

**OFFICE OF RETAIL MARKET DEVELOPMENT
ILLINOIS COMMERCE COMMISSION**

2011 ANNUAL REPORT



**Submitted Pursuant to Section 20-110 of the
Illinois Public Utilities Act**

June 2011



ILLINOIS COMMERCE COMMISSION

June 30, 2011

The Honorable Pat Quinn
Governor

The Honorable Members of the Illinois General Assembly

The Honorable Members of the Illinois Commerce Commission

Please find enclosed the ICC's Office of Retail Market Development's annual report. This report is submitted in compliance with Section 20-110 of the "Retail Electric Competition Act of 2006" [220 ILCS 5/20-110]. Section 20-110 requires the Director of the Office of Retail Market Development to annually report specific accomplishments in promoting retail electric competition.

Sincerely,

A handwritten signature in black ink, appearing to read "Torsten Clausen".

Torsten Clausen
Director, Office of Retail Market Development

**Annual Report to the General Assembly, the Governor,
and the Illinois Commerce Commission**

**Submitted pursuant to Section 20-110 of the
Illinois Public Utilities Act**

**Office of Retail Market Development
Illinois Commerce Commission**

June 2011

I. Introduction

Section 20-102 of the Retail Electric Competition Act of 2006 (“Retail Competition Act”) states that

“a competitive wholesale electricity market alone will not deliver the full benefits of competition to Illinois consumers. For Illinois consumers to receive products, prices and terms tailored to meet their needs, a competitive wholesale electricity market must be closely linked to a competitive retail electric market. To date, as a result of the Electric Service Customer Choice and Rate Relief Law of 1997, thousands of large Illinois commercial and industrial consumers have experienced the benefits of a competitive retail electricity market. Alternative electric retail suppliers actively compete to supply electricity to large Illinois commercial and industrial consumers with attractive prices, terms, and conditions.

A competitive retail electric market does not yet exist for residential and small commercial consumers. As a result, millions of residential and small commercial consumers in Illinois are faced with escalating heating and power bills and are unable to shop for alternatives to the rates demanded by the State's incumbent electric utilities. The General Assembly reiterates its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers.”

To further the goal of developing an effectively competitive retail electricity market, the Retail Competition Act created the Office of Retail Market Development (“ORMD”) within the Illinois Commerce Commission (“ICC”). Section 20-110 of the Retail Competition Act provides that on or before June 30 of each year, the Director of the ORMD submit a report to the Commission, the General Assembly, and the Governor, that details specific accomplishments achieved by the Office in the prior 12 months in promoting retail electric competition and that suggests administrative and

legislative action necessary to promote further improvements in retail electric competition.

II. Recent competitive activity

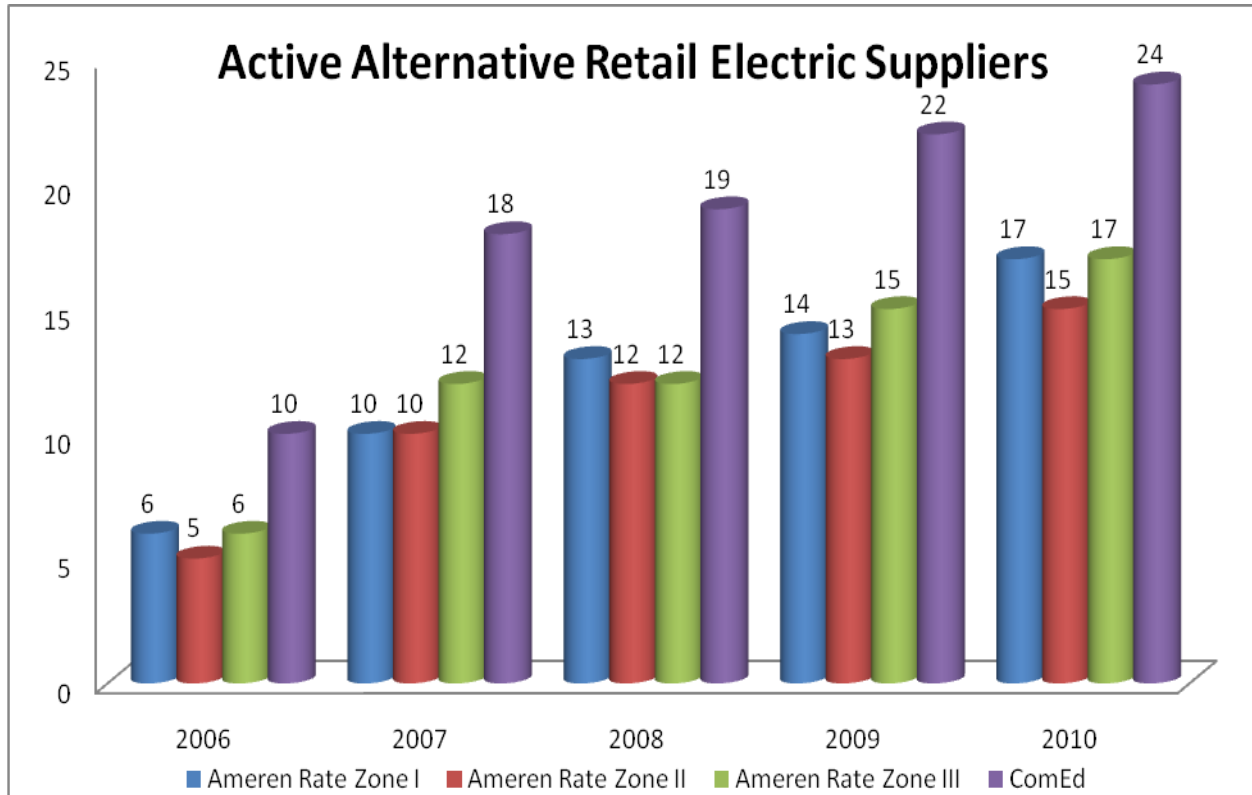
A. Number of certified and registered suppliers

Statewide, there are currently 54 alternative retail electricity suppliers (“ARES”) that have obtained ICC certification pursuant to Section 16-115, though 12 of those companies are certified to serve only themselves or their affiliates. Twenty-two ARES have obtained certification to serve residential and small commercial customers, which is double the amount of ARES certified to service residential customers at this time last year. Currently there are two residential certification applications pending with the Commission and one application to amend a current certificate to expand service. However, in order to start offering retail electric service in Illinois, suppliers must also register with the electric utility and complete certain technical testing. Eighteen suppliers have completed the registration process with the Ameren Illinois Company (“AIC”¹) and seventeen of those suppliers were actively selling electricity in the territory as of December 2010. In Commonwealth Edison’s (“ComEd’s”) territory, 24 suppliers have completed the registration process and 24 of those suppliers were actively selling electricity as of December 2010. Four of the active suppliers are either electric utilities or affiliates of electric or natural gas utilities.

The following shows the number of active ARES from 2006 to the end of 2010 by utility service territory:²

¹ On October 1, 2010 Ameren Corporation completed the merger of its three Illinois electric and natural gas utilities – AmerenCIPS, AmerenCILCO and AmerenIP – into a single public utility known as Ameren Illinois Company (“AIC”). As a result of the merger, the former AmerenCIPS territory is now referred to as Rate Zone I, the former AmerenCILCO territory as Rate Zone II, and the former AmerenIP territory as Rate Zone III.

² In order to maintain consistency with the reporting of previous years, the graph includes ARES providing power to themselves or their subsidiaries for the Ameren Illinois territories.



B. Customer switching to alternative electric suppliers

More than half of the total electric consumption of ComEd's and AIC's customers is currently provided by alternative retail electric suppliers. The following provides detailed non-residential usage information for the four utility service areas.

