ILLINOIS COMMERCE COMMISSION
OFFICE OF RETAIL MARKET DEVELOPMENT
2019 ANNUAL REPORT

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

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STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

June 30, 2019

The Honorable JB Pritzker
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,

Tanya Capellan

Tanya Capellan
Acting Director, Office of Retail Market Development

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I. Statement of Purpose

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 in promoting retail electric competition achieved by the Office in the prior 12 months and that suggests administrative and legislative action necessary to promote further improvements in retail electric competition.

II. Introduction

Electric consumers in the Ameren Illinois, ComEd, and MidAmerican service territories have the ability to choose who provides the supply portion of their electric service. For retail electric customers, electric supply may be sold by either the utility or an Alternative Retail Electric Supplier (ARES). Regardless of a customer's choice of electric supply, the electric utilities continue to service outages, provide emergency services and answer questions about electric service.

By unbundling the supply from its delivery, retail customers can get direct access to the wholesale market and potentially:

- Receive lower prices
- Access a wider array of services
- Obtain customized pricing, terms, and conditions of service

This report aims to provide an overview of the current state of the market including ARES activity and customer switching trends. The data has been analyzed to identify trends and inform recommendations for 2019 aimed at supporting the development of competitive retail electric markets.

This study is divided into two main customer markets:

1. **Non-Residential:** This market includes all commercial and industrial customers with peak electric demand ranging from less than 100 kW to more than 1 MW. The terms "non-residential" and "commercial" are used throughout this report to refer to this market.
    a. **Small:** In this report the small non-residential market is comprised of 0 – 100 kW customers in the ComEd and Ameren Illinois territories.
    b. **Medium:** The medium non-residential market is comprised of 100 – 400 kW customers in this report. The following provides a history of the competitive declarations for this general customer class:
        i. **100 – 400 kW in the ComEd Territory:** Section 16-113(g) gives both ComEd and Ameren Illinois 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 ICC 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 2007.[1] As a result of the competitive declaration, since 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 are receiving service from an ARES.
        ii. **150 – 400 kW in the Ameren Illinois Territory:** In 2011, Ameren Illinois filed a petition for competitive declaration of its customers with peak demands above 150 kilowatts but less than 400 kW.[2] The Ameren petition stated that 67% of Ameren customers with peak demands between 150 and 400 kilowatts were currently being served by an ARES. The ICC approved the petition, and thus, as

[1] ICC Docket No. 07-0478
[2] ICC Docket No. 11-0192

of May 2014, Ameren Illinois no longer provides fixed-price bundled electric service to customers with peak demands above 150kW.

c. **Large:** In this report, large non-residential customers are considered those with peak electric demand between 400 kW – 1 MW
    i. **400 kW or More:** 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 Ameren Illinois with peak demands of at least 400 kilowatts to be a competitive service. In subsequent years, Ameren Illinois and ComEd discontinued fixed-price bundled service to those customers.
d. **Very Large:** Very large customers are considered those between 1 – 10 MW in the ComEd territory and those between 1 – 6 MW in the Ameren Illinois territory. Per the note above, the provision of electric power and energy to this customer class has been competitive since August 2007.

2. **Residential:** This market includes all residential customers in the ComEd and three Ameren Illinois territories.

As a result of the competitive declarations described above, the only non-residential customers still able to receive fixed-price supply service from the utility today are ComEd customers with demand below 100kW and Ameren Illinois customers with demand below 150kW. All other non-residential customers receive their power from a competitive supplier or they are on the utility's hourly-pricing option.

Note that due to the relatively small size of the MidAmerican territory in Illinois and the presence of only one ARES in that market, data from MidAmerican territory is not included in this report.

III. Executive Summary

A. Market Participation

Statewide, the number of alternative retail electric suppliers (ARES) and agents, brokers and consultants (ABCs) certified by the ICC to serve retail customers has been increasing. 2019 saw a small increase in the total number of customers being serviced by an ARES, after a 5% decrease in customer count was seen from 2017 to 2018. Despite this fact, ARES are supplying less electricity to the market than last year. Table 1 summarizes the quantity of monthly ARES customers and their monthly usage by utility territory and customer class.

TABLE 1: SUMMARY OF MARKET INDICATORS (QUANTITY)

	Quantity		Trend	Percent Change
	May 2018	May 2019		
Quantity of Customers	**2,002,623**	**2,006,144**	↑	**0.2%**
ComEd	1,282,859	1,282,919	↑	0.005%
Non-Residential	132,491	133,008	↑	0.4%
Residential	1,150,368	1,149,911	↓	-0.04%
Ameren (All RZ)	719,764	723,225	↑	0.5%
Non-Residential	95,750	95,712	↓	-0.04%
Residential	624,014	627,513	↑	0.6%
Ameren RZ I	207,270	203,266	↓	-1.9%
Non-Residential	32,730	32,152	↓	-1.8%
Residential	174,540	171,114	↓	-2.0%
Ameren RZ II	142,065	146,845	↑	3.4%
Non-Residential	16,478	16,914	↑	2.6%
Residential	125,587	129,931	↑	3.5%
Ameren RZ III	370,429	373,114	↑	0.7%
Non-Residential	46,542	46,646	↑	0.2%
Residential	323,887	326,468	↑	0.8%
Usage Provided by ARES	**6,087,340,227**	**5,877,441,302**	↓	**-3.4%**
ComEd	3,935,234,969	3,784,527,443	↓	-3.8%
Non-Residential	3,346,052,895	3,234,341,690	↓	-3.3%
Residential	589,182,074	550,185,753	↓	-6.6%
Ameren (All RZ)	2,152,105,258	2,092,913,859	↓	-2.8%
Non-Residential	1,731,385,173	1,702,777,740	↓	-1.7%
Residential	420,720,085	390,136,119	↓	-7.3%
Ameren RZ I	738,586,841	718,492,043	↓	-2.7%
Non-Residential	612,497,724	607,247,218	↓	-0.9%
Residential	126,089,117	111,244,825	↓	-11.8%
Ameren RZ II	370,450,235	335,342,085	↓	-9.5%
Non-Residential	286,042,514	253,247,735	↓	-11.5%
Residential	84,407,721	82,094,350	↓	-2.7%
Ameren RZ III	1,043,068,182	1,039,179,731	↓	-0.4%
Non-Residential	832,844,935	842,382,787	↑	1.1%
Residential	210,223,247	196,796,944	↓	-6.4%

2019 Snapshot

228,720
non-residential customers on ARES supply, compared to 228,691 last year.

