



June 16, 2017

Via Electronic Mail

Suzanne Casazza, Esq.

Suzanne.Casazza@cpuc.ca.gov

California Public Utility Commission | Energy Division

505 Van Ness Avenue

San Francisco, California 94102

Re: Retail Choice En Banc and White Paper

Dear Ms. Cassazza:

Enclosed please find the comments of the American Coalition of Competitive Energy Suppliers ("ACCES") in response to President Picker's request, via Ms. Casazza's email dated June 1, 2017, for comment regarding the CPUC retail choice *en banc* hearing and Staff white paper.

Thank you in advance for your time and consideration. Please do not hesitate to contact our office with any questions or concerns.

Very truly yours,

A handwritten signature in black ink that reads "Suzanne Graziano-Publicover".

Suzanne Graziano-Publicover

Regulatory Consultant

American Coalition of Competitive Energy Suppliers

Enclosure

cc: ACCES members (via email)



**BEFORE THE
CALIFORNIA PUBLIC UTILITY COMMISSION
2017 Retail Choice *En Banc* Proceeding and Staff White Paper**

The American Coalition of Competitive Energy Suppliers (“ACCES”) appreciates the opportunity to provide informal comments, in response to the email of Suzanne Casazza, Esq., in the matter of the California Public Utility Commission’s retail choice *en banc* proceeding and the related Staff white paper.

ACCES is a group of competitive electricity and natural gas suppliers committed to helping consumers better understand and take advantage of the benefits of choice and competition in the energy industry. As an organization, ACCES is focused solely on developing and delivering consumer education resources, in partnership with public service commissions, consumer advocates, utilities, and other suppliers. Our members are active in 18 states and serve over 2.4 million customers, including here in California. Our members are committed to consumer education in every competitive market in the country. ACCES’s efforts do not include advocacy, sales, or marketing activities.

The comments below respond to the Staff white paper and questions asked of the panelists during the May 19, 2017 *en banc* hearing, provide suggestions on consumer education around retail choice, offer ACCES’ resources and tools on the topic of introducing a comprehensive consumer education campaign should California decide to expand the state’s retail choice market.

Earlier this month, ACCES released the results of a consumer survey from February 2017 which measured awareness and understanding of energy choice in Ohio and Florida. The survey results, published in a white paper, [The Power of Choice: Consumer Preferences on Energy Choice in Florida and Ohio](#) (*included as Appendix I to these comments*) found that consumers are largely in favor of choice. Nearly three-quarters of energy consumers surveyed would like to see innovation and competition balanced with



consumer protection. More than two-thirds of Ohio energy consumers believe prices consumers pay for natural gas and electricity are better controlled by competition. Similarly, in Florida, the survey found that 78% of Sunshine State energy consumers believe they should be given competitive choices to meet their energy needs.

At the same time, the survey results show that consumers recognize the important role that the PUC plays in maintaining consumer protections. ACCES shares this view and believes that with the proper consumer education and continued oversight by the CPUC, Californians will continue to be well-informed and well-equipped to make their own energy choices.

Expanded access to energy choice could provide California residents and businesses the opportunity to identify and select the products and services that best meets their energy needs to power, heat and cool their homes, apartments and businesses. Consumers may gain access to benefits that matter to them, as the ACCES survey results reveal: including the security that comes with a fixed-rate product, the ethical value of a renewable energy offer, or the additional benefits that can be provided by an innovative competitive supplier, such as a home-warranty service or technology products like a smart thermostat.

Consumer Education Crucial to the Development of a Choice Market

Ultimately, an educated consumer base which understands the full range of energy choices available and can make informed decisions on their own behalf is vital to strengthening the overall energy market.

. For its part, ACCES could assist in the development of additional educational materials, to make available not only to consumers directly on our website, but also available free of charge for use by the CPUC, the California Energy Commission, Office of Attorney General, Office of Consumer Affairs, and other approved agencies or organizations.



In the event the Commission allows further retail competition, ACCES pledges to work with the CPUC and offer its full range of educational materials to the CPUC to help ensure that consumers are aware of changes to their billing format and understand the terms of their service agreements, guaranteeing they are informed customers. We are pleased to offer the Commission full access to, and use of, all of our content, resources, and tools are available at no charge with or without the ACCES branding. ACCES prides itself in offering competitively neutral educational materials. We will work with Staff to tailor the resources and content to fit the specific needs of the California market, in all stages of development.

Conclusion

ACCES strongly believes that robust consumer education is vital to the long-term success of the marketplace. We look forward to continuing this discussion with interested parties regarding advancing energy choice in California for the benefit of all consumers. Please do not hesitate to contact us with any questions or concerns regarding our comments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Frank Caliva, III".

Frank Caliva, III
Regulatory Consultant
American Coalition of Competitive Energy
Suppliers
President
P.R. Quinlan Associates Inc.
1012 14th Street NW, Suite 903
Washington, DC 20005

A handwritten signature in black ink, appearing to read "Suzanne Graziano-Publicover".

Suzanne Graziano-Publicover
Regulatory Consultant
American Coalition of Competitive Energy
Suppliers
Manager, Regulatory & Legislative Affairs
P.R. Quinlan Associates Inc.
1012 14th Street NW, Suite 903
Washington, DC 20005

APPENDIX I

The Power of Choice

Consumer Preferences on Energy
Choice in Florida and Ohio



JUNE 2017
WASHINGTON, D.C.