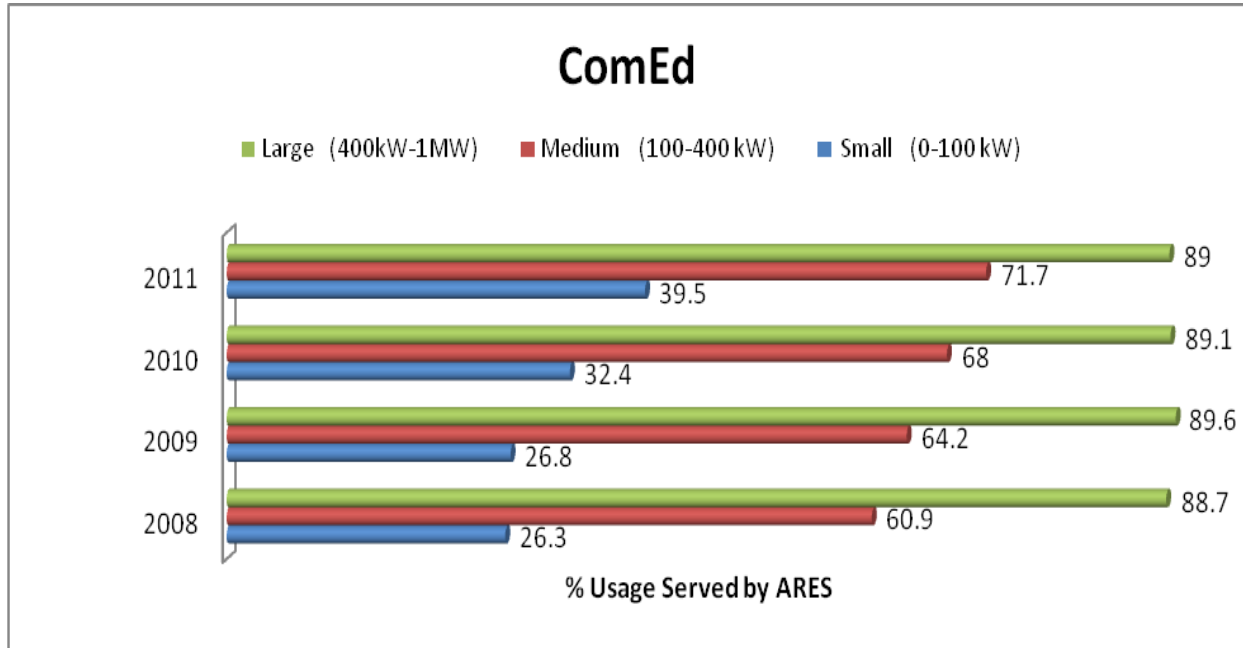
1. ComEd

As of May 31, 2011, 58% of the total electric usage of ComEd's customers was provided by alternative retail electric suppliers (up from 53% a year ago). Breaking it down further, about 39.5% of the electric usage of ComEd's small commercial customers³ (up from 32% a year ago) and 72% of its medium commercial and industrial customers⁴ (up from 68%) was provided by ARES. For large customers⁵ it was 89% (the

³ Non-residential customers with demand up to 100kW.

⁴ Non-residential customers with demand between 100kW and 400kW.

same as last year), and for customers with a demand of over 1MW, the number was around 97% (the same as last year). Together, 79.5% (up from 76%) of all non-residential load was provided by alternative electric suppliers as of May 31, 2011. The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past four years⁶.



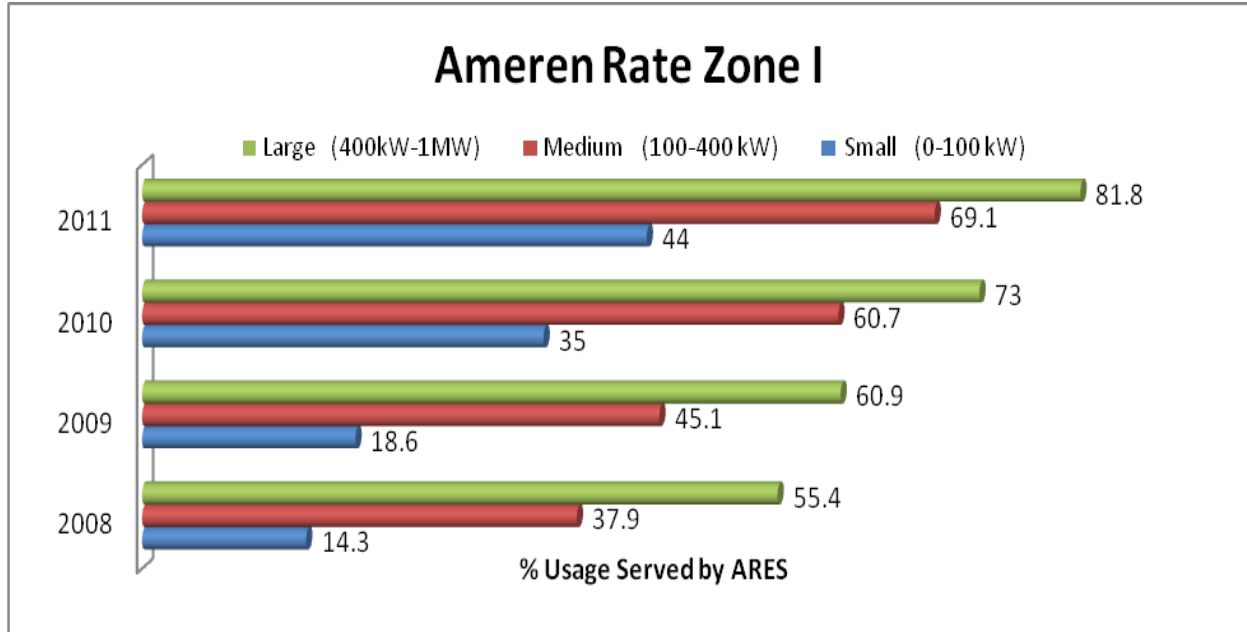
2. AIC Rate Zone I (formerly AmerenCIPS)

As of May 31, 2011, 54% of the total electric usage of Rate Zone I customers was provided by alternative retail electric suppliers (up from 52% a year ago). About 44% of the electric usage of small commercial customers in Rate Zone I (up from 35% a year ago) and approximately 69% of its medium commercial and industrial customers (up from 60%) was provided by ARES. For large customers it was 82% (up from 73%), and for customers with a demand of over 1MW, 80% of the usage was served by alternative electric suppliers (down from about 89%). Together, 73% of all non-residential load was provided by alternative electric suppliers as of May 31, 2011 (up from 69%). The

⁵ Non-residential customers with demand between 400kW and 1MW.

⁶ Data as of May 31 of each year.

following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past four years⁷.

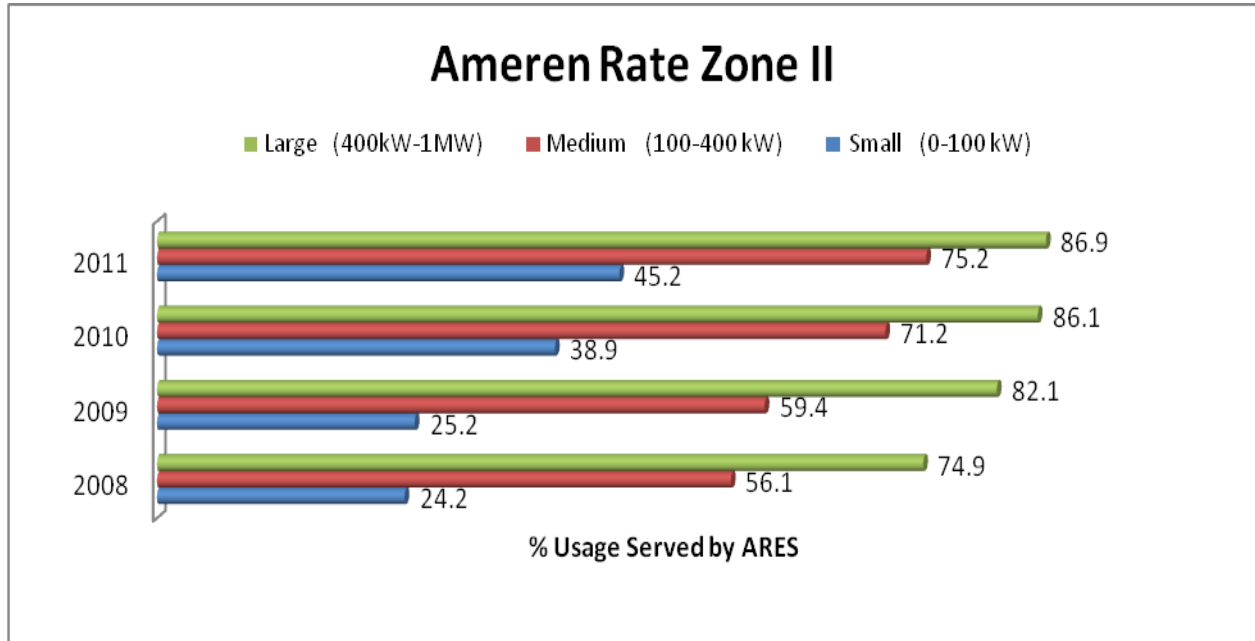


3. AIC Rate Zone II (formerly AmerenCILCO)

As of May 31, 2011, 60% of the total electric usage of Rate Zone II customers was provided by alternative retail electric suppliers (about the same as last year). About 45% of the electric usage of small commercial customers in Rate Zone II (up from 39%) and approximately 75% of its medium commercial and industrial customers (up from 71%) was provided by ARES. For large customers it was 87% (up from 86%), and for customers with a demand of over 1MW, over 93% of the usage was served by alternative electric suppliers (up from 92%). Together, 83% of all non-residential load was provided by alternative electric suppliers as of May 31, 2011 (up from 81%). The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past four years⁸.