1.78 Million
residential customers on ARES supply, compared to 1.77 Million last year.

108 ARES
certified in the state, compared to 103 last year.

433 ABCs
certified in the state, compared to 399 last year.

The percentages in Table 2 compare:

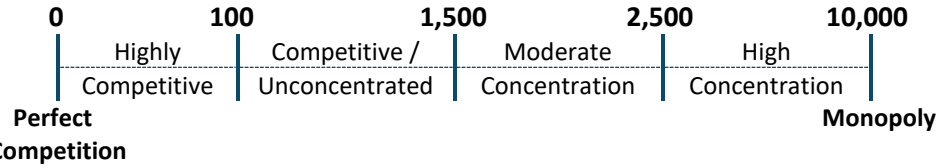
1. The total number of customers on ARES supply to the total number of customers in the market.
2. The total usage provided by ARES as a percent of the total usage provided to the market.

TABLE 2: SUMMARY OF MARKET INDICATORS (PERCENT)

	Percent of Total Market		Trend	Percent Change
	May 2018	May 2019		
Quantity of Customers	**40%**	**39%**	**↓**	**-0.2%**
ComEd	33%	33%	↓	-0.2%
Non-Residential	46%	45%	↓	-0.4%
Residential	32%	32%	↓	-0.2%
Ameren (All RZ)	59%	59%	↑	0.1%
Non-Residential	59%	57%	↓	-1.5%
Residential	59%	60%	↑	0.4%
Ameren RZ I	54%	53%	↓	-1.0%
Non-Residential	56%	54%	↓	-1.7%
Residential	54%	53%	↓	-0.8%
Ameren RZ II	66%	68%	↑	2.1%
Non-Residential	61%	61%	↓	-0.4%
Residential	66%	69%	↑	2.5%
Ameren RZ III	60%	60%	↑	0.1%
Non-Residential	60%	58%	↓	-1.8%
Residential	60%	60%	↑	0.4%
Usage Provided by ARES	**73%**	**73%**	**↑**	**0.4%**
ComEd	69%	70%	↑	0.7%
Non-Residential	82%	83%	↑	0.9%
Residential	36%	36%	↓	-0.3%
Ameren (All RZ)	81%	81%	↓	-0.3%
Non-Residential	89%	88%	↓	-1.1%
Residential	60%	60%	↑	0.3%
Ameren RZ I	80%	80%	↓	-0.2%
Non-Residential	89%	88%	↓	-0.6%
Residential	55%	53%	↓	-1.3%
Ameren RZ II	84%	84%	↑	0.2%
Non-Residential	91%	91%	↓	-0.6%
Residential	67%	70%	↑	2.8%
Ameren RZ III	81%	80%	↓	-0.5%
Non-Residential	88%	87%	↓	-1.5%
Residential	60%	61%	↑	0.3%

B. Market Competitiveness

The competitiveness of the market is also an important indicator. The Herfindahl-Hirschmann Index (HHI) is a common indicator to measure competition among firms in a defined market. For an in-depth explanation of HHI values, please see page 15. HHI values consider the market share of each firm to rank a market on the following scale, with an HHI of zero being a perfectly competitive market (lots of firms competing) and an HHI of 10,000 being a monopoly (one firm dominates the market):



Overall, the electric supply markets are becoming slightly more competitive than they were in 2018, apart from non-residential customers in Ameren's Rate Zone 1. The decreases in HHI values indicating increased competitiveness are not significant enough to shift most of the designations, with the exception of residential customers in ComEd which shifted from competitive in 2018 to highly competitive in 2019. Table 3 summarizes the market competitiveness in each utility territory and is broken out by non-residential and residential HHI values. Note: A decreasing trend in HHI values indicates that the market is becoming more competitive.

TABLE 3: SUMMARY OF MARKET COMPETITIVENESS

	HHI Value		Current Designation	Trend	Percent Change
	May 2018	May 2019			
Competitiveness of ARES Market					
ComEd					
Non-Residential	1,958	1,519	Moderate Concentration	↓	-22.4%
Residential	1,250	921	Highly Competitive	↓	-26.3%
Ameren RZ I					
Non-Residential	2,139	2,200	Moderate Concentration	↑	2.9%
Residential	3,863	3,797	High Concentration	↓	-1.7%
Ameren RZ II					
Non-Residential	1,934	1,487	Competitive	↓	-23.1%
Residential	5,287	4,726	High Concentration	↓	-10.6%
Ameren RZ III					
Non-Residential	1,490	1,426	Competitive	↓	-4.3%
Residential	3,882	3,120	High Concentration	↓	-19.6%

C. Consumer Offers and Spending

Consumer resources are available on PlugInIllinois.org and, as of June 2019, the ComEd territory had 104 different residential offers posted and the Ameren Illinois territory had 46 different residential offers posted. A majority of these offers have fixed rates (typically for a year) with early termination fees.

As of June 2019, 199 of the 728 communities who implemented an aggregation program let their aggregation end (about 27%). This indicates that since 2018, 30 communities with municipal aggregation programs that had previously ended implemented them again. The average rate for a municipal aggregation program in the ComEd territory is 6.845 cents per kWh. In the Ameren territory, it is 5.663 cents per kWh.

On average, residential ARES customers in the ComEd territory paid around $8.13 million more per month during the last twelve months when compared to the ComEd Price-to-Compare (PTC)[3] and $10.35 million more per month during the last twelve months when compared to the ComEd PTC including the Purchased Electricity Adjustment (PEA).[4] In terms of cents per kWh, residential ARES customers in the ComEd territory paid about 1.302 cents/kWh more when compared to the ComEd PTC only, and about 1.658 cents/kWh more when including the PEA.

In the Ameren Illinois territory, residential ARES customers paid around $9.14 million more per month during the last twelve months when compared to the Ameren Illinois PTC and $10.16 million more per month during the last twelve months when compared to the Ameren Illinois PTC including the PEA. In terms of cents per kWh, residential ARES customers in the Ameren Illinois territory paid about 1.073 cents/kWh more when compared to the Ameren Illinois PTC only, and about 1.612 cents/kWh more when including the PEA.

[3] The PTC is the monthly Electric Supply Charge plus the Transmission Services Charge (cents/kWh) that a customer would be charged by the utility.
[4] The PEA is a monthly fluctuating true-up mechanism for the utility, matching incurred supply costs to actual received supply revenues. The PEA is therefore a credit in some months and a charge in others.

IV. General Market Activity

A. ARES Requirements

Alternative retail electric suppliers (ARES) that wish to provide services to the retail electric market in Illinois have several requirements they must fulfill prior to participation, which include:

- **Certification:** ARES must obtain a certificate of service authority from the ICC
- **Registration:** ARES must also register with the electric utilities
- **Meet standards:** ARES must adhere to requirements as described in the Illinois Public Utilities Act

B. Certified, Registered, and Active ARES

Table 4 lists the number of ARES as of May 2016, 2017, 2018, and 2019 that have obtained ICC certification pursuant to Section 16-115. Overall, data this year shows an increase in the number of certified ARES but fewer of them serving the residential and small non-residential markets.