CONTENTS

- Executive Summary 2
- In Support of Consumer Choice 3
- Survey Overview 4
- Understanding the Driven Market 5
- Survey Rationale & Methodology 6
- Survey Findings 8
 - Florida* 9
 - Ohio* 10
- Customer Value 13
- Utility Satisfaction 13
- Analysis 14
- Recommendations 15

EXECUTIVE SUMMARY

The American Coalition of Competitive Energy Suppliers (ACCES) believes understanding consumer preferences is vital to effective public policy on energy choice. To gauge the current thinking of consumers regarding energy choice in a changing environment, ACCES sponsored an independent consumer opinion survey in early 2017 to measure awareness and understanding of energy choice in Ohio, a competitive energy market; and in Florida, a non-competitive market.

The survey questions included in this study identified consumers based on their energy fuel type (electricity only, or both gas and electricity), and compared and contrasted consumer preferences around energy choice, energy innovation and competition. The survey also measured consumers' understanding and awareness of energy choice in both competitive markets (represented by Ohio) and non-competitive markets (represented by Florida).

The survey found that consumers are overwhelmingly in favor of choice. Seventy-one percent of Ohio respondents describe competitive choice as either extremely important or very important in certain aspects of their lives. Competitive choice for consumers was extremely important or very important to 80% of those respondents in Florida (a state that does not allow choice), and 78% of Florida energy consumers believe consumers should be given competitive choices to meet their energy needs.

While price remains an important factor that consumers consider in their decision-making, the survey results demonstrate that a variety of other factors play a significant role in shaping consumer energy preferences and their definition of value. These include lower energy rates (savings), fixed-term agreements, support for renewable energy, access to energy efficiency products and services and other benefits that the consumer may receive versus consumers who obtain traditional service from utilities in regulated markets. Consumers recognize value in a competitive market beyond cost savings alone.

Florida and Ohio combined represent about 10% of the total population of the United States and are states with significantly different geographies, climates, demographics, energy usage profiles, and economic drivers. Despite these stark differences between the two states—emblematic of the differences between all 50 U.S. states—the unmistakable preference among consumers is for maintaining or extending energy choice.

Results from this study indicate that where competitive markets do not exist, customers are eager to have more energy choices available to them. The survey also suggests that customers in states with retail energy competition strongly support maintaining their existing choices for their energy use.

For these reasons, ACCES urges officials to follow consumers' lead and keep energy market policies flexible and adaptable to ever-evolving preferences, while maintaining sensible consumer protections.

IN SUPPORT OF CONSUMER CHOICE

Energy choice in the United States is at a crossroads. States that have never had energy choice, or have not had an active program in many years, are seriously considering a competitive energy market. Since just January 1 of this year:

- the president of the California Public Utilities Commission has expressed public support for retail competitionⁱ;
- following a 2016 referendum in favor of an amendment to the state constitution to implement energy choice, the Nevada governor appointed The Committee on Energy Choice to begin preparations for an expected market transitionⁱⁱ; and
- for the first time, legislatures in Nebraskaⁱⁱⁱ and Kansas^{iv} considered legislation in the 2017 session to open their states to retail electricity competition.

The most important voice in the discussion of energy choice is the energy consumer.

At the same time, a number of more mature retail energy markets have serious policy debates underway that are questioning the future of competition, even as the marketplace is undergoing significant transformation.

Many competitive suppliers have introduced new products to consumers, offering an array of contract lengths, payment structures, green energy options, energy efficiency tools, bundles with other non-energy services and more.

Technology development is also proving to be a great disruptor of the energy sector. Advances have enabled the introduction of workable and increasingly affordable renewable energy; particularly wind and solar power. Advanced meters are being deployed that can provide consumers with near-real time price signals and companies with valuable data to develop even more customized products and services. “Smart devices” can help owners of homes and businesses control how, when and in what ways they use their energy—often selected simply from their smartphone.

However, even as consumers now enjoy more options for their energy needs and preferences than ever before, regulators, consumer advocates and others have increasingly been asking whether competitive energy markets can really continue to deliver value-added products while maintaining robust consumer protections. Over the past five years, public service commissions in Connecticut, Delaware, Illinois, Massachusetts, Michigan, New York, Ohio, Pennsylvania and Rhode Island—all which have established retail energy markets—have been exploring this issue.

What is clear from these proceedings is that regulators, traditional utilities and consumer advocates are also trying to determine their role alongside emerging, innovative suppliers in this still-new order of energy competition and no clear road map exists.

Both series of conversations—on the opening of new markets and paradigmatic changes to existing ones—are essential; but both also seem to be missing the most important voice:

the energy consumer.

SURVEY OVERVIEW

The American Coalition of Competitive Energy Suppliers (ACCES) believes understanding consumer preferences is **vital** to effective public policy on energy choice.

ACCES is an association of competitive electricity and natural gas suppliers committed to helping consumers better understand and then take advantage of the benefits of energy choice and competition in the energy industry. As an organization, ACCES is solely focused on developing and delivering consumer education resources in partnership with public service commissions, consumer advocates, utilities and other suppliers.

