



Chairman Cupp, Vice Chairman Carfagna, Ranking Member Ashford, and members of the committee, thank you for allowing me to testify today in support of real and meaningful energy competition. My name is Teresa Ringenbach and I handle the Midwest Government & Regulatory Affairs for Direct Energy.

Direct Energy serves approximately 4 million customers in North America. We have over 300 Ohio employees and serve nearly 550,000 Ohio electricity and natural gas customers. Direct Energy is one of North America's largest retail providers of electricity, natural gas, and home and business energy-related services. Our brands include Direct Energy, Hive, Panoramic, Airtron, One Hour Heating & Air Conditioning and Mr. Sparky. We give customers choice, simplicity, and innovation where energy, data, and technology meet.

Since 2001, I have had many roles in the Ohio retail energy market. I started my career servicing the first government aggregations in the state, sold electricity to the City of Cleveland and surrounding communities, participated in regulatory proceedings, and handled customer operations. I have watched the retail energy markets grow from a few suppliers to nearly 100 with thousands of customers now served by a competitive supplier offering distinctive and innovative solutions.

However, despite this progress toward robust competition, every year the Legislature or the Commission considers some form of "restructuring" proposal, often dealing with whether the utilities should somehow change their generation supply service. This often includes proposals to allow our monopoly utilities to use rate payer funding to grow or subsidize utility owned generation. And yet each year the retail electric market proves it is the better option for consumers.

Ohioans no longer need the utility to fill the generation supply role. We haven't needed this for a very long time. We do however need our utilities to be the wires platform for us to move into a brighter energy future. A role only our utilities can fill. The operational capabilities to move generation supply to different customers, maintain reliable delivery and provide smart metering data services is a critical piece to Ohio's electric service. However, to do that we need to eliminate the confused system we have today and make it clear that what Ohio and Ohioans need is a focused monopoly utility providing wires only service. The market will provide the generation services and other innovative offers.

In fact, we should have moved to full market pricing in 2005. However, instead a new construct called a rate stabilization plan was approved by the Commission. The philosophy of the plan was that it would place costs on all customers – even those choosing a retail supplier – to keep prices stable for those who chose not to pick their own supplier. The Supreme Court would rightly later rule these requirements illegal. Following this, in 2008 Senate Bill 221 was passed creating a new version of the rate stabilization plan legal under the new name, an Electric Security Plan, or ESP. Senate Bill 221, however, did not simply leave things at on-



going ESPs, but rather understood and embedded in our current framework a future where we could transition away from an ESP and to a full market environment. That option is the Market Rate Option or MRO.

Here we stand nearly twenty years after the original law to allow customer control of how they buy their energy and we still seem to be debating whether the utility needs to provide generation services. Despite the fact our utilities have simply been buying and reselling from companies like mine for over a decade, we continue to have this assumption that the utility needs to be in the generation market.

Since we have the MRO construct already, one fair question is to ask why do we need HB 247? First, we need HB 247 to end the ESP model and reform the law to move beyond these programs. By doing this, we will avoid the environment where ESP settlements can continue to harm the market and leave us with a partially competitive market.

I want to be clear that there are no good guys and bad guys in this history. SB 221 has grown over the years into something it was never meant to be. Electric Security Plans were to be a glide path to full market not a process for a myriad of items far away from generation service. Again, there are no villains here. Each utility has at some point asked the Commission for an MRO and been denied. Customers and suppliers have been given no choice but to use the ESP process as a means to improve access to programs, data and systems to improve the utility platform that is the foundation of electric service. The Commission has used the ESP process to smooth out regulatory cases and reduce strain on resources. In the end, love it or hate it we have all been forced to work with the ESP construct we were given. However, even these benefits have been eclipsed as ESP's morphed into the monster we see today filled with bailout, special programs and unnecessary costs in forms we never contemplated.

HB 247 puts Ohio back on the correct path - the path we chose twenty years ago - the path to robust and full retail electricity competition. While my company disagrees that the utility should even be part of the procurement role for default service, we do agree with requirements to provide clarity to refund processes when cost recovery is deemed illegal and that a monopoly utility company should no longer own the generation.

Next year it will be 20 years of Ohio customer's taking control of their electricity options and yet still there is a question of whether or not the market is ready to fill the default service role. Direct Energy ultimately would prefer an approach where all consumers are actively choosing their competitive supplier, even when they initiate service. The falsehood that the utility need to be in the generation services business at all creates a perverse outcome of the ESP process and requires us to have these annual conversations about the role and responsibility and costs. Having worked in this business for nearly 20 years, I know that consumers want this and will benefit the greatest from once and for clarifying the path to full and complete competition.



Of course, Direct Energy is a strong proponent of ensuring the utility is properly and fairly compensated to providing a modern, reliable grid. HB 247 is a strong step in the right direction to separate generation from the true monopoly services we can only get from our utilities. This legislation will move us closer to fixing the confused roles we have forced Ohio into.

Thank you for your time today.

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