TABLE 4: CERTIFIED ARES STATEWIDE

	2016	2017	2018	2019	Trend	Percent Change from 2018 to 2019
Total Quantity of Certified ARES	89	98	103	108	Increasing	+5%
Subpart B (Nonresidential > 1 MW)	2	2	2	1	Decreasing	-1%
Subpart C (Nonresidential > 15,000 kWh)	2	2	2	11	Increasing	+9%
Subpart D (All customers)	67	89	85	84	Decreasing	-1%
Subpart E (Themselves or Affiliates)	10	10	14	12	Decreasing	-2%

Aside from receiving a certificate from the ICC, ARES must also register with the electric utility and complete certain technical testing before they can start offering retail electric service in Illinois. The registration quantities below are for all certificates. Table 5 also shows the number of active ARES each year by utility territory.[5] An ARES is considered active when a utility reports the ARES has at least one customer receiving supply, even if it is only to themselves or an affiliate.

TABLE 5: REGISTERED AND ACTIVE ARES BY UTILITY TERRITORY

	2016[6]	2017[7]	2018	2019	Trend	Percent Change from 2018 to 2019
ComEd Territory						
Completed ARES Registrations	62	84	83	93	Increasing	+10%
Active ARES	59	66	73	90	Increasing	+17%
Ameren Illinois Territory						
Completed ARES Registrations	39	39	44	47	Increasing	+3%
Active ARES	36	32	37	39	Increasing	+2%

Two of the active suppliers are either electric utilities or affiliates of electric or natural gas utilities. In early 2015, the MidAmerican territory saw market entry by an ARES and, given the relatively small size of the MidAmerican territory, it is not surprising that no other suppliers have followed suit so far.

Overall, 2019 has shown an increase of both ARES that have completed their registration and are active participants in the Ameren and ComEd territories.

C. Agents, Brokers and Consultants

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 Public Utilities Act (PUA). Over the last twelve months, 37 ABCs received a license from the ICC and three entities filed to withdraw their licenses, bringing the total quantity of licensed ABCs to 433.

TABLE 6: OVERVIEW OF AGENTS, BROKERS AND CONSULTANTS CERTIFICATIONS

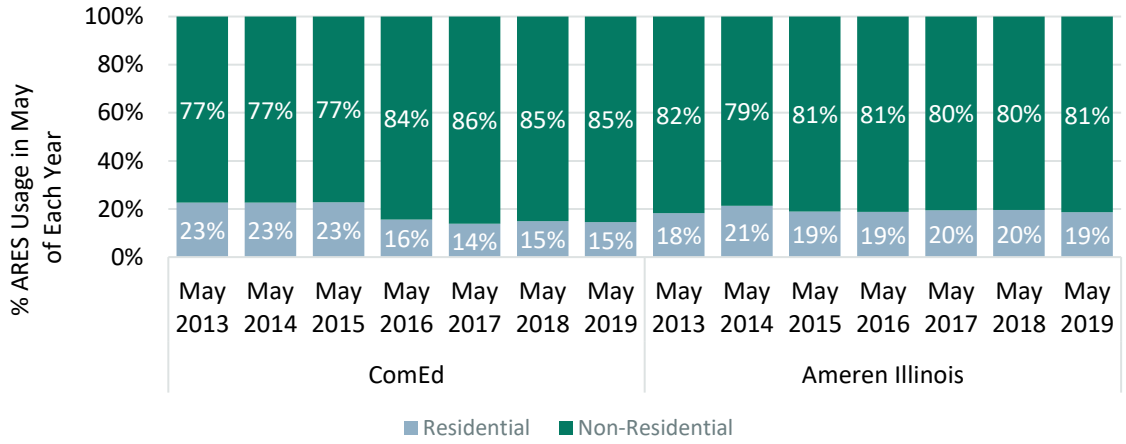
	June 2017 - May 2018	June 2018 - May 2019	Trend	Percent Change
New Licenses	33	37	Increasing	+4%
Withdrawn Licenses	1	3	Increasing	+2%
Total Licenses	399	433	Increasing	+34%

[5] In order to maintain consistency with the reporting of previous years, the table includes ARES providing power to themselves or their subsidiaries. Also, several suppliers operate in more than one utility territory.
[6] The values for the June 2015 – May 2016 year were collected in December 2015
[7] The values for the June 2016 – May 2017 year were collected in December 2016

D. Comparing ARES-Provided Load

While the number of statewide non-residential customers on competitive supply has generally increased from year to year, albeit slowly, the number of residential ARES customers has gone from virtually zero in 2011 to more than 3 million in 2013 and then back down to slightly more than 1.78 million in 2019. As a whole, ARES now have about eight times as many residential customers as they have non-residential customers. Of course, looking at the number of customers gives us only a portion of the overall picture. The following chart shows that even the large rise in the quantity of residential customers over the years has not changed the fact that, as a whole, suppliers provide substantially more electricity to non-residential than to residential customers.

FIGURE 1: RESIDENTIAL AND NON-RESIDENTIAL SHARE OF ARES SUPPLY



In terms of monthly kilowatt hours, the active suppliers in the ComEd territory provided 3.2 billion kWh to their non-residential customers in May 2019. The non-residential usage provided by the suppliers continues to be a majority of ARES-provided usage and the electricity provided to residential customers has remained steady at about 15% of the total ARES usage in the ComEd territory over the last four years. Additionally, the active suppliers in the Ameren Illinois territory have steadily provided about 80% of their supply to non-residential customers for the last six years.

v. Non-Residential Market

Non-residential market activity will be captured by looking at three different indicators:

1. ARES-provided usage of non-residential customers over the previous twelve months and for each of the four utility areas.
2. ARES use of Utility Consolidated Billing (UCB)/Purchase of Receivables (POR) for non-residential customers.
3. The competitiveness of each non-residential market.

A. Non-Residential Customer Switching

In 2009, 75% of the electric consumption of non-residential Illinois customers was provided by ARES and the percent has been growing since. In 2011, 80% of the total electric usage of non-residential Illinois customers was provided by ARES. The share of ARES-provided usage alternated between 84% and 85% from 2014 to 2018. In 2019, it has remained steady at 85%. This year, the percent of the non-residential market served by ARES has increased in the ComEd territory, but decreased in the Ameren territory:

TABLE 7: PERCENT OF NON-RESIDENTIAL USAGE PROVIDED BY ARES

	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019	Trend
Statewide	84%	84%	85%	84%	85%	85%	Steady
ComEd	84%	85%	84%	83%	82%	83%	Increasing
Ameren	83%	82%	87%	86%	89%	88%	Decreasing

The following provides detailed non-residential usage information for the four utility territories.