⁷ Data as of May 31 of each year.

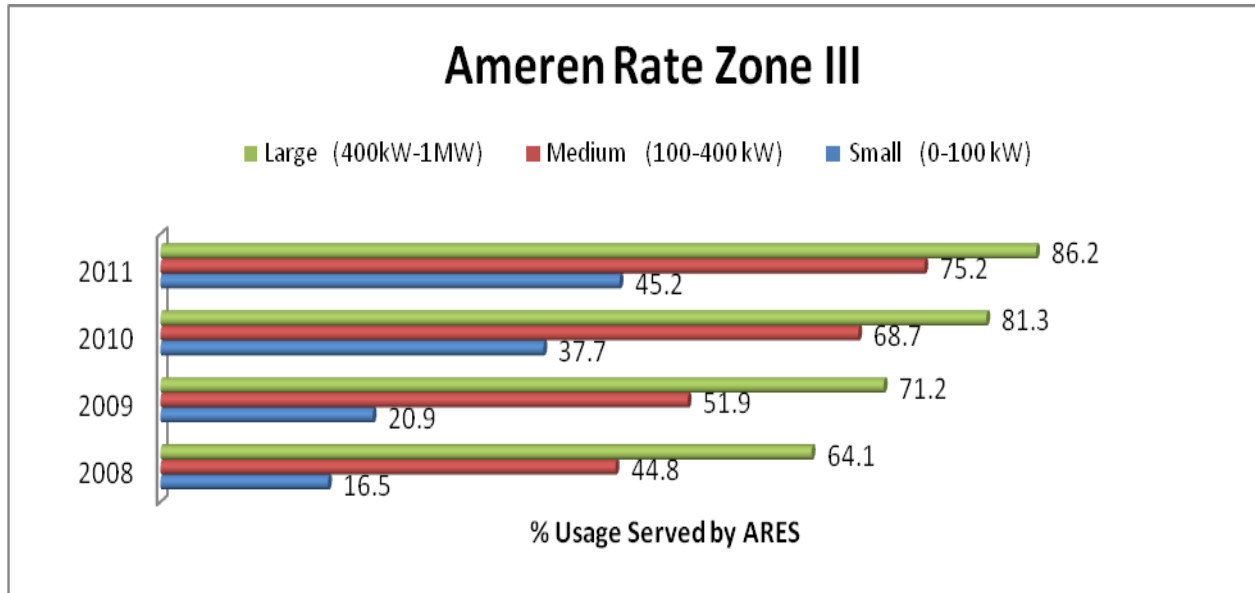
⁸ Data as of May 31 of each year.



4. AIC Rate Zone III (formerly AmerenIP)

As of May 31, 2011, 63% of the total electric usage of Rate Zone III customers was provided by alternative retail electric suppliers (about the same as last year). About 45% of the electric usage of small commercial customers in Rate Zone III (up from 38%) and approximately 75 % of its medium commercial and industrial customers (up from 69%) was provided by ARES. For large customers it was 86% (up from 81%), and for customers with a demand of over 1MW, almost 96% of the usage was served by alternative electric suppliers (down from almost 99%). Together, 85% of all non-residential load was provided by alternative electric suppliers as of May 31, 2011 (up from 83%). The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past four years⁹.

⁹ Data as of May 31 of each year.

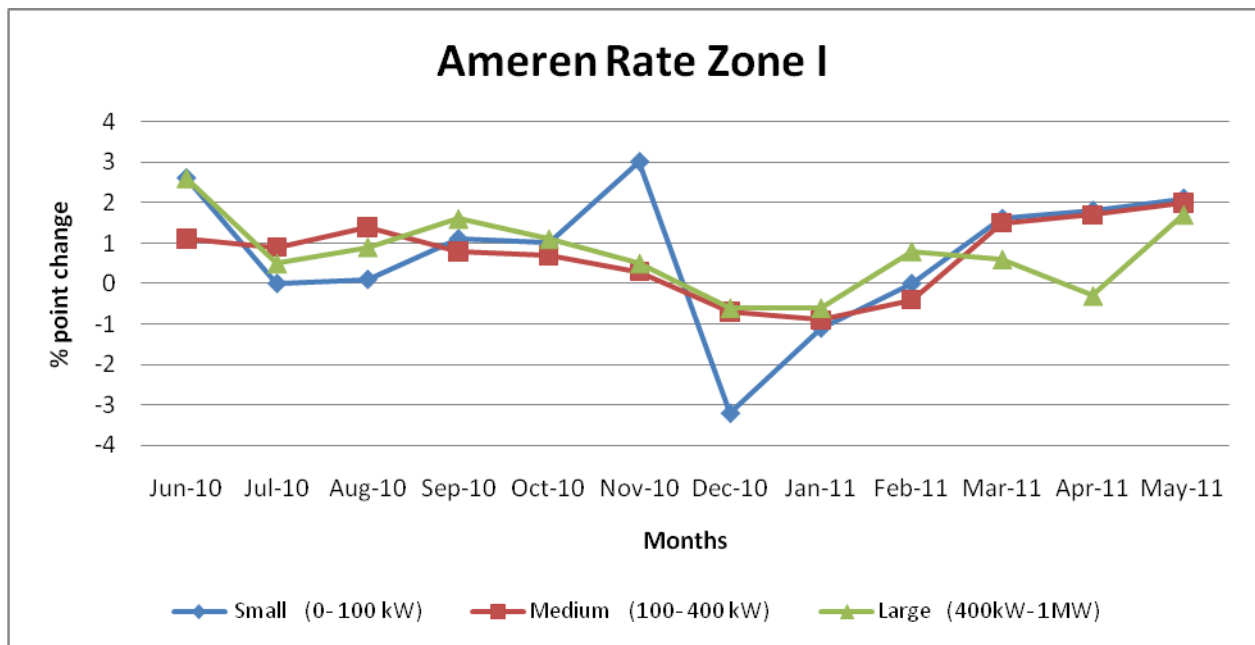
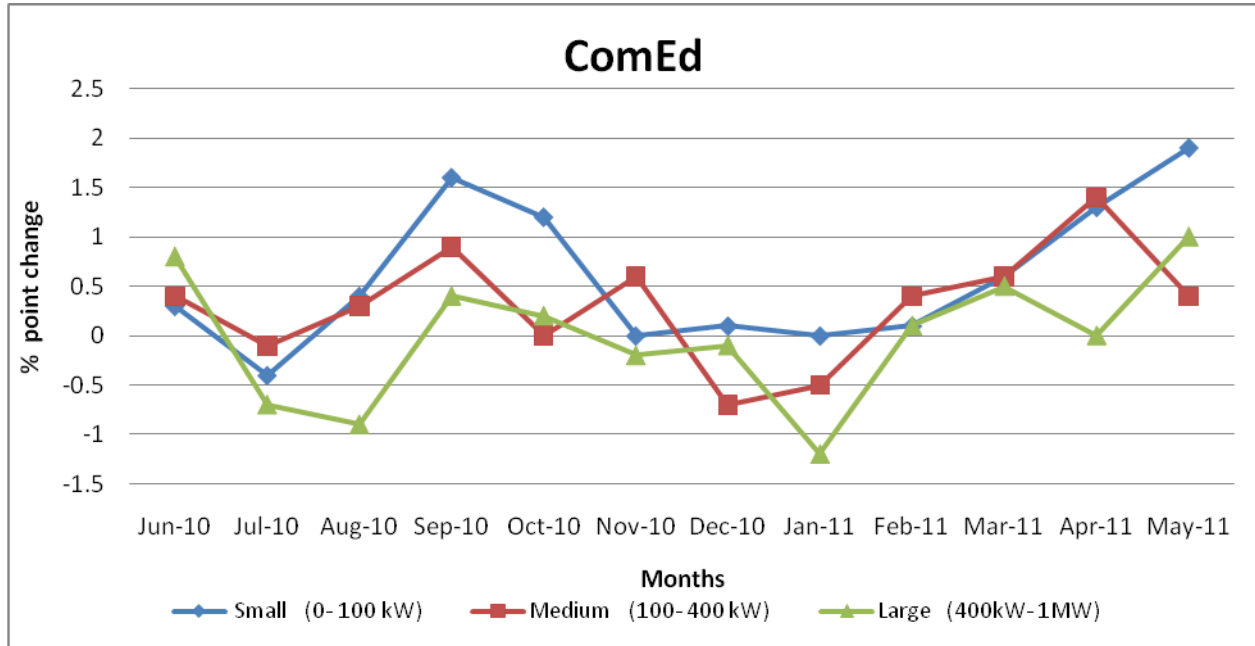