ACCES has members operating across:

18
STATES

ACCES members collectively serve over:

2.4 million
ENERGY CUSTOMERS

ACCES members are committed to consumer education in every competitive market in the country, as well as providing information and resources to consumers in non-competitive markets, along with other key stakeholders. The activities of ACCES are specifically limited to consumer education; the coalition conducts no lobbying, sales, marketing or promotional activities on behalf of any individual ACCES member. However, many audiences with an interest in energy competition, including legislators, regulators and media, follow ACCES' efforts closely.

To gauge the current thinking of consumers regarding energy choice in a changing environment, ACCES sponsored an independent consumer opinion survey in early 2017 to measure awareness and understanding of energy choice in Ohio, a competitive energy market; and in Florida, a non-competitive market.

The results of this survey provide statistically significant information about consumer preferences around energy choice, innovation and competition, which can inform the state policy discussions taking place. Most importantly, however, the survey results send an unambiguous message to all energy policy stakeholders:

customers value choices.

UNDERSTANDING THE DRIVEN MARKET

A brief review of pertinent consumer research bears out the ACCES survey results: the desire for choice and personalization rings clear in consumer preferences across a wide range of demographics and retail sectors.

Sustainability and “green” products are one notable area in which consumers are flexing the power of their wallets. A 2015 Nielsen Global Corporate Sustainability Report found that sales of consumer goods from brands with a demonstrated commitment to sustainability have grown more than 4% globally in 2015, while those without grew less than 1%.^v Millennials are the demographic group most willing to pay extra for sustainable offerings—almost three-out-of-four respondents (73%) willing to purchase these products were millennials, up from approximately half in 2014. In addition to sustainability, consumers are placing a value on fair or sustainable labor standards. A joint study between the London School of Economics, Harvard University and Stanford University found that coffee sales rose 10% when the packages carried a “fair trade” logo.^{vi}

Another draw for consumer choice is customer service. Seventy percent of credit card users are willing to spend 13% more for enhanced customer service options.^{vii} At the same time, “virtue signaling,” the practice of publicly expressing opinions intended to demonstrate the moral correctness of one’s position on a particular issue, may be an incentive for some consumers. Value-added benefits like credit card perks or airline miles may entice a customer to pay a higher rate for their purchase.

At its most basic level, however, consumers are also interested in choice for the opportunity to design a product that is not a one-size-fits-all solution. A study by consulting firm Deloitte published in June 2015 anticipated by 2020 the retail sector would see “...*consumer spending shifting toward customized products across a broad range of ‘commodity’ consumer products.*” That prediction was based in part on consumer preference data which shows “[f]orty-two percent of consumers are interested in technology to customize products, and 19 percent indicate a willingness to pay a 10 percent price premium to customize or personalize products they purchase.”^{viii}

ACCES members wanted to understand whether similar dynamics are at play in consumers' preferences when it comes to the energy they use.

Personalization also carries a significant “cool” factor. It is why Nike and Converse allow their shoppers to design their own sneakers, why Mars and Frito-Lay run contests for the next candy bar or potato chip flavor and why Coca-Cola personalizes bottles and cans with names and titles. Retail trends appear to suggest that consumer engagement, specifically, additional decision-making power, may result in higher satisfaction and willingness to continue to patronize that business. Of course, this is nothing new; consumers have exercised their preferences on automobiles, travel, fashion, music, etc., for decades. What is different now is the opportunity to personalize consumption to a degree never thought possible.

With this trend toward expanded choice and personalization evident in the retail sector, ACCES members wanted to understand whether similar dynamics are at play in consumers' preferences when it comes to the energy they use.

Recognizing what consumers value, and how they prefer that value be delivered, is vital to both designing energy market structures that consider consumer behavior and preferences, and to educating consumers about the opportunities and challenges that come with the changes in energy technology deployment and market competition.

SURVEY RATIONALE & METHODOLOGY

Recent research has also offered important insights about retail energy competition. The Retail Energy Supply Association's *Restructuring Recharged* whitepaper, issued on May 18, 2017, for example, looked at the impact of energy choice on electricity prices. According to RESA's analysis, “[w]eighted average prices in the group of 35 monopoly states have risen inexorably. By contrast, in the 14 competitive [electricity] markets, commercial and industrial weighted average prices have trended significantly downward as residential prices have flattened.”^x

Other research has provided data on the level of customer support for energy choice in a single market. For example, a public opinion poll in Ohio, completed on behalf of the Alliance for Energy Choice (*an industry advocacy group*) in January 2017 found that over 79% of Ohio consumers surveyed opposed recent legislative lobbying efforts by certain utilities in the state to roll back retail electricity choice.^x

While providing vital data for policymakers, consumer advocates, media, and energy companies themselves, a persistent gap in the existing research has been a comprehensive effort to understand consumer preferences around energy choice, particularly on a comparative basis between competitive and non-competitive states.

ACCES undertook the survey reported on in this whitepaper to begin to answer this research question.