1. ComEd Territory

As of May 2019, 83% of the total electric usage of ComEd non-residential customers was provided by ARES (up from 82% last year). Table 8 breaks out the percent of usage provided by ARES for each non-residential class by year. As can be seen in Figure 2, usage provided to non-residential customers has been fairly stable in the ComEd territory since 2013. The electric usage provided by ARES to the various non-residential customer classes for the past nine years[8] is also shown.

FIGURE 2: PERCENT OF COMED NON-RESIDENTIAL USAGE PROVIDED BY ARES

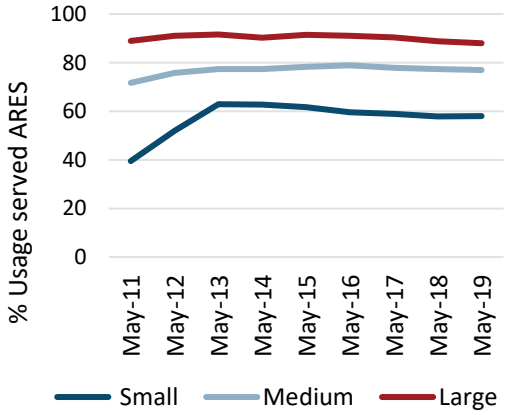


TABLE 8: PERCENT OF COMED NON-RESIDENTIAL USAGE PROVIDED BY ARES

	May 2015	May 2016	May 2017	May 2018	May 2019	Trend
Small (0 – 100 kW)	62%	60%	59%	58%	58%	Steady
Medium (100 – 400 kW)	78%	79%	78%	77%	77%	Steady
Large (400 kW – 1 MW)	91%	91%	90%	89%	88%	Decreasing
Greater than 1 MW	96%	96%	97%	95%	97%	Increasing

[8] Data as of May 31 of each year.

2. Ameren Illinois Territories

The Ameren territory is comprised of three rate zones (RZ) for which usage data can be seen broken out below. Non-residential ARES usage decreased in the Medium and Large categories in both Ameren RZ I and RZ II.

a) Ameren Illinois Rate Zone I

As of May 2019, 88% of the total non-residential electric usage of RZ I customers was provided by ARES (a decrease of -1% from last year). Table 9 breaks out the percent of usage provided by ARES for each non-residential class by year. Figure 3 shows the electric usage provided by ARES to the various non-residential customer classes for the past nine years.[9]

FIGURE 3: PERCENT OF AMEREN RZ I NON-RESIDENTIAL USAGE PROVIDED BY ARES

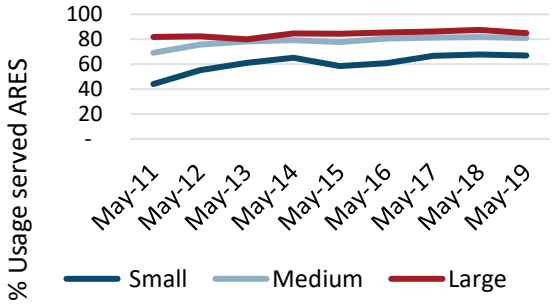


TABLE 9: PERCENT OF AMEREN RZ I NON-RESIDENTIAL USAGE PROVIDED BY ARES

	May 2015	May 2016	May 2017	May 2018	May 2019	Trend
Small (0 – 100 kW)	59%	61%	67%	68%	67%	Decreasing
Medium (100 – 400 kW)	78%	81%	81%	82%	81%	Decreasing
Large (400 kW – 1 MW)	84%	86%	86%	87%	85%	Decreasing

b) Ameren Illinois Rate Zone II

As of May 2019, 91% of the total non-residential electric usage of RZ II customers was provided by ARES (steady with last year). While electric usage provided by ARES to large customers remains unchanged for the last 4 years, increases of usage provided to small non-residential customers can be seen in Table 10. Figure 4 shows the electric usage provided by ARES to the various non-residential customer classes for the past nine years.[10]

FIGURE 4: PERCENT OF AMEREN RZ II NON-RESIDENTIAL USAGE PROVIDED BY ARES

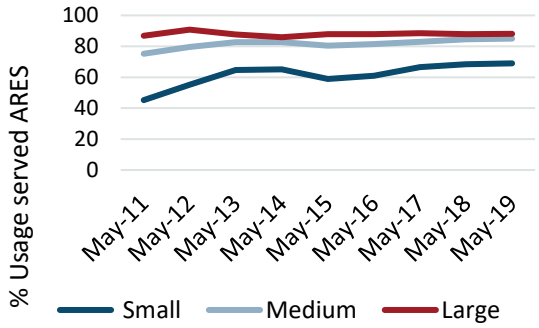


TABLE 10: PERCENT OF AMEREN RZ II NON-RESIDENTIAL USAGE PROVIDED BY ARES

	May 2015	May 2016	May 2017	May 2018	May 2019	Trend
Small (0 – 100 kW)	59%	61%	67%	68%	69%	Increasing
Medium (100 – 400 kW)	80%	81%	83%	85%	85%	Steady
Large (400 kW – 1 MW)	88%	88%	88%	88%	88%	Steady

[9] Data as of May 31 of each year.
[10] Data as of May 31 of each year.

c) Ameren Illinois Rate Zone III

As of May 2019, 87% of the total non-residential electric usage of RZ III customers was provided by ARES (down from 88% last year). Figure 5 shows the electric usage provided by ARES to the various non-residential customer classes for the past eight years.[11]

FIGURE 5: PERCENT OF AMEREN RZ III NON-RESIDENTIAL USAGE PROVIDED BY ARES

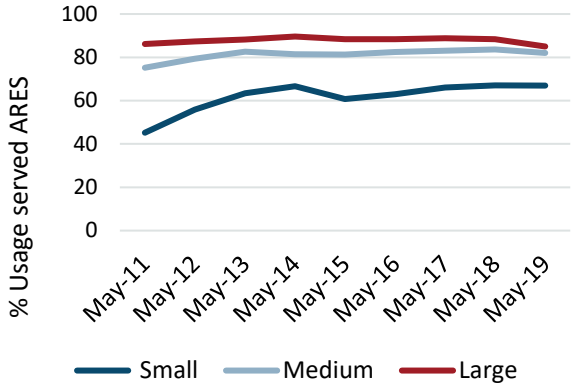


TABLE 11: PERCENT OF AMEREN RZ III NON-RESIDENTIAL USAGE PROVIDED BY ARES

	May 2015	May 2016	May 2017	May 2018	May 2019	Trend
Small (0 – 100 kW)	61%	63%	66%	67%	67%	Steady
Medium (100 – 400 kW)	81%	82%	83%	84%	82%	Decreasing
Large (400 kW – 1 MW)	88%	88%	89%	88%	85%	Decreasing

B. Supplier Use of UCB/POR for Non-Residential Customers

ComEd and Ameren Illinois are required to offer utility consolidated billing (UCB) and the purchase of receivables (POR) per Sections 16-118 (c) and (d).