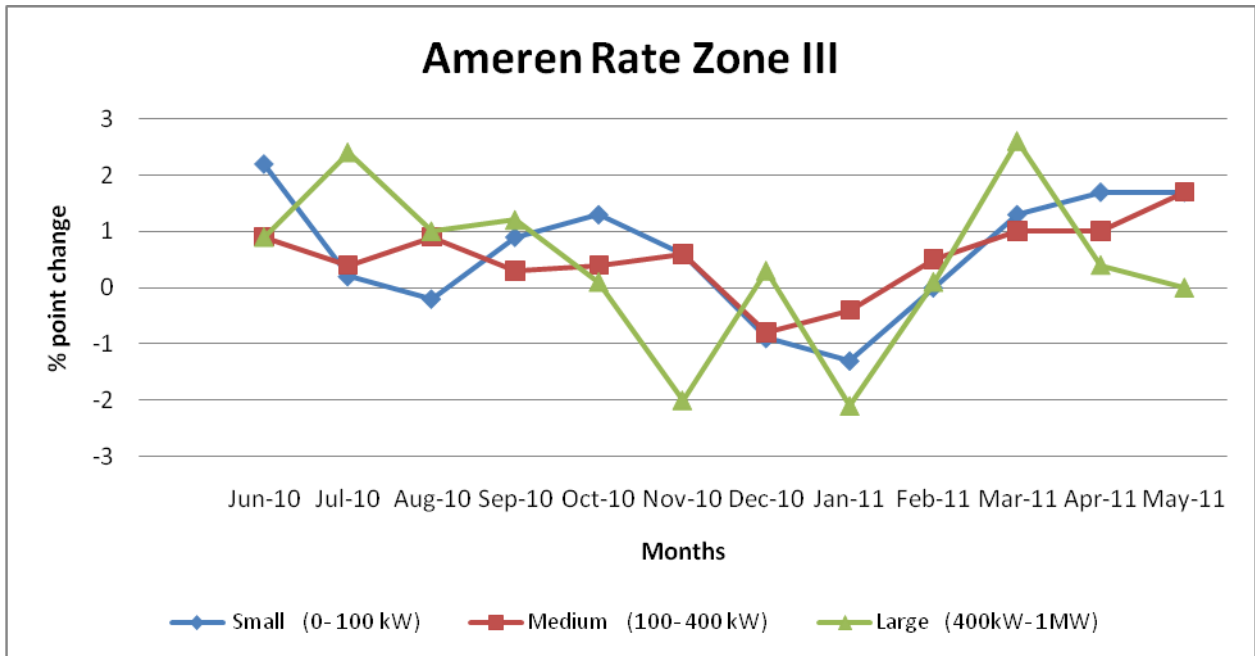
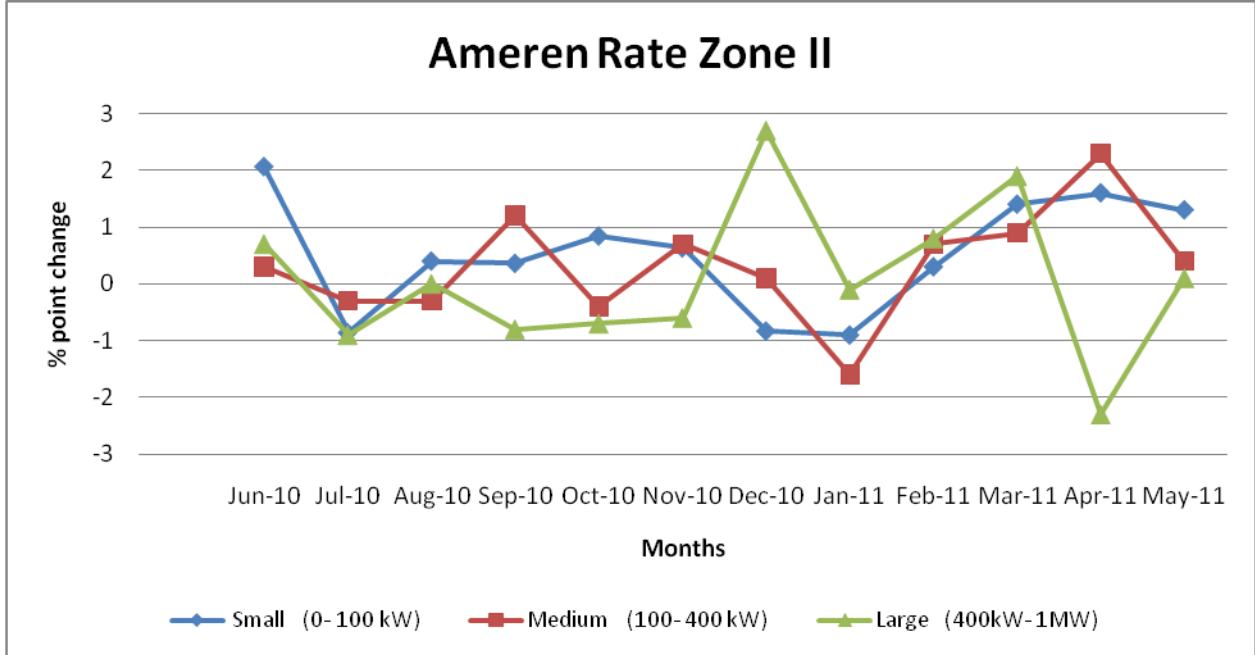
5. Competitive activity over the last 12 months

While it is informative to compare the switching numbers from year to year, it is also beneficial to look at the competitive activity *within* one year. As the following four graphs show, the share of electric usage served by ARES does not follow a stable linear path in between the yearly snapshots we have been reporting so far. The graphs show the percentage point changes in the share of the electric usage by non-residential ARES customers from month to month. As seen below, there are periods during the year when the ARES-served usage decreases and there are months when the ARES-served usage increases at a substantially higher rate than the annual numbers show. The graphs also reveal that the monthly fluctuations differ sometimes significantly from one customer class to the next.

The data further shows that the trend of annual increases in ARES-served usage by small and medium commercial customers continues in all four utility service areas. As was the case last year, the increases were greatest in the Ameren Illinois areas. In Ameren Illinois' Rate Zone III, for example, usage provided by ARES to customers with demand below 100kW increased from 16.5% in 2008 to 45.2% in 2011.

While historically lagging behind the competitive activity in the ComEd area, the result of these recent increases is that the share of ARES-provided usage is higher in the Ameren Illinois areas than it is in the ComEd area for the second year in a row.





One additional indicator of competitive activity is the steadily rising number of Agents, Brokers, and Consultants (“ABCs”) seeking a license pursuant to Section 16-115C of the PUA. Since the beginning of 2011, 34 additional entities received an ABC license from the Commission, bringing the total to 133 registered ABCs as of June 2011.

