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Via email

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**Re: Response of OhmConnect, Inc. to the California Customer Choice Project Post
Workshop Questions**

Shark Tank: After reviewing the “shark tank” presentations, what are the “must haves” as California considers regulatory framework options to manage the transition associated with customer choice? What is the most compelling vision of customer choice as presented in the shark tank?

Customer choice needs to focus on the customer experience; *customer delight* is at the crux of this experience. Specifically, the question that needs to be addressed is: How does the energy sector engage customers around electricity?

Customer delight is the idea of giving customers more than what they even know they want. As Jeff Bezos, CEO of Amazon, emphasized in the 2016 Letter to Shareholders: “Customers are *always* beautifully, wonderfully dissatisfied...Even when they don’t yet know it, customers want something better.”¹ Customer delight occurs when a customer is pleasantly surprised with what he or she has received and, as a result, has an overall positive emotional experience. Electricity customers are often dissatisfied - rates are difficult to understand, service disruptions are unexpected, and bills are oftentimes surprisingly high. Consequently, the conversation around customer choice needs to change such that customers engage with electricity in a way that delights them.

It is easier to believe that customers will never be delighted about a specific sector than believe that one simply may not have thought about a pathway that will delight customers. However, innovators prove time and time again that customer delight can be overcome with any and every sector (despite what incumbents think). For example, ten years ago, the taxicab industry believed that they had a great system to deliver rides to riders; the laundromat industry believed they had a great system to provide washing machines to users; and, the real estate industry believed they had a great system to connect buyers to sellers. Now, companies like Lyft²/Uber,³ Rinse,⁴ and Trulia⁵/Zillow⁶ have all disproven that.

¹ Bezos, Jeffrey. 2016 Letter to Shareholders. <https://www.amazon.com/p/feature/z6o9g6sysxur57t>.

² <https://www.lyft.com/>

³ <https://www.uber.com/>

⁴ <https://www.rinse.com/>

⁵ <https://www.trulia.com/>

The regulatory framework cannot be prescient about what will create customer delight. Regulators are therefore not best-equipped to handle the extensive testing that is required to create customer delight. Instead, the regulatory framework should encourage a variety of experiments that allow innovators, entrepreneurs, and people outside of the energy sector to test and create customer delight. Moreover, the regulatory framework could go one step further to encourage and reward the correct customer behaviors. The bare minimum is to remove the barriers to entry by innovators, entrepreneurs, and others that currently cannot directly access the customer.

Understanding what drives customers and what makes them delighted is not an easy task. Each customer is unique, and there's no one simple solution. Oftentimes, discovering what might inspire or surprise a range of customers requires understanding the different demographics and segments in the market. Keeping this in mind, customer delight around electricity could therefore show up in customer choice by allowing households and businesses to mix and match from a variety of providers and products throughout the energy services ecosystem.

The energy services ecosystem is the whole spectrum of products and services available to retail customers. Any energy service that might be included on the grid - renewables, storage, electric vehicles, demand response, etc. - is included in this energy services ecosystem space. However, rather than merely offering *access* to the service, the energy services ecosystem is a *retail platform* where customers can pick and choose from which provider they'd like to purchase which service.

The energy services ecosystem is similar to the role Amazon plays in the online market. Rather than supplying only one provider to its customers, Amazon users can select from a variety of providers for each of their needs. Moreover, each item is independent from the others, and no one provider is exclusive. For example, a customer can select bedsheets from one provider and towels from another, or they can decide to purchase both items from the same provider. Crucially, the customer is not precluded from buying towels from any one provider on account of their preferring to buy bedsheets from another. The important thing to note is that the customer has the power to select each service from the provider that they prefer.

This model fosters market-based competition, and it is precisely such competition that we recommend form the basis for customer choice in California. We firmly believe that a market-based energy services ecosystem will promote innovation and provide the greatest customer delight.

⁶ <https://www.zillow.com/>