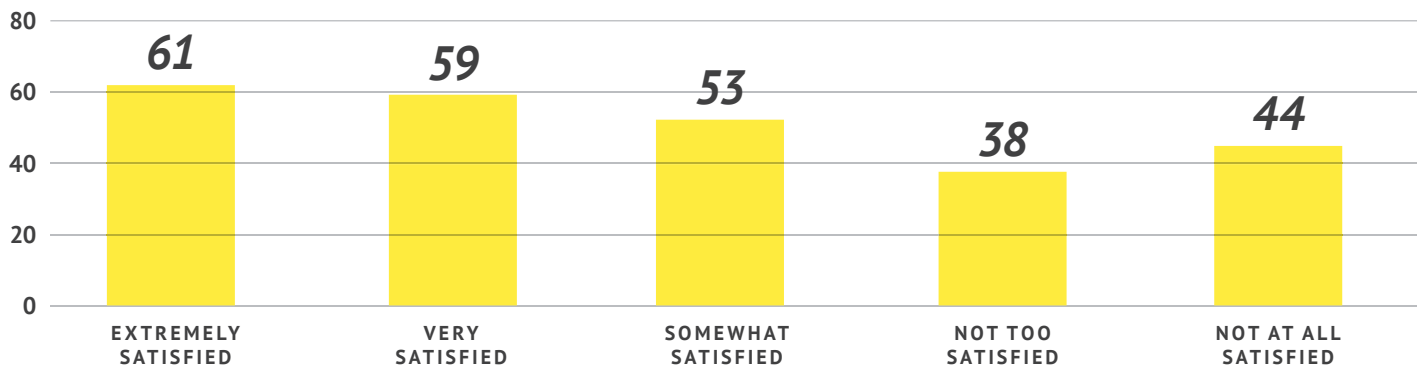
The survey questions included in this study identified consumers based on their energy fuel type (electricity only or both gas and electricity), and compared and contrasted consumer preferences around energy choice, energy innovation and competition. The survey also measured consumers' understanding and awareness of energy choice in both competitive markets (represented by Ohio) and non-competitive markets (represented by Florida).

The sample size for the survey was 500 energy consumers each in Ohio and Florida; which resulted in a margin of error of +/- 4.3%. Responses were gathered via live operator interviews with respondents on cell phones and landlines. The total percentages for responses may not equal 100% due to rounding. The survey was conducted between the dates of February 1–5, 2017, by Harper Polling^{xv} of Harrisburg, Pennsylvania.

SURVEY FINDINGS

Consumers are widely in favor of choice. In Ohio, the survey concluded that there was a direct correlation between energy choice users and those consumers who are most satisfied with their energy environment.

FIGURE 2
Relationship Between Energy Choice Use and Satisfaction



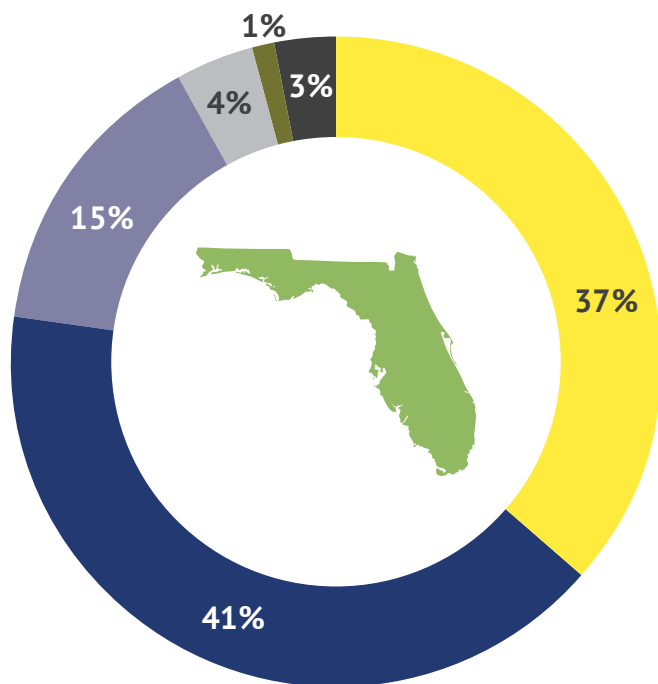
Seventy-one percent of Ohio respondents describe competitive choice as either extremely important or very important in certain aspects of their lives. Competitive choice for consumers was extremely important or very important to 80% of those respondents in Florida (a state that does not allow choice), and 78% of Florida energy consumers believe consumers should be given competitive choices to meet their energy needs.

Florida

Despite being a non-competitive market, roughly half of Florida energy consumers are aware that “some states allow you to choose a company other than the utility to provide you with electricity and natural gas” (47% yes, aware / 48% no, not aware). An overwhelming 78% majority of Florida energy consumers found that “consumers [should] be given competitive choices to meet their energy needs” instead of stating that “electricity and natural gas products and rates [should] be controlled by government mandate” (10%). When asked about the importance of competitive choice, nearly 80% of consumers describe competitive choice as **extremely** (37%) important or **very** important (41%) in other aspects of life as a consumer, including cell phone plans, internet and cable and transportation.

While expectations might be that price is the primary driver for consumer decision-making, if Florida consumers could choose their energy supplier, 47% stated they would choose factors other than price to meet their energy needs and definition of value, including the ability to lock in a rate, choose a renewable source of energy, obtain energy equipment service, and have brand recognition. Price does remain a significant factor, however; with 45% of the respondents electing “dollar savings” as the most important factor in deciding between providers. Secondary considerations include “ability to lock in [a] rate” (15%), “ability to choose renewable energy” (12%) and ability to obtain “energy equipment service” (10%). Men were slightly more concerned about dollar savings (47%) than women (44%) in this survey group.

FIGURE 3
Importance of Choice in Florida*



Q How important is competitive choice in other aspects of your life as a consumer, such as cell phone plans, internet and cable, and transportation?

