

## Wellinghoff shares competition predictions at NEM event

Former FERC Chairman and Stoel Rives Partner Jon Wellinghoff wants to see markets continue to expand so consumers can have more choice, he told the National Energy Marketers Assn's (NEM) National Energy Restructuring Conference yesterday. Choice has been a major theme for Wellinghoff over his entire going back to when he started out in consumer protection, Wellinghoff said.

"I've always been very interested in making sure that consumers have competitive choices and consumers can ultimately participate in the marketplace in ways that they can control their costs and make those choices in those products that they're most interested in having," said Wellinghoff.

But a major obstacle to that choice can be the opportunity costs, which can hold back efficiency and other improvements.

Wellinghoff pointed to the classic "QWERTY" keyboard design, which was made that way so the old mechanical typewriters did not jam. The most commonly hit keys were placed far away from each other, he explained.

The "Dvorak" keyboard design is much more efficient because commonly hit keys are much closer together but nobody is making the switch because people would have to relearn how to type and much has been invested in the classic design, he added.

Similar opportunity costs can be seen in the energy space where it can cost \$150 to get the data needed from the utility to install a solar panel system on a customer's home. A third-party firm has set up a portal where the utility can send the data to it and then the solar firm can tap into it for \$10, Wellinghoff said.

Such activity needs to be enabled nationwide at the wholesale and retail levels, he added.

Former FERC Chairman Pat Wood tried to set up wholesale markets across the entire country through the Standard Market Design (SMD) in the late 1990s. "Ultimately what he wanted to do, which I still think needs to be done, is he wanted to put wholesale independent markets, RTOs and ISOs, everywhere in the country," Wellinghoff said.

That proposal met with stiff resistance in certain areas, notably the Southeast, FERC had to back off, he added.

Wellinghoff too wanted to see markets expand under his leadership at FERC, but took a different approach. Early on, he got FERC to host a meeting with Entergy, which was under pressure from states to open its transmission system to more competition, and from its regulators to discuss the benefits of moving to an ISO/RTO.

FERC paid for a study, which found the utility would save \$700 million from joining an organized market and now it is a member of MISO.

The market structures that did well at wholesale should be applied at the retail level through what Wellinghoff called an independent distribution-system operator (DSO). The DSO would manage DG and retail DR and the like on the distribution system.

The New York PSC's Reforming the Energy Vision process is aimed at that, though it is keeping utilities in the role as the distribution system operator, Wellinghoff noted. He believes the DSO role should be run by an independent organization and that New York will end up seeing the conflict of having a utility do that work, he told attendees at the event.