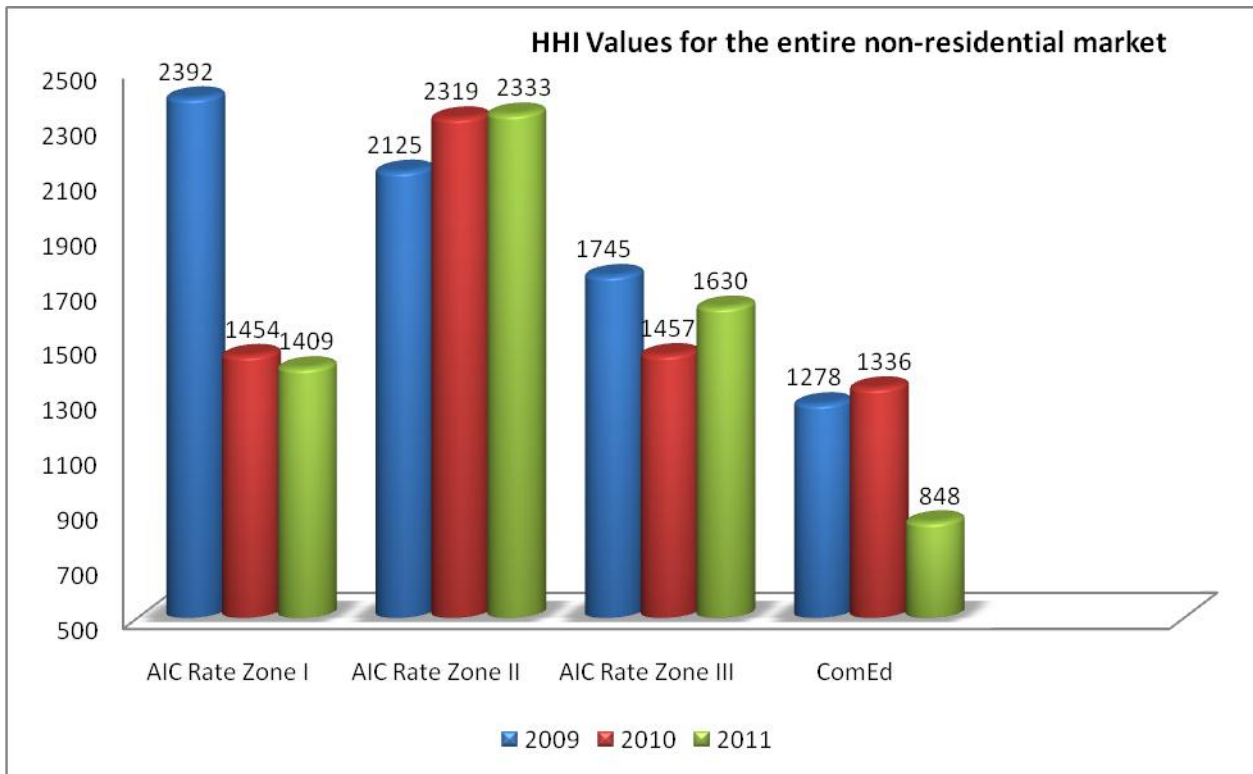
6. Market concentration

Until last year’s report, we had only reported on the share of electrical usage that is not provided by the utilities. Until then, we had looked exclusively at the usage provided by ARES as a whole. While those numbers show that more and more of the total non-residential consumption is being provided by retail electric suppliers, it does not tell us whether that usage is provided by a few dominant providers or whether that usage is more evenly divided among many providers competing in that market.

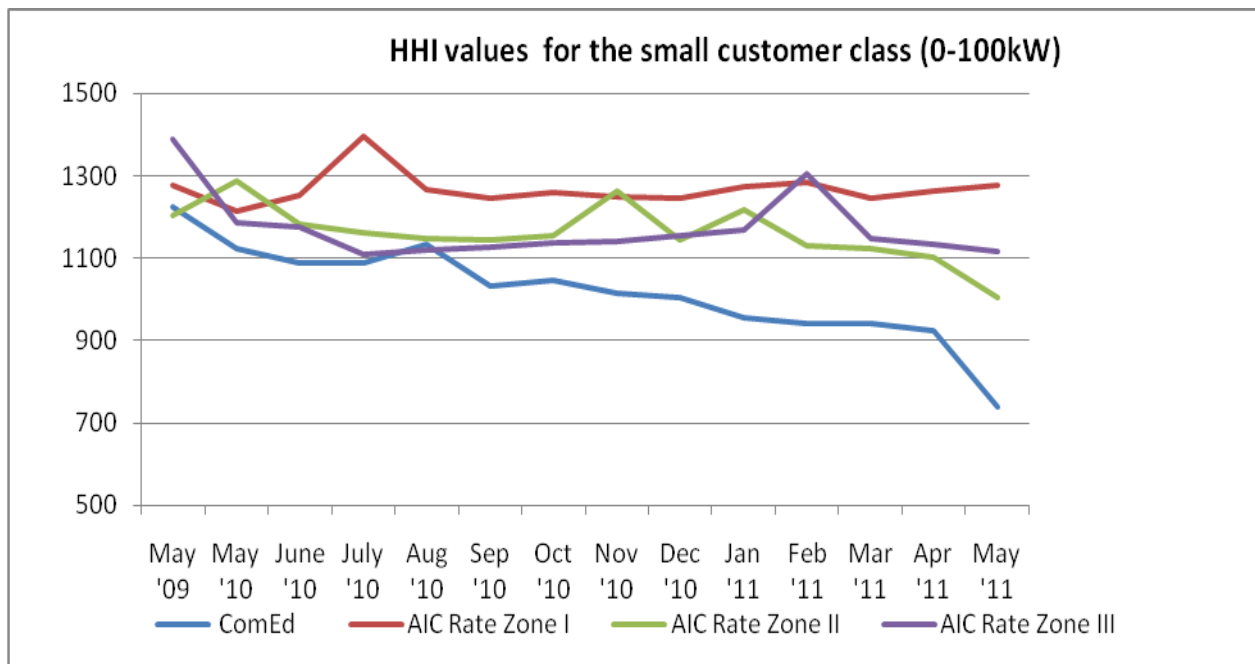
Last year’s report provided a snapshot of the market concentration for some of the non-residential customer classes. This year’s report builds upon that analysis and tries to give a better picture of the various commercial and industrial customer classes by looking at market concentration indicators over a longer period of time. Like last year, we analyzed the market shares of the individual ARES by looking at the share of electric usage provided by an ARES instead of the share of customers served by individual ARES. We believe either approach would be informative but we assume the amount of kWh served might be more closely related to an ARES’ financial success than the number of customers it serves. In addition, when calculating market shares based on customer counts, we did not find significant differences from the values derived from using ARES-provided usage. We again used the Herfindahl-Hirschmann index, or HHI, which is a common indicator to measure competition among firms in a defined market. In order to put the resulting numbers into perspective, we looked at the revised 2010 Horizontal Merger Guidelines by the Department of Justice (“DOJ”) and the Federal Trade Commission (“FTC”), which divide the spectrum of market concentration into three regions. Generally speaking, the revised guidelines state that the DOJ and the FTC view a market with an HHI below 1500 as unconcentrated (meaning many similarly sized firms compete for the same customers), a market with an HHI between 1500 and 2500 as moderately concentrated, and a market with an HHI above 2500 as highly concentrated (very few firms dominating the market).

For this exercise, we again excluded retail electric suppliers that provide electric supply only to themselves or their subsidiaries or affiliates. We also need to emphasize that the numbers below reflect only the segment of the market that has already switched to a competitive supplier. In other words, the market concentration analysis shown here does not include the customers on utility fixed-price service (where available) or utility-provided hourly service.

The first graph shows the HHI values for the total non-residential market among the four utility service areas. While it is unreasonable to assume that all non-residential customer classes are considered to be part of the same market, the overall HHI values shown here display the trend in market concentration from May 2009 to May 2011. The values also allow a relative comparison among the utility service territories. As the graph shows, the ComEd non-residential market is generally less concentrated than the three Ameren Illinois markets. It also shows that, with the exception of Ameren Rate Zone II, the HHI values for the total non-residential market have decreased from 2009 to 2011.