TOTAL EXTREMELY / VERY IMPORTANT: 78%

- EXTREMELY IMPORTANT
- VERY IMPORTANT
- SOMEWHAT IMPORTANT
- NOT TOO IMPORTANT
- NOT IMPORTANT AT ALL
- NOT SURE

*The total percentages for responses may not equal 100% due to rounding.

Nearly three-quarters of Florida energy consumers would like to see competition and innovation balanced with strong consumer protection.

When asked to choose their second most important factor in comparing energy suppliers, consumers chose ability to lock in their rate (21%), dollar savings (21%), and ability to choose renewable energy (19%) as their top three. When considering the third factor, consumers are more likely to choose convenience or amenity-based concepts such as ability to lock in a rate (16%), ability to obtain energy equipment service (15%) and availability of energy efficiency equipment (14%).

Nearly three-quarters (72%) of Florida energy consumers agree that the Florida Public Service Commission “should enforce consumer protection rules and control distribution costs while allowing competition and innovation.” Respondents who are aware of energy choice in other states are more likely (77%) to agree with this statement than those who were unaware (67%) of energy choice.

Will Florida consider a move to a statewide, fully-competitive market? Three-out of-four Florida energy consumers would favor “the Florida legislature passing a bill which would allow Florida consumers to choose their suppliers of energy” (75% favor, 10% oppose, 8% no opinion). A near-majority of respondents would **strongly** favor such a bill (47%).

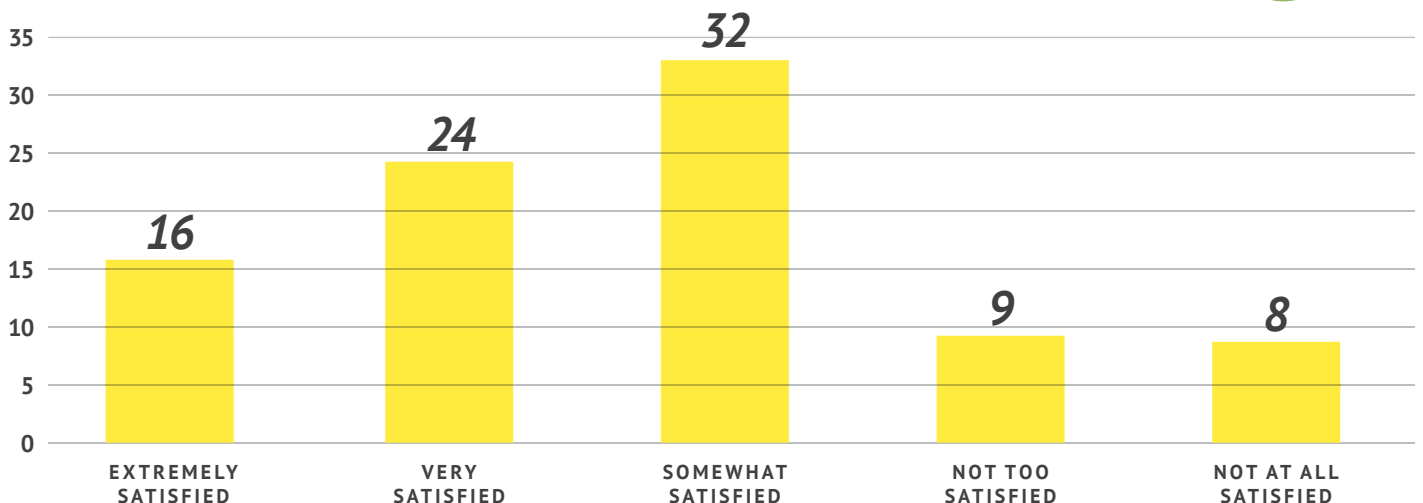
Ohio

An overwhelming majority (84%) of survey respondents in Ohio were aware that the state allows consumers to choose a company other than their utility to provide them with electricity and natural gas. Those who have elected to shop for their energy needs report favorable outcomes. A combined 72% of consumers are satisfied with the competition and resulting energy choice available in Ohio.

FIGURE 4
Satisfaction with Energy Choice

How satisfied are you with the competition and resulting energy choice available to you in Ohio?

TOTAL SATISFIED:

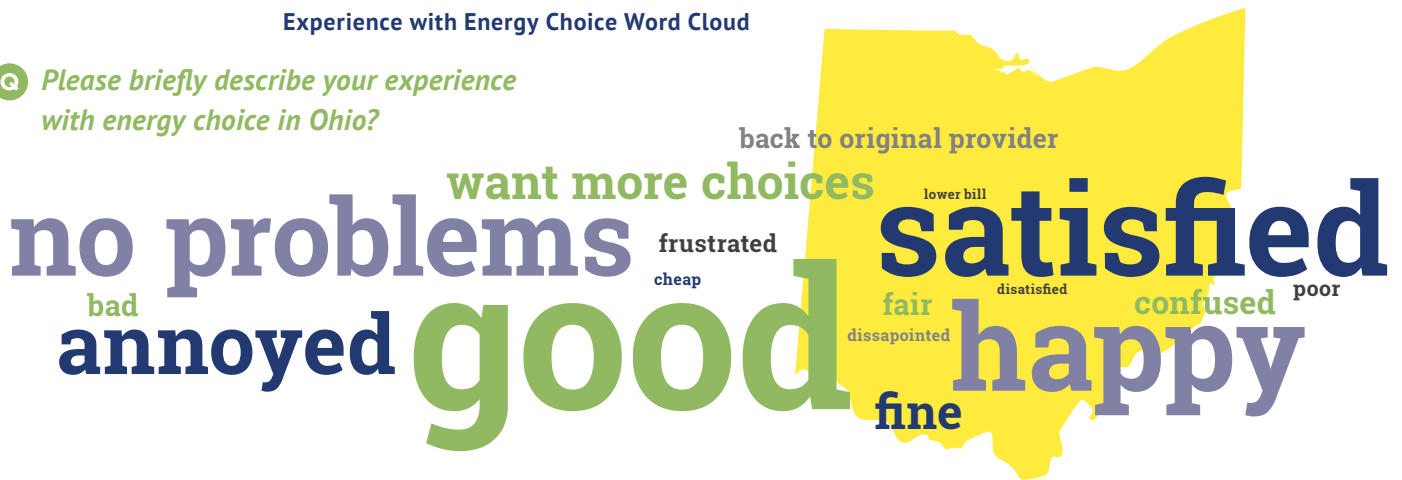


Just over half of consumers who are aware of energy choice have chosen to purchase natural gas or electricity from a competitive supplier of their choice. Energy choice use and satisfaction with the energy environment in Ohio appear to be positively correlated—that is, those who are most satisfied with energy choice in Ohio are also the most likely to be taking advantage of energy choice.

At the completion of the survey, respondents were asked to provide any additional anecdotal experiences. The majority of the responses were positive, indicating that consumers were generally pleased with their competitive supplier and intended to continue to take advantage of the energy choice options in Ohio.

FIGURE 5
Experience with Energy Choice Word Cloud

© Please briefly describe your experience with energy choice in Ohio?



More than two-thirds of Ohio energy consumers that participated in the survey agree that “The prices Ohio consumers pay for natural gas and electricity are better controlled by competition than they would be by government control” (68%).

More than two-thirds of Ohio energy consumers agree that prices consumers pay for natural gas and electricity are better controlled by competition.

Seventy-one percent of respondents describe competitive choice in “other aspects of [their] life as a consumer, such as cell phone plans, internet and cable, and transportation” as either extremely (36%) important or very (35%) important. Younger consumers are the most likely to place a premium on choice in all aspects of their life. Seventy-seven percent of consumers surveyed in the 18–34 age bracket described the importance of competitive choice as a consumer as being extremely important (42%) or very important (31%).

Forty-three percent of respondents chose a factor other than price as their primary consideration when comparing energy products. Factors of concern include sustainability, environmental factors, and energy-related value-added services. Interest in energy-related value-added services, such as warranty service, increases among those who say they are extremely satisfied with competitive choice in Ohio (21%). Mirroring Florida’s results, 45% of Ohio energy consumers say price is their primary consideration when comparing energy products.^{xvi}

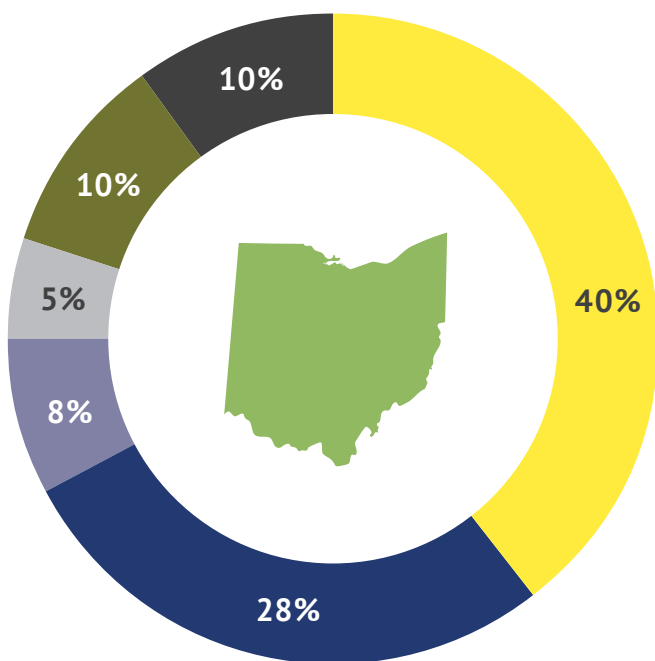
For the 44% of consumers who have not chosen to purchase natural gas or electricity from a competitive supplier, the predominant reason is because they are “comfortable with [their] current local utility provider” (47%).

72% of Ohio consumers **are satisfied** with the competition and resulting energy choice available to them.

Satisfaction with energy choice is high; a combined 72% of consumers are satisfied with “the competition and resulting energy choice available to [them] in Ohio.” This includes 16% who are “extremely satisfied,” 24% who are “very satisfied” and 32% who say they are “somewhat satisfied.” Only 17% are either “not too satisfied” (9%) or “not satisfied at all” (8%).

Respondents were asked whether they agreed with the following statement: *“The prices Ohio consumers pay for natural gas and electricity are better controlled by competition than they would be by government control.”*

FIGURE 6
Competition vs. Government Control*



Q Please tell me whether you agree or disagree with the following statement: *The prices Ohio consumers pay for natural gas and electricity are better controlled by competition than they would be by the government.*



- STRONGLY AGREE
- SOMEWHAT AGREE
- SOMEWHAT DISAGREE
- STRONGLY DISAGREE
- NO OPINION
- NOT SURE

*The total percentages for responses may not equal 100% due to rounding.