ARES customers have the convenience of receiving one single bill containing both electric supply and delivery through UCB. The process occurs when 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 the customer bill.

The POR process allows an ARES 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."

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 combines the purchase of receivables with the provision of utility consolidated billing. That is, if a supplier enrolls a customer with utility consolidated billing, the supplier 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 kW, this combination of utility consolidated billing with the purchase of receivables is therefore also limited to customers with a demand of less than 400 kW.

[11] Data as of May 31 of each year.

TABLE 12: NUMBER OF ARES USING UCB/POR SERVICE FOR CUSTOMERS

	May 2016	May 2017	May 2018	May 2019	Trend	Percent Change
ComEd						
Non-Residential	55	58	60	67	Increasing	+10%
Residential	56	56	59	64	Increasing	+8%
Ameren Illinois						
Non-Residential	21	24	28	28	Steady	-
Residential	22	24	26	27	Increasing	+4%

While all suppliers are currently using UCB/POR for their residential customers, it is worth noting the widespread use of UCB/POR for non-residential classes as well. In May 2019, ARES in the ComEd territory used UCB/POR for all non-residential customers for which it was available:

- 43% of their Watt-Hour[12] customers
- 66% of their 0-100kW customers
- 28% of their 100-400kW customers

These are all increases from May 2018 of +2 to +3%.

[12] The Watt-Hour class consists of small non-residential customers for which no metering equipment or only watt-hour metering equipment is installed at the customer's premises. Generally, a customer in this supply group uses less than 2,000 kWh during a monthly billing period.

C. Non-Residential Market Competitiveness

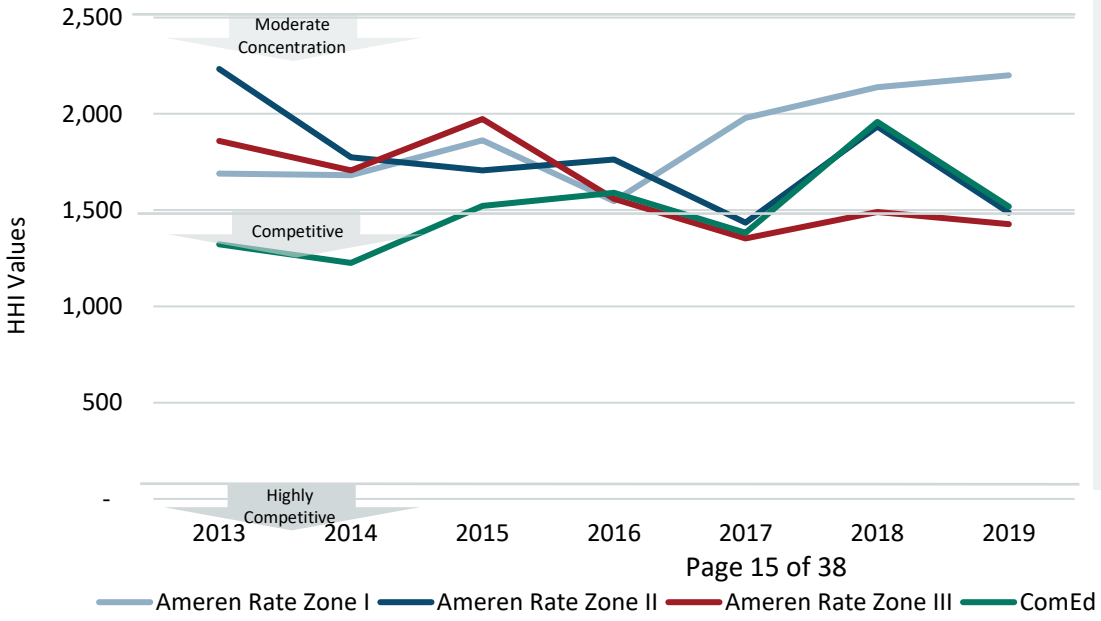
Similar to prior annual reports, this report includes an analysis of non-residential market competitiveness using the Herfindahl-Hirschmann Index (HHI), which is a common indicator to measure competition among firms in a defined market. This analysis ranks each market on a scale of perfectly competitive (HHI of zero) to monopoly (HHI of 10,000). In order to estimate market share, the share of electric usage provided by an ARES was used instead of the share of customers served by individual ARES. Either approach would be informative but the amount of kWh served might be more closely related to the financial success of an ARES than the number of customers served.

Retail electric suppliers that provide electric supply only to themselves or their subsidiaries or affiliates were excluded. We also need to emphasize that the numbers below reflect only the segments of the non-residential market that have 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.

Figure 6 shows the HHI values for the total non-residential market among the four utility territories. The overall HHI values shown here display the trend in non-residential market concentration from 2013 to 2019 and allow a relative comparison among the utility service territories.

In 2018 the HHI of all the markets increased, which moved the ComEd and Ameren RZ II markets from competitive to moderately concentrated. Now in 2019, two of four markets are again competitive and a third is nearly in the competitive range.

FIGURE 6: HHI VALUES FOR THE ENTIRE NON-RESIDENTIAL MARKET



Herfindahl-Hirschmann Index

In order to put the market concentration values 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.