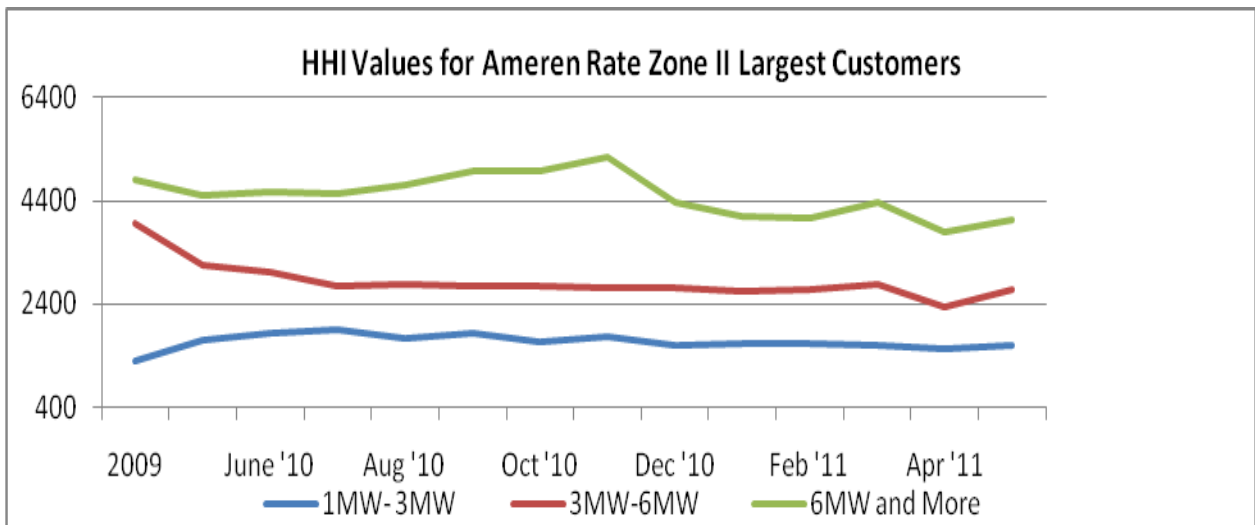
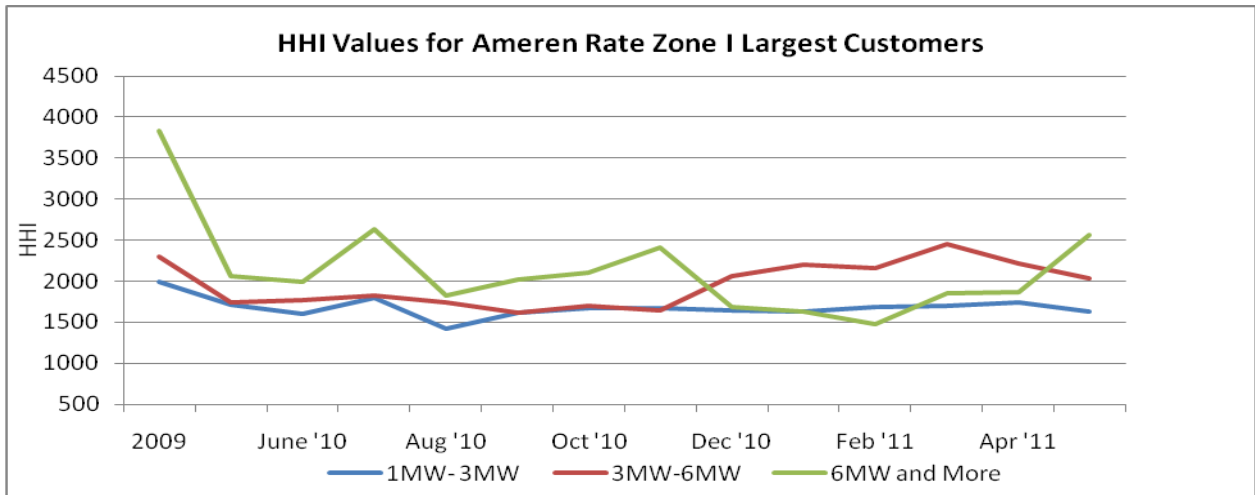
Turning to the individual non-residential customer classes, our analysis shows that the small and medium non-residential customer segments are the least concentrated. This is true for all four utility service areas. The following graph shows the HHI values for the small commercial class, with customers of demand up to 100kW. While the three Ameren Illinois areas show overall higher HHI values than the ComEd area, all of the HHI values are below 1,500, with most values well below that threshold. The graph starts with May 2009, jumps to May 2010, and then shows the monthly HHI values for the past 12 months.

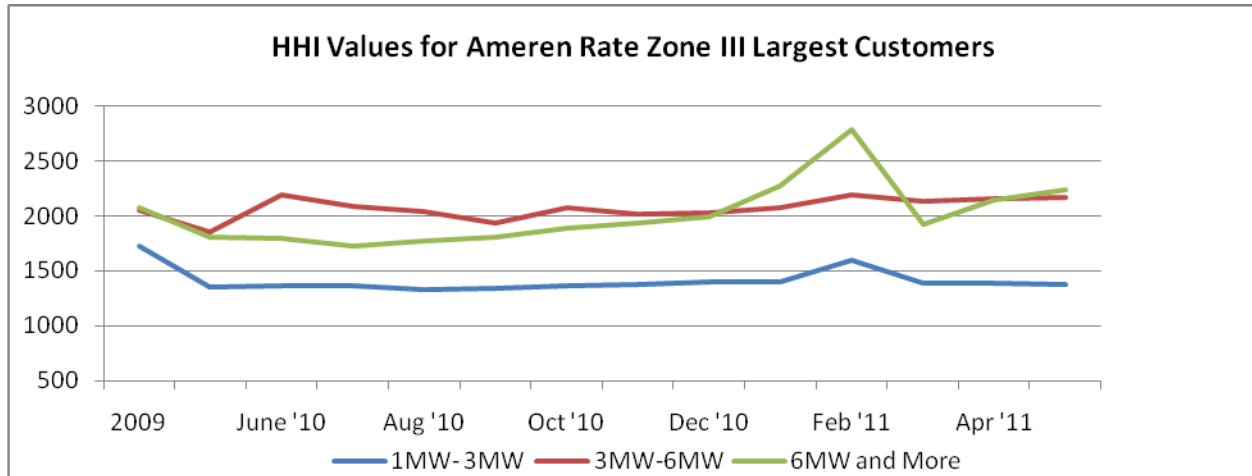


The next two larger customer segments (customers with demand between 100 and 400kW and customers with demand between 400kW and 1MW) showed somewhat higher market concentration but most HHI values were still below 1,500. Additionally, the HHI values generally declined over the same period (May 2009 to May 2011) and the Ameren Illinois values were usually higher than the corresponding numbers for the ComEd area.

The situation changed more markedly, however, in the market for the largest commercial and industrial customers. While the HHI values for ComEd's 1-10MW

demand class as well as the over 10MW demand class have been generally in the 1,400 to 1,700 range, some customer segments in the Ameren territory, however, showed significantly higher HHI values. The following three graphs show that the HHI values for Rate Zones I and III often went beyond 2,000 and that the Rate Zone II experienced by far the highest observed market concentration measures. However, when looking at those HHI values for large commercial and industrial customers in the Ameren territory, one must keep in mind that the number of customers in that segment is very small (well below 200 customers for all three Ameren Illinois rate zones combined) and thus might not attract as many suppliers as similar customers in the ComEd area.





In sum, according to the revised guidelines by the DOJ and FTC, most non-residential customer segments exhibit HHI values that would classify them as unconcentrated or moderately concentrated markets. The data also reveals that market concentration increases with the size of the non-residential customer and that the Ameren Illinois markets are generally more concentrated than the ComEd market. Having looked at the HHI values for more than one month, as we did with our first snapshot in last year's report, we can nevertheless come to the same conclusion that there appears to be effective competition among the active retail electric suppliers in almost all non-residential customer segments at this time. Going forward, we will continue to measure market concentration and provide a similar summary in future annual reports. While it seems premature to do so at this time, future reports will likely provide a market concentration analysis for the residential market.

7. Residential activity

In last year's report we stated that BlueStar Energy Services had recently launched two different residential service offerings in ComEd's territory and that such action marked the first marketing by an ARES to Illinois residential electric customers. We also explained that, given the very recent nature of BlueStar's expanded residential offerings, the latest competitive data available at that time did not show the impact of that expansion. One year later, we can report that the number of residential customers

taking service from an ARES increased from just over 200 in May 2010 to about 1,100 at the end of 2010.

Last year's report also stated that a number of additional suppliers had expressed a concrete interest in serving residential customers and that the availability of utility-consolidated billing and the purchase of receivables ("UCB/POR") in the ComEd area is expected to bring additional residential service offerings in the near future. This expectation did indeed materialize. Starting in January 2011, several suppliers began offering residential service in the ComEd territory. While most suppliers are using UCB/POR for their residential offerings, some are using their own billing and collections for residential customers. Also, several suppliers offer more than just one residential option and differentiate their offerings by term length or renewable energy content. In all, the ORMD is aware of ten suppliers currently offering residential service in the ComEd area and a total of at least 22 different service offerings by those suppliers. Currently, the vast majority of the available residential offerings are priced below ComEd's fixed-price bundled service rate, also known as the "Price to Compare."

