thus foster additional barriers to entry.

In a similar vein, supplier consolidated billing allows for the billing of products and services that cannot be billed with utility consolidated billing systems. Value-added products such as bill prediction, home security, HVAC maintenance, surge protection, demand response, energy efficiency services, monitoring and smart thermostats and innovative pricing plans such as time-of-use rates, free night plans, and free weekend plans are products and service features that are either barred from current utility bills due to utility elections to end non-commodity billing or may be beyond the scope of billing systems. See, e.g., *In the Matter of the Application of Duke Energy Ohio, Inc., for a Waiver of Specific Sections of the Ohio Administrative Code*, Case No. 21-1100-EL-WVR, Finding and Order (May 18, 2022) (addressing a waiver of requirements to place non-commodity charges on utility consolidated bills); *In the Matter of the Application of Ohio Power Company to Initiate its gridSmart Phase 3 Project*, Case No. 19-1475-EL-RDR, Opinion and Order (Dec. 1, 2021) (addressing billing system changes for

implementing advanced metering changes). As a result, a supplier is often required to send a second bill to customers if it wants to expand its services. A far better, and more efficient solution is to include all customer charges on a single bill, which is possible with supplier consolidated billing.

Next Steps

The Staff Report offers an unwarranted bleak outlook to recommend that the pilot either not be expanded or that further study is warranted. Staff Report at 5.

The Commission should reject the first option for several reasons. First, there is no demonstrated reason for denying other suppliers the opportunity to seek authority to adopt billing changes. Preventing interested suppliers from securing approval for billing format changes permitted by Ohio rules and from engaging with Ohio Power to implement system changes to support that billing provides no additional data points and will do nothing to test the billing approach or advance the Commission's stated policy to encourage the use of supplier consolidated billing.

In fact, it is unclear why the Commission would engage in any action that would tend to frustrate the continuation and expansion of the pilot in the Ohio Power service territory or the migration of supplier consolidated billing to other service territories. First, Commission rules provide suppliers with the option of seeking billing changes to implement supplier consolidated billing. Ohio Admin. Code § 4901:1-21-18. Second, the choice to move to supplier consolidated billing should be in the hands of the market. Customers and suppliers, through the Commission's support, should decide 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." R.C. 4928.02(B). Third, supplier consolidated billing reduces the

potential for discrimination in billing practices that has existed for years. In the Matter of the Commission's Review of its Rule for Electric Safety and Service Standards Contained in Chapter 4901:1-10 of the Ohio Administrative Code, Case No. 17-1842-EL-ORD, Finding and Order ¶¶ 134 and 213 (Feb. 26, 2020). Thus, several sound reasons support the continuation and expansion of the supplier consolidated billing pilot.

Respectfully submitted,

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**OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE 21-1150-EL-UNC
FIRST SET**

INTERROGATORY

OCC-INT-01-007 On a monthly basis since the inception of the SCB pilot program through now, what was the total number of residential customers by supplier that were served under the SCB pilot program?

RESPONSE

The Company objects that the request seeks information that AEP Ohio does not track or maintain in the ordinary course of business. Without waiving these objections or any general objections the Company may have, the Company states:

Month	Total Customers Served under SCB
20-Jun	1
20-Jul	56
20-Aug	55
20-Sep	67
20-Oct	27
20-Nov	28
20-Dec	27
21-Jan	26
21-Feb	31
21-Mar	64
21-Apr	34
21-May	51
21-Jun	54
21-Jul	72
21-Aug	83
21-Sep	76
21-Oct	69
21-Nov	57
21-Dec	21
Total	899

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the Commission's e-filing system will electronically serve notice of the filing of this document upon the interested parties, this 9th day of August 2022. The following persons were provided by electronic mail a copy of this document.

/s/ Frank P. Darr _____

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