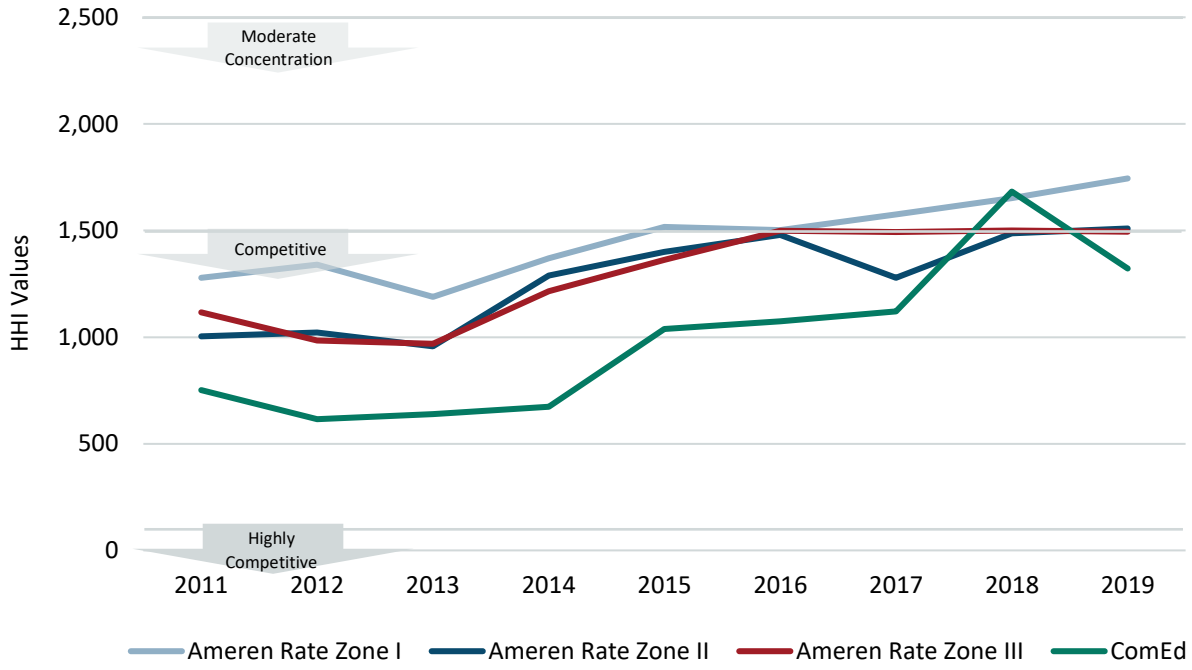
Generally speaking, the revised guidelines state that the DOJ and the FTC view markets as follows:

- **Less than 100** is highly competitive, meaning many similarly sized firms compete for the same customers.
- **Less than 1,500** is competitive or unconcentrated.
- **Between 1,500 and 2,500** is moderately concentrated.
- **Greater than 2,500** is highly concentrated, meaning very few firms dominate the market.
- **10,000** is the highest HHI and the market would be considered a monopoly.

1. Small Commercial Class Market Competitiveness (0 – 100 kW)

The following graph shows the HHI values for the small commercial class. Generally speaking, the market for the small commercial customers has been, and continues to be, a competitive non-residential market. It appears that this market sees entry not just from ARES whose main focus is the small business customer, but also ARES who generally focus on residential customers and ARES who target the medium and large commercial customers.

FIGURE 7: HHI VALES FOR THE SMALL COMMERCIAL CUSTOMER CLASS (0 – 100KW)

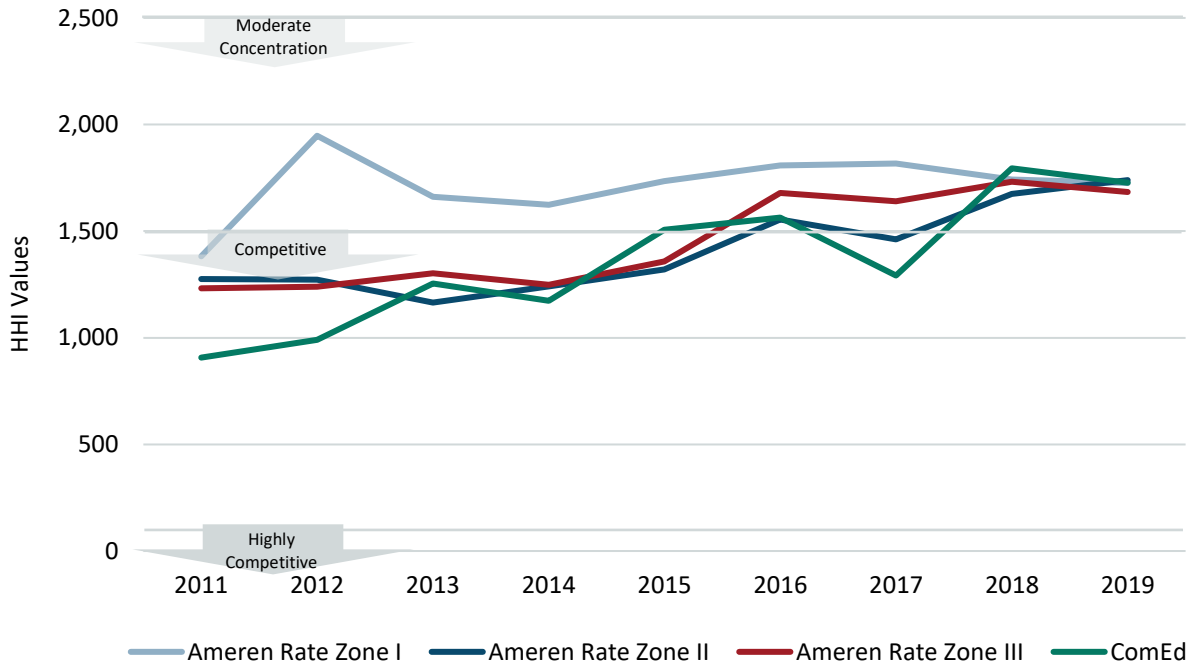


As Figure 7 depicts, Ameren RZs II and III saw very slight increases in market concentration (meaning a decrease in competitiveness) compared to last year but the markets are still considered competitive, while the Ameren RZ I is still moderately concentrated. The ComEd market saw a big increase in market concentration from 2014 to 2015, which is partially explained by the Constellation/Integrys merger, and experienced additional increases from 2015 to 2018. Over the last year, the ComEd HHI significantly decreased and moved back to competitive, after having been in in moderate concentration in 2018.

2. Medium Commercial Class Market Competitiveness (100 – 400 kW)

The medium commercial class generally shows HHI values in the 1,200 to 1,800 range for the last nine years. This year all the HHI values are between 1,600 – 1,800.