The monthly switching statistics from ComEd show that the number of residential customers taking service from a competitive supplier has increased from about 1,100 at the end of 2010 to about 21,000 at the end of May 2011. However, the monthly switching statistics lag the real-time data in that the monthly reports only reflect customers of an ARES that have already been billed under ARES service during that month. Taking into account all customers that have enrolled with an ARES, regardless of having completed the first billing cycle, ComEd informs us that as of June 24, 2011, about 83,000 residential customers have switched to ARES service. While 83,000 customers represent less than 2.5% of ComEd's total residential customers, it nevertheless shows a significant amount of residential switching in a relatively short period of time.

While the number of residential customers in the Ameren Illinois service territory receiving ARES service is less than 200 as of May, 2011, several suppliers have recently amended their certificate to serve residential customers in the Ameren Illinois territory. In addition, besides BlueStar Energy Services, three additional suppliers have very recently begun to offer residential service in the Ameren Illinois area.

C. Municipal Aggregation

Effective January 1, 2010, Public Act 96-0176 amended the Illinois Power Agency Act by providing for the aggregation of electrical load by municipalities and counties. It allows municipal corporate authorities or county boards to adopt an ordinance under which it may aggregate residential and small commercial retail electrical loads located within their jurisdiction and solicit bids to enter service agreements for the sale and purchase of electricity and related services and equipment.

The law requires the corporate authorities of a municipality or county board to submit a referendum to its residents to determine whether or not the aggregation program shall operate as an opt-out program for residential and small commercial customers prior to the adoption of an ordinance for the aggregation of these loads. The Illinois Power Agency is required to furnish without charge a list of all supply options available to the customers in a format that allows comparison of prices and products, and provide assistance to municipalities, counties or associations completing the plan and bidding process.

The law also requires that the load aggregation plan provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers and that the plan describe demand management and energy efficiency services to be provided to each class of customers.

Over the last twelve months, the ORMD has held a series of conference calls with interested parties to review some of the specific provisions contained in the law. The conference calls were attended by a large number of retail electric suppliers and it is apparent that there is a concrete and real interest in serving municipalities that want to pursue aggregation for their residential and small commercial customers. An amendment to Section 1-92 of the Illinois Power Agency Act was introduced with HB3182 in February. The amendment contained in HB3182 simply adds a requirement that the account number be provided by the electric utility to the corporate authority or county board upon request in addition to the names and addresses of residential and small commercial customers in the aggregate area that are reflected in the electric utility's records at the time of the request. HB3182 has been passed by both the House and Senate and was sent to the Governor on June 15, 2011.

Twenty municipalities within ComEd's territory have recently passed referendums for opt-out aggregation¹⁰ and at least one municipality has announced that it has selected a supplier to provide electric supply service to its residential and small commercial customers through July 2014.

In anticipation of the passage of these referendums, ComEd filed a tariff on March 3, 2011 to establish its Government Aggregation Protocols. On April 12, 2011 the Commission did not suspend ComEd's filing and the tariff took effect on April 17, 2011. However, during the 45-day period between ComEd's filing of the tariff and its effective date, the Commission received a number of comments concerning the proposed filing.

Comments opposing the filing raised several issues. One issue relates to the construction to be given the term "small commercial retail customer" in Section 1-92 of the Illinois Power Agency Act. The ComEd tariff effectively defines "small commercial retail customer" as including a broader set of customers than would be covered under the definition of the same term in the PUA. While the PUA Section 16-102 definition of "small commercial retail customer" is limited to those customers consuming 15,000 kilowatt hours of electricity annually, the ComEd tariff deems an entity to be included within the municipal aggregation program for small commercial retail customers if they are included either within ComEd's Watt-Hour Delivery Class, or within its Small Load Delivery Class. A second issue derives from the concern that the tariff does not appropriately limit the universe of customers whose information ComEd will provide to local governments operating aggregation programs. A third set of issues revolves around whether the tariff provides sufficient protections and safeguards in terms of the persons who may gain access to customer information as a result of municipal aggregation, given the transfers of customer-specific information inherent in municipal aggregation under Section 1-92 of the IPA Act.

As a result of these stated concerns, on May 18, 2011, the Commission ordered ComEd's tariff to be investigated. The initiating Order does not foreclose the parties to the tariff rate investigation from raising additional issues either in support of or in

¹⁰ For a list of communities, see <http://www.icc.illinois.gov/ORMD/MunicipalAggregation.aspx>.

opposition to the ComEd tariff as currently in effect. The tariff investigation is currently ongoing at the Commission in Docket No. 11-0434.

D. Competitive Declarations

As of August 2007, Section 16-113(f) of the Act declared the provision of electric power and energy to retail customers of ComEd and the Ameren Illinois Utilities with peak demands of at least 400 kilowatts to be a competitive service. The legislation resulted in ComEd's discontinuation of providing fixed-price bundled service to those customers after the end of the May 2008 billing period. The law similarly provided that AIU does not need to provide fixed-price bundled service to that class of customers after the end of the May 2010 billing period.

In addition, Section 16-113(g) gives both ComEd and AIU the ability to declare the provision of power and energy to customers with peak demands of at least 100 kilowatts but less than 400 kilowatts to be competitive if certain conditions are met. In 2007, ComEd filed a petition for competitive declaration and the Commission found that ComEd had satisfied the statutory requirements and therefore the provision of power and energy to those customers has been declared competitive as of November 2007¹¹. As a result of the competitive declaration, after the end of the May 2010 billing period, all customers in the 100-400kW class, with the exception of some statutorily exempted condominium associations, are taking supply service from the utility on an hourly-pricing basis or they receive service from an alternative retail electric supplier.

On March 1, 2011, Ameren Illinois filed a petition for competitive declaration of its customers with peak demands above 150 kilowatts but less than 400 kilowatts¹². Ameren's petition stated that 67% of its customers with peak demands between 150 and 400 kilowatts were currently being served by a RES. The Commission approved Ameren's petition on March 23, 2011 with the competitive declaration to be effective on May 1, 2011. Customers in this class will continue to receive fixed-price bundled utility service until May 2014 unless they elect to receive service from a retail electric supplier

¹¹ ICC Docket No. 07-0478.

¹² ICC Docket No. 11-0192.

before that date. Going forward, the only non-residential customers still receiving a fixed-price supply service from the utility are ComEd customers with demand below 100kW and AIU customers with demand below 150kW. All other non-residential customers will receive their power from a competitive supplier or they will be on the utility's hourly-pricing option.

III. Public Act 95-0700

In 2007 the General Assembly passed a law designed to remove certain barriers to competition for residential and small commercial customers in Illinois. The provisions of this law, Public Act 95-0700, require ComEd and AIU to offer utility consolidated billing ("UCB"), the purchase of receivables ("POR") and the purchase of two billing cycles of uncollectible receivables ("POU"). Under UCB, an ARES electronically submits its monthly customer charges for power and energy to the utility which then places those charges, along with its delivery charges, on one single bill to the customer. Under POR, an ARES is able to sell its receivables (the amount that customers owe to that ARES) to the utility at a discount. The POR requirement encourages alternative suppliers to offer their services to every utility customer rather than serve only those above certain credit thresholds, thereby furthering the statutory goal of an "effectively competitive retail electricity market that operates efficiently and benefits *all* Illinois consumers." Under POU, the ARES may sell two billing cycles worth of uncollectible receivables to the utility at a discount upon returning the customer to the utility. The utility then may impose the same credit and collection actions against that customer as it may upon its own customers.

While Sections 16-118(c) (POR) and 16-118(d) (UCB) appear to be separate and distinct requirements, the utilities have so far focused on an offering that would combine the purchase of receivables with the provision of utility consolidated billing. That is, if an ARES enrolls a customer with utility consolidated billing, the ARES then also has to sell the corresponding receivables to the utility at a discount. Because the POR provision in Section 16-118(c) is limited to customers with a demand of less than 400 kilowatts, this combination of utility consolidated billing and the purchase of receivables is therefore also limited to customers with a demand of less than 400 kilowatts.

The Ameren Illinois Utilities filed tariffs in September 2008 to effectuate the offering of a combined UCB/POR service per Sections 16-118(c) and (d) of the Act. The Commission approved Ameren's modified tariffs on August 19, 2009 and UCB/POR service was available to ARES in Ameren's service territory in October 2009. While six suppliers have executed the necessary billing service agreement with Ameren in order to use the UCB/POR service, only two suppliers are currently using Ameren's UCB/POR service.

