June 11, 2018
Via email

California Public Utilities Commission, Energy Division
505 Van Ness Ave
San Francisco, CA 94102
customerchoice@cpuc.ca.gov

Informal Comments of OhmConnect, Inc. on the California Customer Choice Project "Green Book"

Dear California Customer Choice Team:

OhmConnect appreciates the opportunity to submit informal comments on the Commission's Draft "Green Book"—*California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electricity Market*. Broadly, our comments aim to highlight the important role of an informed and empowered customer base in the creation of a robust competitive market for energy products. We address this issue through the lenses of *customer protection*, *future role of the Investor Owned Utility (IOU)* and the *Resource Adequacy program*.

OhmConnect is currently a residential Demand Response Provider (DRP) that manages tens of thousands of kWs of demand response resources in the California ISO (CAISO) market. OhmConnect provides a fun and engaging app for households to respond to grid fluctuations in exchange for earning money and social rewards. Participants reduce their electricity use upon receiving simple email, text or in-app notifications; simultaneously, wifi-connected devices in their homes (e.g. smart thermostats) are turned off automatically during "#OhmHour" demand response events.

Ensuring Customer Protection

OhmConnect strongly supports the adoption of reasonable customer protection mechanisms as California moves toward greater customer energy choice. Broadly, the Commission should consider adopting as a core objective the creation of an informed and empowered consumer base that has access to timely information and the proper tools to make sound decisions about energy use. At minimum, this requires:

A. A focus on *consumer education and awareness*, in terms of both the retail options available and general energy management issues;
B. *Robust transparency* regarding pricing and other key service details, in a format that allows customers to compare across providers;
C. Smooth *flow of information* between regulators, service providers and customers; and
D. *Built-in safeguards* for disengaged or otherwise at-risk customers.

We believe that the Texas model offers a good example of many of these components. The Public Utilities Commission of Texas (PUCT) is charged with customer education and awareness-raising regarding retail energy options. The PUCT's "Power to Choose" website is user-friendly and easy to navigate, facilitating access to comparable information about a variety of service providers.[1] A simple zip code search yields a list of service options, with pricing and a variety of other key characteristics readily visible to help consumers make "apples-to-apples" comparisons across companies. Furthermore, complaint histories offer an overview of how each company interacts with its customers, helping customers make informed decisions about the experiences they can expect to have with their service provider and, in the process, penalizing poor-performing actors.

While Texas relies on price signals to encourage market participation, the UK model provides a more proactive safeguard for inactive or otherwise at-risk customers. Ofgem[2] identifies and maintains a database of potentially disengaged customers—defined as those who have not switched suppliers for three years—and allows alternative service providers to market to these customers with better offers. We do not suggest that a central database accessible to all providers is necessarily the best pathway for California, but some mechanism to identify and proactively reach out to disengaged customers can safeguard against poorer outcomes for those who elect not to actively participate in choice. One possible solution is to have a neutral party such as the CPUC send periodic (e.g., every 2 years) communications to *all* customers outlining their rights and providing information regarding available retail electricity options.

Defining Future Role of the Investor Owned Utilities

Competitive systems work best when all market participants (i.e., providers and consumers) have adequate and timely access to information to guide decision-making. Regardless of their future operational scope, incumbent IOUs can play a vital role in reducing information asymmetries among market participants. Specifically, as the likely providers of transmission, distribution, and metering services for the foreseeable future, the IOUs are best placed to facilitate centralized access to data needed to animate a robust competitive market for energy services.

Indeed, the IOUs have already taken significant steps in this direction. For example, in support of Rule 24/32 and the subsequent creation of the Demand Response Auction Mechanism (DRAM), the IOUs developed new systems and processes that enable third-party DRPs to obtain the necessary customer data to build out their CAISO-integrated programs. Most recently, the implementation of "click-through" online authorization has vastly reduced barriers to customer participation, expanded engagement and improved the overall customer experience. Although further refinements to these systems are needed (and are anticipated in the future), the progress made to date is a good example of the IOUs working with a diverse set of actors to create a robust new market.

[1] See Power to Choose, available at www.powertochoose.org.

[2] The Office of Gas and Electricity Markets (Ofgem) is a government body that regulates the electricity and downstream natural gas markets in Great Britain.

The IOUs can continue to improve the flow of information between market participants by a) standardizing their data processes to the greatest extent possible, thereby lowering third-party integration costs, b) providing more granular (e.g., 5-minute) meter data, helping to build more dynamic customer engagement in response to frequently changing price signals, and c) facilitating third-party provider access to meter data in near real-time. In New York, for example, ConEdison will allow customer-authorized third parties to "access near-real time data [with a latency of 30-45 minutes] through 'Share My Data' by the end of 2018."[3]

Securing Resource Adequacy

Rather than propose adjustments to the existing Resource Adequacy (RA) program—these are already being considered in CPUC proceeding R.17-09-020—we would like to encourage a broader discussion of energy market design that would allow RA requirements to gradually decrease over time. Specifically, promoting innovation and competition in retail energy could incentivize end-use customers to become active market participants. Meanwhile, ensuring the transparent flow of information would make it easier for both energy suppliers and retail customers to evaluate and respond to price signals in real time. This, in turn, would reduce the total quantity of RA capacity that needs to be procured to maintain an acceptable level of reliability (thereby reducing costs to ratepayers).

The Texas energy market is a prominent example of this type of structure. With robust customer choice, a high level of customer participation, and innovative price signals, Texas is able to maintain reliability without a mandatory RA requirement. Rather, the PUCT and ERCOT work together to maintain adequate supply through dynamic pricing. In California, third-party DRPs are already finding innovative ways to get customers to respond to financial and non-financial incentives. If California were to allow for-profit businesses to compete with the IOUs and other providers (e.g., CCAs) many of these program elements could also be applied to retail energy.

We do not suggest that the California market can or should shift overnight, and RA capacity procurement will be necessary for some time in order to ensure reliability. Broadly, however, California should consider leveraging its evolving energy marketplace and bottom-up growth in customer choice to create a regulatory environment that bolsters competition and active participation among well-informed market actors in *all* energy services.

Respectfully submitted,

June 11, 2018 /s/MARIA BELENKY

Maria Belenky
Markets Analyst

[3] See ConEdison's April 30, 2018 *AIM Metrics Report*, page 8, accessible at http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BA4B2C651-0EAE-48EC-8734-AF1FBC2CE9D8%7D.

OhmConnect, Inc.
350 Townsend St., Suite 210
San Francisco, CA 94107

Telephone: (415) 894-0750
Email: maria@ohmconnect.com