Mirroring the Florida results, 72% of Ohio consumers believe that government oversight is important to ensure customer protection but believe that competition is by far the most fair and equitable way to advance and regulate the market.

CUSTOMER VALUE

Consumers recognize value in a competitive market beyond cost savings alone.

While price remains an important factor that consumers consider in their decision-making, the survey results demonstrate that a variety of other factors play a significant role in shaping consumer energy preferences and their definition of value. These include lower energy rates (savings), fixed-term agreements, support for renewable energy, access to energy efficiency products and services, and other benefits that the consumer may receive versus consumers who obtain traditional service from utilities in regulated markets. Consumers recognize value in a competitive market beyond cost savings alone.

Consumers in Ohio who have elected to purchase their electricity and natural gas from competitive suppliers have reported they were happy with the options and found shopping to be a generally easy process. However, some consumers did express frustration with certain practical aspects of energy choice markets. For example, one concern that some respondents raised was the difficulty in “staying on top of” contract renewals. Continued efforts by both PUCO and suppliers to educate consumers on how to best compare an offer and understand energy contracts and bills may help to alleviate some of these types of frustration.

UTILITY SATISFACTION

With regards to consumer satisfaction with their utility, most respondents indicated they were happy with the reliability of the utility provides, but frustrated with the lack of choice and price. In many energy markets around the United States, consumers are still unaware of how choice works, and the independent, important role that utilities play in a competitive market. Educating consumers is about more than listing alternative suppliers—homeowners and businesses alike need to understand how competitive suppliers and utilities work together to procure and deliver energy.

ANALYSIS

The unmistakable preference among consumers is for maintaining or extending energy choice.

Consumers are spending more on their mobile devices each year, yet more and more consumers are entering the mobile phone market.

While extrapolating the results of a survey of consumers in two states to the national level should be done with caution and circumspection, it is worth noting that Florida and Ohio combined represent about 10% of the total population of the United States and are states with significantly different geographies, climates, demographics, energy usage profiles, and economic drivers. Despite these stark differences—emblematic of the differences between all 50 U.S. states—the **unmistakable preference among consumers is for maintaining or extending energy choice**. The results also offer other important insights. We highlight two more below.

First, consumers are generally satisfied with the service provided by their local utility, but want that service to continue without compromising opportunities for new energy options. This suggests the model used by competitive markets may be a good approach for states like California, Nevada, and others, that are considering retail energy choice. In competitive states, delivery, reliability and safety remain the top priorities of the utilities while competitive energy suppliers provide most of the commodity and value-added services. Some states (Texas for electricity, Georgia for natural gas in the largest gas utility territory), have gone so far as to remove utilities from any energy supply role, thereby focusing the companies solely on delivery, reliability, and overall safety of the distribution system. This approach balances consumers' desire for innovation and choice with their trust and confidence in utilities as managers of the distribution system.

Second, while price is a significant factor in driving consumer decision-making, a price-only approach to market design and regulation could lead to major opportunity costs in consumer satisfaction. Environmental and sustainability concerns, flexible contract terms, and an interest in value-added services like energy efficiency and home warranty protection are just a few of the options that consumers have identified as important to their decision-making. When state regulators focus solely on price as a determinant of market success, this additional value found in retail competition is lost.

A familiar example may be illustrative here. According to the U.S. Bureau of Labor Statistics, “[a]nnual expenditures for cellular phone services increased from \$608 per consumer unit in 2007 to \$963 in 2014—an increase of 58.4 percent.”^{xvii} At the same time, according to the Pew Research Center, cell phone ownership has increased from 75% of U.S. adults at the end of 2007 to 95% at the end of 2016; smartphone ownership has increased even more significantly, from 35% of U.S. adults in 2011 to 77% in 2016.^{xviii}

In other words, consumers are spending more on their mobile devices each year, yet more and more consumers are entering the mobile phone market. Price is clearly not the most significant driver—or deterrent—to cell phone adoption. A reasonable inference is that consumers see value in mobile phones apart from the price of the service.

Innovation has taken the 125-year-old telecommunications sector and transformed it from a commodity provider model to a technology-driven, consumer-centric, value-laden market. It is not too great a leap to imagine that technology advancements, coupled with smart and sensible regulation, could unleash a similar revolution in the century-old energy utility sector.

RECOMMENDATIONS

ACCES makes its resources available to build and strengthen relationships between the supplier community and state public utility commissioners, commission staff, consumer advocates, and legislators around the country.

As an organization focused on consumer awareness and education ACCES does not offer specific policy recommendations or proposals. ACCES does believe, however, that a continued effort to ensure that consumers understand their home energy needs and options will contribute to increased satisfaction with energy choice, however a state chooses to structure its markets. Customers continue to respond positively to value-added products, and with appropriate consumer education, consumer protections and regulatory oversight, companies that are permitted and encouraged to offer innovative products could bring significant new value opportunities to consumers.

Results from this study indicate that where competitive markets do not exist, customers are eager to have more energy choices available to them. The survey also suggests that customers in states with retail energy competition strongly support maintaining their existing choices for their energy use.