ComEd filed its tariffs on January 20, 2010, offering a combined purchase of receivables with consolidated billing service and the Commission approved ComEd's modified tariffs on December 15, 2010. As of May 31, 2011, five suppliers were using ComEd's UCB/POR service for residential customers and 12 suppliers were using UCB/POR service for non-residential customers.

Similar to POR, under POU, the electric utility purchases the uncollectible receivables at a just and reasonable discount rate, which is reviewed and approved by the Commission, and is based on the electric utility's historical bad debt for receivables and reasonable start-up and administrative costs of the program. The overall consensus has been to strive for a low-cost implementation while gauging supplier interest in such a POU offering.

After BlueStar Energy Services filed a complaint against ComEd and Ameren Illinois for not having filed POU tariffs with the Commission, Ameren filed tariffs to offer a POU program on March 10, 2011 and the Commission suspended the filed tariffs on April 15, 2011. The investigation of Ameren's POU tariffs is currently ongoing in Docket No. 11-0358 with a Commission Order due no later than February 2012. Similarly, on April 21, 2011, ComEd filed proposed POU tariffs and the Commission suspended the filed tariffs on May 18, 2011. The investigation of ComEd's POU tariffs is currently ongoing in Docket No. 11-0435 with a Commission Order due no later than March 2012.

IV. Additional Consumer Protections and Education

As part of its Order in the Ameren UCB/POR tariff investigation, the Commission stated that it "agrees that consumer education and protection are both

very important in any program implementing customer choice, particularly for smaller customers” and directed Staff to prepare a draft First Notice Rule that would create additional consumer protections for residential and small commercial customers.¹³ As explained below, this rulemaking is currently underway. The ORMD has also used other low cost means to educate consumers about electric choice. In March 2011, the ORMD updated the “Plug In Illinois” website to include a “Price to Compare” for residential customers in the ComEd service territory. A Price to Compare for residential customers in the Ameren service territory was added in May 2011. The ORMD is also finalizing an Offer Comparison Matrix for the PluginIllinois.org site that will list all residential supply offers, sorted by utility service territory. The Offer Comparison Matrix will also provide customers with basic information necessary to compare ARES offers against each other and against the utility’s Price to Compare.

Additionally, the ORMD has delivered presentations to the Commission’s Consumer Services Division (“CSD”), providing an update on the current state of electric competition as well as a synopsis of the changes to the PlugInIllinos.org website, including the ComEd Price to Compare. In March 2011, the ORMD recorded a Public Service Announcement (“PSA”), through the Illinois Office of Communication & Information, which was distributed to radio stations throughout the ComEd service territories. The text of the PSA is as follows:

A message from the Illinois Commerce Commission: ComEd customers now have more than one electric supply option. Under Illinois law, suppliers may contact you to sell electricity for your home or business. But, no matter who you choose as your electric supplier, ComEd will continue to deliver the electricity you purchase. To learn more visit www.pluginillinois.org or call 1-800-524-0795.

A. Rulemaking for Code Part 412

The Commission’s Order approving Ameren’s tariffs to implement a UCB/POR program directed Staff to submit a Staff Report, proposed First Notice Rule and draft First Notice Order by December 31, 2009 containing additional consumer protection measures for residential and small commercial customers. The ORMD provided those items to the Commission and the Commission issued an order on December 2, 2009,

¹³ ICC Docket Nos. 08-0619/08-0620/08-0621 Order at 47.

initiating the rulemaking proceeding. The resulting proceeding for a new Illinois Administrative Code Part 412, titled "Obligations of Retail Electric Suppliers," is currently ongoing in ICC Docket No. 09-0592. On October 6, 2010, the Commission withdrew the First Notice Rule. In June 2011, the Administrative Law Judge submitted a new proposed First Notice Rule to the Commission.

B. Plug In Illinois

PluginIllinois.org is the Commission's electric choice education website aimed at providing customers with a better understanding of their electric supply options. In March 2011, the ORMD updated PluginIllinois.org and added a Price to Compare for ComEd's customers. The Price to Compare for ComEd combines ComEd's Electric Supply Charge with the Transmission Services Charge to provide customers a price in cents per kilowatt hour to compare with ARES supply offers. PluginIllinois.org also provides a Price to Compare for ComEd's designated space heat customers to clearly demonstrate the difference in the rates and the fact that space heat customers may not save any money by switching to an ARES. Additionally, PluginIllinois.org explains the three major components of getting electricity to the customer's home or business, includes a breakdown of the utility charges residential customers see on their ComEd bill, and information as to how ComEd procures its electricity.

In addition to the new Price to Compare for ComEd, the ORMD added an "Electric Choice Basics" section in order to provide customers with a brief explanation of the competitive electric supply market. While "Electric Choice Basics" encourages customers to read "Understanding your Utility's Electric Supply Price" for more detail about the charges on their utility bill, this one page provides customers with basic facts to make an informed decision about their electric supply service.

In May, the ORMD also added a Price to Compare for Ameren Illinois customers. Similar to ComEd's Price to Compare, Ameren's Price to Compare combines Ameren's Electricity Supply Charges, including the Supply Cost Adjustment, with the Transmission Service Charge to come up with a price Ameren customers can compare to ARES offers. Additionally, there is a Price to Compare for customers on Ameren's space heating rate.

SB1396, passed by the House and Senate and sent to the Governor on June 9, 2011, amends Section 16-117 of the Public Utilities Act to require the Commission to maintain a consumer education information program to help residential and small commercial customers understand their service options in a competitive electric services market. This legislation would require the Commission to direct, within 90 days of the effective date of this Act, the ORMD to review the existing consumer education information for residential and small commercial customers and consider whether updates are necessary. The ORMD is required to seek input from interested parties, including ARES, electric utilities, the Attorney General, and the Citizen's Utility Board, to further its review of the consumer education materials and possible proposed changes. The ORMD is required to submit any recommendations to the Commission within 4 months after the Commission's directive to do so. Additionally, SB1396 requires electric utilities to include the Commission's electric consumer education website (PlugInIllinois.org) on its monthly bill, and ARES must provide the PlugInIllinois.org website to all residential and small commercial customers.

C. Offer Comparison Matrix

The Offer Comparison Matrix will enable residential customers to shop for their electric supply by providing a listing of all available electric supply offers. The ORMD has worked closely with the Commission's IT Staff, as well as interested parties, to fine tune the presentation and the technical implementation of the Offer Comparison Matrix. The Offer Comparison Matrix, which will be included on the PlugInIllinois.org website, will allow customers to enter their utility service territory in order to view the appropriate utility Price to Compare as well as the ARES offers available within their service territory. The Offer Comparison website will provide the supplier's name and contact information as well as the product name, the price in cents per kilowatt hour, additional fees, and the current month's total cost for three different usage levels. It will also show the length of the supplier's offer in months, any early termination fees and a brief description of the particular offer. The ORMD expects the Offer Comparison Matrix to be on the website within the next few weeks.

D. Retail Choice and Referral Programs

Section 20-130 of the Act gives the Commission the authority to establish a retail choice and referral program to be administered by either the utility or the State. As part of such a referral program, residential and small commercial customers could receive incentives such as discounted introductory rate offers for switching to a participating ARES. The Act requires the ORMD to act as the clearinghouse for the development of retail choice and referral programs and to work with utilities and interested parties to implement such a program. In 2010, the ORMD has held a series of conference calls with interested parties to develop the specifics of an Illinois referral program, such as the length of the introductory period, the amount of the discount during the introductory term, the pricing after the introductory period and the establishment of potentially separate programs for residential and small commercial customers. Given the continued level of interest in such programs and the recent residential offerings by additional suppliers, the ORMD is planning to re-start those discussions in order to facilitate the implementation of the programs by the electric utilities.

V. Suggested Administrative and Legislative Action

In years prior, the ORMD has stated its support of eliminating or modifying the 24-month minimum enrollment requirement found in Sec. 16-103(d) of the Act. The minimum enrollment provision, applicable only to residential and small commercial customers who return from delivery services to the electric utility's bundled service, appears to be conflicting with the goal of developing "an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers." The ORMD further stated that an acceptable alternative to eliminating the minimum enrollment requirement would be to allow for a 2 month "grace period" during which a customer would have the opportunity to select a different retail electric supplier. HB 3038, which is currently awaiting the Governor's signature, would accomplish these specific objectives and the ORMD has no additional suggestions for administrative or legislative actions at this time.