The Standard Service Offer

(as opposed to the Standard Offer Service)

Where the "P" in this presentation stands for "Political"

The Harvard Electricity Policy Group

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Alan R. Schriber, Chairman
Public Utilities Commission of Ohio

alan.schriber@puc.state.oh.us

The Standard Service Offer (SSO)

The Restructured State – Retail Choice

The Market Development Period and the Frozen SSO, i.e., the former bundled EDU rate

P

The Competitive Retail Electricity Supplier (CRES)

Certification

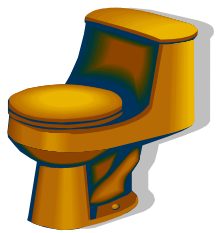
Battles for Margin

P

The Standard Service Offer (SSO)

POLR obligation – the frozen rate thaws

CRES provider chooses not to renew



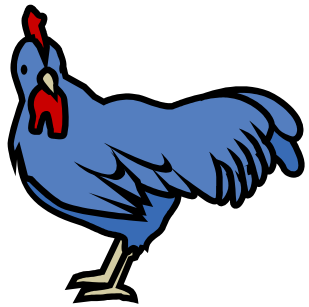
CRES provider tanks

(An altogether different problem)

P

The Standard Service Offer (SSO)

When (and if) Customers return to the roost



The Variable Rate

Variable minimizes impact on other providers

Variable minimizes risk/return for EDU

Variable more accurately reflects the cost of the obligation

The aggregated Customer

P

The Standard Service Offer (SSO)

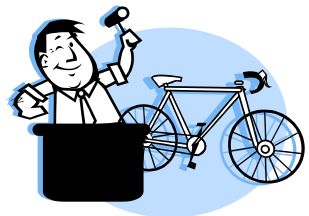
The Fixed Rate Calculation for the Loyal or the Lazy

P

(Slamming unacceptable)

RFP

Auction



Formula

The Coin Flip

The Standard Service Offer (SSO)

Reality Sets In:

Lack of competitors: issue of headroom
(who cares)

P

Competitive forces worsen at the end of the market development period due to:
--No market support generation
--no shopping credits

Rate Shock Intolerable!

Which leads to:

The Coin Flip Calculation

Rate Stabilization

Formula:

Current Prices

+ Insurance

+ Exogenous adjustments

= the Market Fixed SSO