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Session IV: International energy markets and future challenges

**Commissioner Anne E. Hoskins
Maryland Public Service Commission**

**EU-US Energy Regulators Roundtable
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Overview

1. Customer-Centric Markets
2. Competitive/Innovative Markets – Key Elements
 - a. Fair and efficient access to customers
 - b. Clear/enforceable consumer protection rules
 - c. Sufficient capitalization
 - d. Fair rules as compared to default service
3. Linkage to other competitive markets
4. Access to customer energy usage data
5. Incorporating customer-side distributed energy resources

1. Customer-Centric Markets



- ⌘ Traditionally, the energy industry is not viewed favorably by customers*
 - ☑ Electric/gas utilities: 34% positive, 38% negative
 - ☑ Oil/gas industry: 22% positive, 61% negative
- ⌘ Growing and popular companies – like Apple, Twitter, and Uber – focus on customer choice

*Results from a 2012 Gallup survey taken in USA

2. Competitive/Innovative Markets



- ⌘ a. Fair and efficient access to customers
- ⌘ b. Clear and enforceable consumer protection rules
- ⌘ c. Sufficient capitalization
- ⌘ d. Fair rules as compared to default service

a. Fair and efficient access to customers



- ⌘ Ensure all customers are eligible
- ⌘ Allow customers to switch suppliers quickly
 - ☑ One billing cycle vs. 12 days v. 3 days
 - ☑ Polar Vortex – customers could not switch without supplier taking action
- ⌘ Initial choice: can customers choose retail supplier?

b. Clear and enforceable consumer protection rules – retail choice



- ⌘ Summary Contract is essential
- ⌘ Require advance notice if rate will change
- ⌘ Review marketing materials
- ⌘ Restricting products/offers to prevent consumer protection violations:
 - ☑ New York State barred “above-market” pricing
 - ☑ State of Connecticut forbids variable rates for residential customers

b. Clear and enforceable consumer protection rules – new products

⌘ Role of regulatory commissions in addressing new products

☑ Distributed Solar

- ☒ Protecting customers from poor installations, defective products, onerous financing – who?

☑ Community Solar (or Shared Solar)

- ☒ Transfers of rights and obligations
- ☒ Size and scope of project are important factors
- ☒ Maryland required significant disclosure

c. Sufficient capitalization

⌘ Review financial capacity of retail suppliers

- ☑ If a spike in wholesale prices, will supplier have the financial capacity to uphold its retail supply contracts?

⌘ What about for new products?

- ☑ Solar installers – who will honor panel warranties if company goes bankrupt?
- ☑ Community Solar
- ☑ Battery storage

d. Fair rules as compared to default service



- ⌘ Some jurisdiction have “default service” or “standard offer service”
 - ☑ Default service can be provided by utility
- ⌘ Ensure that default service is priced appropriately
 - ☑ If not, it will undercut retail market and limit competition

3. Linkage to other competitive markets



- ⌘ Retail suppliers can provide other services:
 - ☑ Energy efficiency
 - ☑ Distributed renewables (rooftop solar)
 - ☑ Community Solar
- ⌘ Suppliers can better develop customer relationships if more products offered
- ⌘ Individuals can self-supply and be compensated for certain products through wholesale market

4. Access to customer energy usage data (part 1)

- ⌘ Real-time customer energy usage data can allow suppliers to tailor product offers
 - ☑ Advanced metering (smart meters)
 - ☑ Can facilitate market segmentation, including time of use offerings; green energy and other emerging products and ancillary services
- ⌘ Standardized sharing procedures across utilities

4. Access to customer energy usage data (part 2)

⌘ Data privacy is important concern

- ☑ Identity Theft

- ☑ Determine Personal Behavior Patterns

- ☑ Perform Real-Time Surveillance

- ☑ Unwanted Publicity and Embarrassment

⌘ U.S. Department of Energy developed a “Privacy Voluntary Code of Conduct” in January 2015

⌘ In Maryland, Commission has general oversight but utilities maintain operational control

5. Incorporating customer-side distributed energy resources



- ⌘ Distributed energy resources (DER) offer opportunities to suppliers
- ⌘ Commission-established rules need to be reviewed and modernized to consider impacts on promoting DER
 - ☑ If suppliers are forced to fit DER products into antiquated rules, suppliers will be discouraged and competition will be hindered
- ⌘ Interconnection access changes

Summary and Contact Info



⌘ Summary: Customer-centric markets are key to ensuring competition and innovation

Commissioner Anne Hoskins

Anne.Hoskins@maryland.gov