The Standard Service Offer
(as opposed to the Standard Offer Service)

Where the “P” in this presentation stands for “Political”

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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

The Competitive Retail Electricity Supplier (CRES)

Certification

Battles for Margin
The Standard Service Offer (SSO)

POLR obligation – the frozen rate thaws

CRES provider chooses not to renew

CRES provider tanks

(An altogether different problem)
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
The Standard Service Offer (SSO)

The Fixed Rate Calculation for the Loyal or the Lazy

RFP

Auction

Formula

The Coin Flip
The Standard Service Offer (SSO)

Reality Sets In:

Lack of competitors: issue of headroom
(who cares)

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