The survey results provide policymakers with data to support the intuition that markets exist to serve consumer needs, and should be designed and communicated to customers with the understanding that choice matters, and matters greatly, to most consumers. At the same time, regulators and legislators cannot discount valid concerns about ensuring that markets function with appropriate oversight. As evidenced by survey responses in both Florida and Ohio, consumers overwhelmingly believe regulators have a vital role in maintaining consumer protections, but want to ensure regulations do not limit the potential for new, innovative products and services.

For these reasons, ACCES urges policymakers to follow the consumers' lead and keep energy markets policy flexible and adaptable to ever-evolving consumer preferences, while maintaining sensible consumer protections.

As the leading consumer education effort on retail energy in the country, ACCES makes its resources available to build and strengthen relationships between the supplier community and state public utility commissioners, commission staff, consumer advocates, and legislators around the country. In recent years, we have appeared on traditional radio, satellite radio, and television programs, and been interviewed by several dozen newspapers and

magazines. By working with ACCES, commissioners, commission staff and state legislators can gain a clearer understanding of suppliers' perspectives on consumer issues and obtain access to a wealth of state-specific consumer education materials.

Through the efforts of our members and in partnership with other stakeholders, ACCES will continue to help consumers understand the option of energy choice to help them take control of their energy purchases while protecting their rights as consumers.

JUNE 2017 WASHINGTON, D.C.

ⁱStephen Lacey, Andrew McCaskill, *California's Top Regulator Says It's Time to Consider Full Retail Electricity Choice*, Greentech Media (March 1, 2017) <https://www.greentechmedia.com/squared/read/exclusive-californias-top-regulator-says-its-time-to-consider-full-retail-e>

ⁱⁱGovernor Sandoval Announces Committee on Energy Choice Membership, (April 3, 2017) <http://gov.nv.gov/News-and-Media/Press/2017/Governor-Sandoval-Announces-Committee-on-Energy-Choice-Membership/>

ⁱⁱⁱLB660 Adopt the Nebraska Retail Electricity Choice Act. Legis. Reg. Sess. 2017. (N.E. 2017)

^{iv}SB183 Requiring the State Corporation Commission to Implement Retail Electric Choice. Sen. Reg. Sess. 2017-2018 (KS 2017).

^vAndrew McCaskill, *Consumer-Goods' Brands That Demonstrate Commitment To Sustainability Outperform Those That Don't*, Nielsen (October 12, 2015) <http://www.nielsen.com/us/en/press-room/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform.html>

^{vi}Jens Hainmueller, *Will Consumers Actually Pay For Fair Trade?* Stanford Business, (April 8, 2015) <https://www.gsb.stanford.edu/insights/jens-hainmueller-will-consumers-actually-pay-fair-trade>

^{vii}Service Untitled, *Consumers Willing to Pay More for Good Service*, (August 12, 2011) <http://www.serviceuntitled.com/consumers-willing-to-pay-more-for-good-service/2011/08/12/>

^{viii}Conroy, Pat, et al., *Consumer product trends: Navigating 2020*, Deloitte University Press (June 25, 2015) <https://dupress.deloitte.com/dup-us-en/industry/consumer-products/trends-2020.html>

^{ix}O'Connor, Philip, *Restructuring Recharged: The Superior Performance of Competitive Electricity Markets 2008 – 2016*, Retail Energy Supply Association, (April 2017) https://www.resausa.org/sites/default/files/RESA_PROactive_White%20Paper.pdf

^xGearino, Dan, *Poll: Thumbs Down on Having Utility Customers Help Pay for Power Plants*, Columbus Dispatch (February 4, 2017) <http://www.dispatch.com/business/20170204/poll-thumbs-down-on-having-utility-customers-help-pay-for-power-plants>

^{xi}Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2016, Source: U.S. Census Bureau, Population Division

^{xii}Mahtesian, Charlie, *What are the Swing States in 2016?* Politico (June 15, 2016) <http://www.politico.com/blogs/swing-states-2016-election/2016/06/what-are-the-swing-states-in-2016-list-224327>

^{xiii}Summary of Switch Rates from EDUs to CRES providers in Terms of Customers for the month ending December 31, 2016, Source: PUCO, Rates & Analysis <https://www.puco.ohio.gov/industry-information/statistical-reports/electric-customer-choice-switch-rates-and-aggregation-activity/electric-switch-rates-by-customer/customers-4q2016/>

^{xiv}Natural Gas Customer Choice Programs in Ohio: Customer Enrollment Levels as of December 2016, Source: PUCO <https://www.puco.ohio.gov/industry-information/statistical-reports/natural-gas-customer-choice-program/gas-choice-enrollment-4q2016/>

^{xv}Harper Polling, based in Harrisburg, Pennsylvania, is led by Brock McCleary. Prior to founding Harper, Brock served as the Polling Director for the National Republican Congressional Committee (NRCC).

^{xvi}Twelve-percent of survey respondents selected "not sure" as their primary consideration when comparing energy products.

^{xvii}Creech, Brett, *Expenditures of Cellular Phone Services have Increase Significantly Since 2007*, Beyond the Numbers (February 2016) <https://www.bls.gov/opub/btn/volume-5/expenditures-on-cellular-phone-services-have-increased-significantly-since-2007.htm>

^{xviii}Mobile Fact Sheet (January 12, 2017), Source: Pew Research Center <http://www.pewinternet.org/fact-sheet/mobile/>