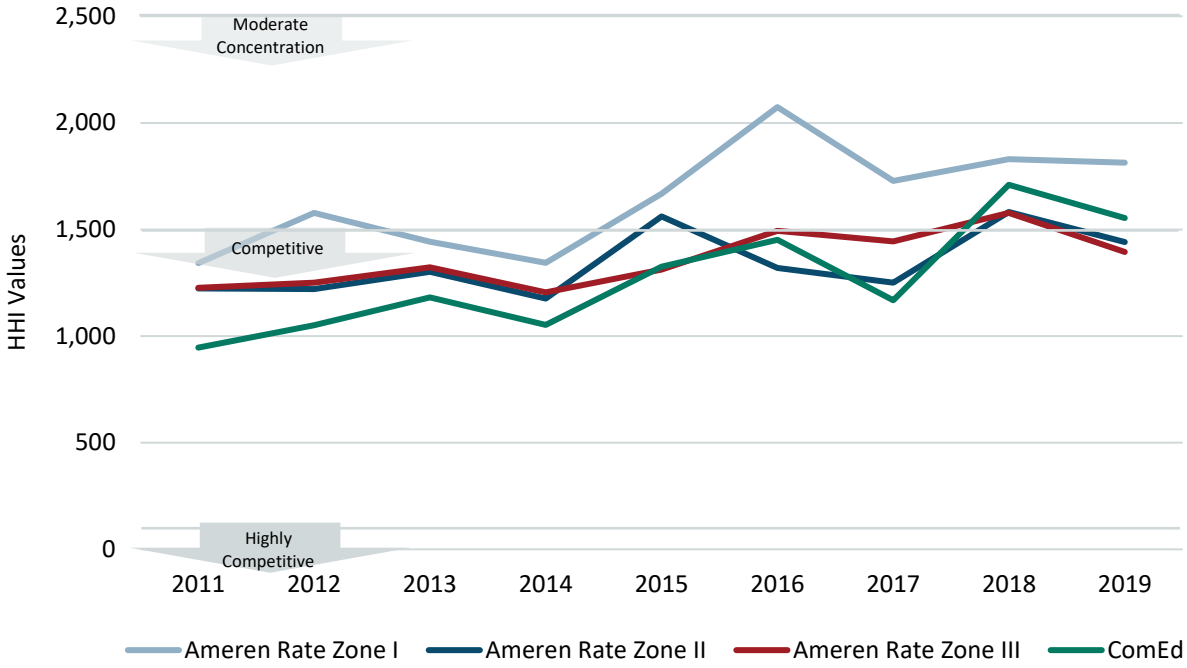
FIGURE 8: HHI VALUES FOR THE MEDIUM CUSTOMER CLASS (100 – 400KW)



3. Large Commercial Class Market Competitiveness (400 kW – 1 MW)

In the large commercial class market, all four utility areas saw an increase in market competitiveness this year. Ameren RZ II and RZ III are now competitive, while Ameren RZ1 and ComEd remain at moderate concentration but did see a decrease in their HHI values.

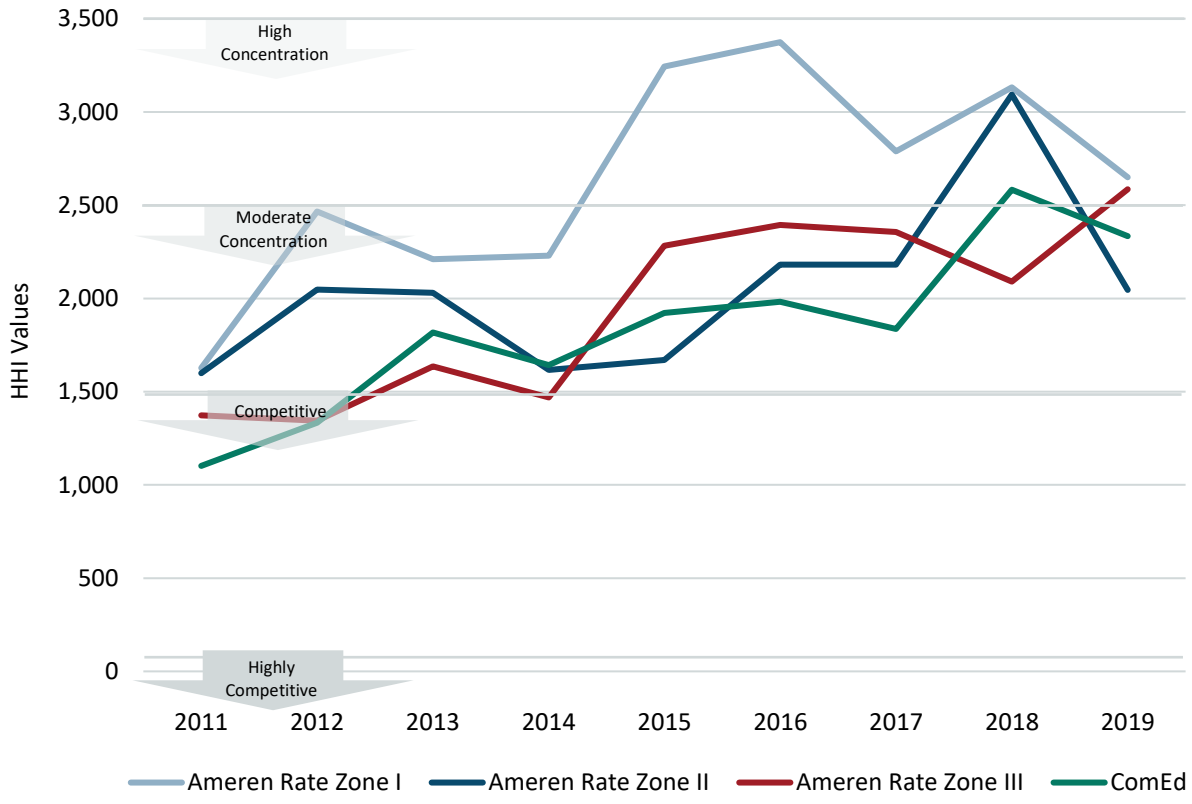
FIGURE 9: HHI VALUES FOR THE LARGE CUSTOMER CLASS (400 - 1MW)



4. Very Large Commercial Class Market Competitiveness

The market for the very large commercial and industrial customers is generally exhibiting the highest non-residential HHI values. The following graph is different from the three previous graphs because the customer sizes are not uniform among the utility areas. This analysis includes ComEd switching activity for the 1 – 10MW class and the Ameren switching activity for the 1 – 3MW and the 3 – 6MW. As a result, the HHI values are not necessarily comparable among the four utility areas but they show some trends nonetheless. The graph shows that Ameren RZ I continues to exhibit the highest market concentration (least competitive). At the same time, Ameren RZ II is now the most competitive market for this commercial class.

FIGURE 10: HHI VALUES FOR THE VERY LARGE CUSTOMER CLASSES



VI. Residential Market

Residential market activity will be captured by looking at six different indicators:

1. The number of residential customers switching away from the utility supply service over the previous twelve months and for each of the four utility areas
2. Municipal aggregation activity
3. The number of certified and active suppliers and the number and types of residential offers that those suppliers have posted on our website, PlugInIllinois.org
4. Market competitiveness analysis and a deep dive into the ComEd residential market to look at ARES market share
5. The number of informal customer complaints over the last twelve months
6. Estimate of savings (in dollars) realized by the residential customers that have been on ARES service during the last year.

A. Residential Customer Switching

For the third time since residential switching began in 2011, the number of residential customers receiving supply from an ARES decreased year-over-year in ComEd and Ameren RZ 1, but there were small increases in Ameren RZ II and RZ III. As of the end of May 2019, about 1.78 million residential customers were on ARES service, compared to about 1.77 million customers a year earlier and over 3 million customers five years ago. Table 13 shows the number, as well as the percentage, of residential customers who are receiving supply from a competitive supplier.

