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The End-State of the Default Market Model Proposal of Tendril Networks, Inc.

Tendril is a leading energy management technology provider. The Tendril platform enables utilities and energy service providers to communicate more effectively and efficiently with residential consumers, access real-time information and analytics, and create customized energy-saving programs for consumers. The Tendril platform is open, secure and standards-based; it integrates with existing utility back office applications and network infrastructures.¹ The platform can also enable consumers to activate and manage “smart” appliances within the home, either at the consumer’s direction or in the context of a utility or energy service provider demand response program that the consumer opts into.

Tendril believes Pennsylvania’s retail electricity market can quickly transition to a robustly competitive end-state that lowers costs and creates value for the Commonwealth’s residents and businesses. In this proposal Tendril recommends several key conditions the Commission to assess whether the retail electricity market has arrived at a competitive end-state. We believe these criteria will illuminate areas of policy and regulation where the Commission can and should act on an accelerated basis.

What the Competitive End-State Looks Like

Notwithstanding the ultimate provider of default service, the Commission should ensure that all underlying policies contribute to vibrant markets. The end-state of retail electricity market in Pennsylvania should be characterized by both competition among providers of electricity and competition among providers of technologies and services that enable consumers to better manage energy costs and control energy-consuming devices.

Key Conditions of a Competitive End-State

All Consumers Have Access to Their Energy Usage Information and Can Conveniently and Securely Provide that Information to Service Providers of Their Choosing. Tendril believes that a significant barrier to residential customer participation in the competitive market is that customers are not aware of how they can save money and obtain new services from energy and service providers. Conversely, Electric Generation Suppliers (EGSs) and other service providers lack ready information to accurately

¹ For example, an electric distribution utility or retail electric supplier that deploys the Tendril platform can provide consumers with personalized analysis and advice through multiple channels (e.g. mail, web, mobile devices), helping consumers save energy and money.



assess the needs of potential customers and offer tailored rates, analysis and other services. Tendril believes Pennsylvania must address these challenges by ensuring that customers have convenient and secure access to energy usage information through national, consensus standards.

For example, a customer with access to his or her energy data can choose to provide that data to a potential EGSs so that the EGSs can provide customized rate analysis on what the customers energy costs would be under standard and time-variant pricing options. Similarly, service providers will have a greater ability to provide non-price value-added products and services to consumers. For example, an energy efficiency provider could provide far more accurate cost and energy savings estimates to consumers.

To keep market barriers low for EGSs and other service providers, Pennsylvania's EDCs should enable access to energy information through national, consensus standards, which ensure that the information is in a consistent, machine-readable form. In the near-term, Pennsylvania EDCs should implement the Green Button, a low cost initiative launched by U.S. Chief Technology Officer Aneesh Chopra on January 18, 2012.² In tandem with the Green Button, Tendril recommends the EDCs implement a national standard known as NAESB REQ21 "Energy Services Provider Interface" (ESPI), which is a data, protocol, and best practices definition that specifically addresses the secure, privacy-ensured delivery of energy data to third parties and allows a consumer to authorize automated access to his/her data.

All Customers Have Access to Energy Management Products and Services. The Commission should ensure that the market structure rules allow all consumers to have ready access to energy management products and services. Tendril believes there are multiple ways to achieve this end-state, but at a minimum, service providers that offer energy management products and services, whether the EDC, EGS, or another third party, should have an opportunity to profit from the provision of these services. A profit motive will ultimately unleash the innovation and customer value that the competitive market can provide. The Texas market provides examples of how competition leads to innovation.³

Energy efficiency and peak energy reduction requirements are implemented flexibly so the competitive market produces low cost/high benefit solutions. The entity that has the obligation to meet the energy efficiency and peak energy reduction requirements, whether the EDC, the EGS or some other entity, should be able to meet its obligations through competitively provided energy and peak load reductions. For example, if the EDC remains in the obligated role, EGSs and third parties that can achieve energy and peak load reductions through product and service offerings to consumers should have an opportunity to monetize the compliance value of the energy or peak load savings. If the Commission or legislature were to shift the obligation to the EGS, then the EGS should have the

² The Green Button allows consumers to download their energy usage information in a standard format that can be conveniently provided to third party service providers. So far two major utilities have implemented the Green Button and four others have announced plans to do the same. See "Administration Announces New Tools to Help Consumers Manage Electricity Use and Shrink Bills" (January 18, 2012) <http://www.whitehouse.gov/administration/eop/ostp/pressroom/01182012>. Also see "SDG&E Launches "Green Button" Customer Energy Usage Data Tool" (January 18, 2012) <http://sdge.com/node/2771>; "PHI Joins White House Initiative to Improve Access to Energy Data" (January 18, 2012) <http://www.pepcoholdings.com/about/news/archives/2012/article.aspx?cid=1946>.

³ For example, Reliant and TXU Energy, competitive retailers active in Texas, offers a variety of energy management tools to its customers. See http://www.reliant.com/PublicLinkAction.do?i_chronicle_id=09017522803d6fdf&language_code=en_US&i_full_format=jsp and <http://www.txu.com/residential/plans-offers/brighten.aspx>.



opportunity to meet the obligation through its own energy efficiency and peak energy reduction efforts or by contracting with third parties.