TABLE 13: RESIDENTIAL CUSTOMERS ON COMPETITIVE SUPPLY

	May 2012	May 2013	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019
ComEd	406,144	2,312,654	2,356,669	2,126,674	1,434,319	1,244,899	1,150,368	1,149,911
Ameren Illinois RZ I	28,459	147,513	185,251	172,449	180,480	182,073	174,540	171,114
Ameren Illinois RZ II	12,752	138,163	140,439	129,211	126,871	127,439	125,587	129,931
Ameren Illinois RZ III	47,124	277,229	345,911	308,554	326,904	326,723	323,887	326,468
Total	494,479	2,875,559	3,028,270	2,736,888	2,068,574	1,881,134	1,774,382	1,777,424
Percent of Customers in the Utility Territory on ARES Supply								
ComEd	11.9%	67.7%	68.5%	61.5%	40.9%	35.2%	32.4%	32.15%
Ameren Illinois RZ I	8.7%	45.2%	63.9%	53.0%	55.6%	56.3%	54.0%	53.20%
Ameren Illinois RZ II	6.8%	73.2%	74.5%	68.5%	67.1%	67.4%	66.4%	68.91%
Ameren Illinois RZ III	8.7%	51.2%	63.9%	56.9%	60.2%	60.1%	59.6%	59.98%

For both the ComEd territory and Ameren RZ I, the decreases in residential customers on ARES supply were small, and smaller decreases than seen from 2017 to 2018. Similarly, while Ameren RZ II and RZ III did see increases these were also minimal. Previous years saw larger decreases in all utility territories in terms of number of residentials customers on ARES supply, and therefore percent of customer in the utility territory.

The share of residential aggregation customers was 52% of all residential ARES customers in May 2019, which remains steady compared to May 2018.

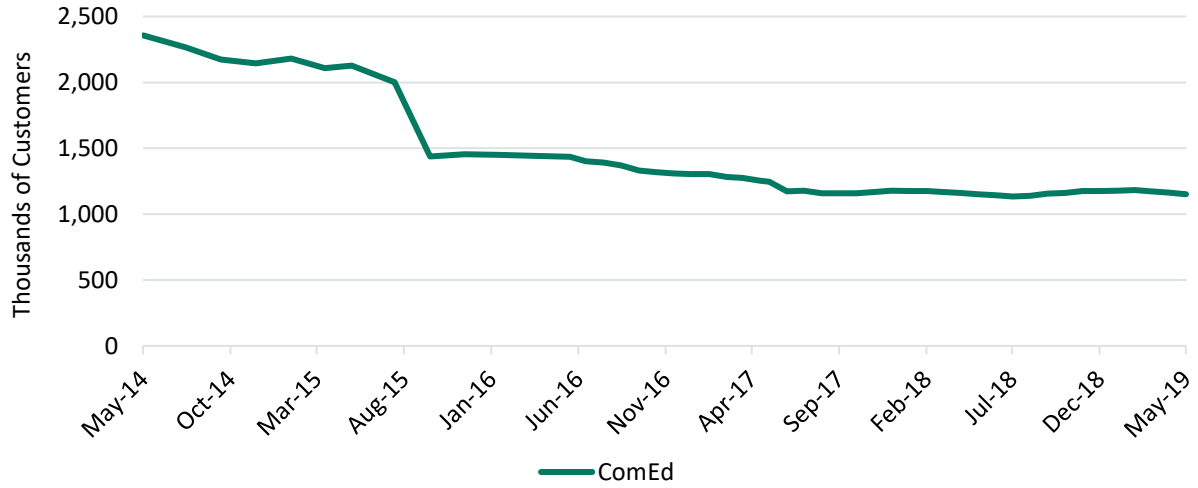
Broken down by utility area, of the 627,513 residential ARES customers in the Ameren Illinois areas, 446,267 (or 70%), are government aggregation customers. This represents a 1 percentage point increase compared to the 69% aggregation share from a year earlier. This numbers remain steady, compared to large decreases observed in aggregation share of the marketplace from 2017 to 2018.

In the ComEd area, by contrast, only 487,189 of the 1,149,911 residential ARES customers, or 42%, are government aggregation customers. This share is down 1% compared to last year, and still less than three years ago when the share was 55%.

1. ComEd Territory

Figure 11 shows the residential switching levels for the ComEd territory.

FIGURE 11: COMED RESIDENTIAL CUSTOMERS ON ARES SUPPLY

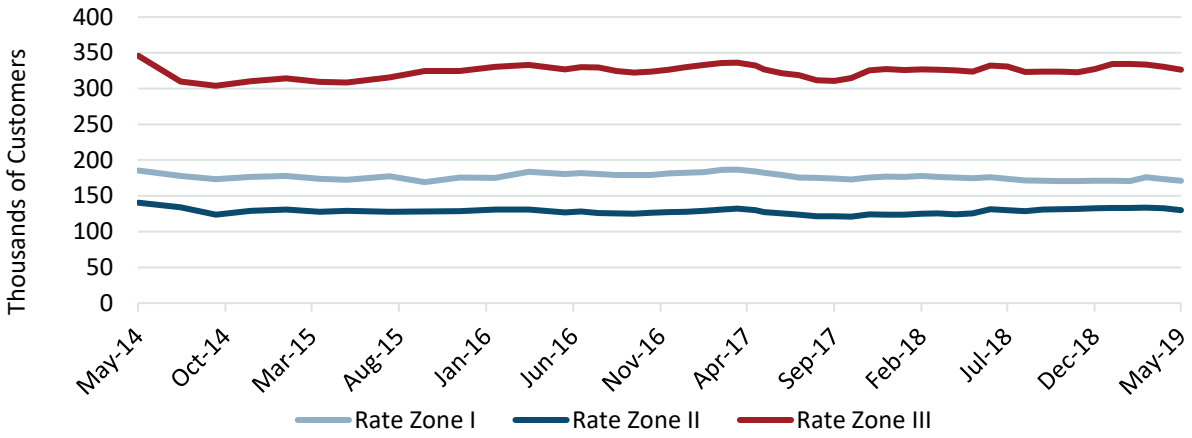


The graph shows the drop in September 2015 when the City of Chicago ended its aggregation program. The graph also shows a steady decline from the peak in the number of residential ARES customers in 2014. At that time, more than 2.4 million residential customers, or 70% of the total residential customers in the ComEd territory, received electric service from an ARES. As of May 2019, that number has dropped in half with about 32% of residential customers in the ComEd territory receiving electric service from an ARES (including both non-aggregation and aggregation).

3. Ameren Illinois Territories

Figure 12 shows the residential switching levels for all three Ameren Illinois territories.

FIGURE 12: AMEREN ILLINOIS RESIDENTIAL CUSTOMERS ON ARES SUPPLY



The Ameren Illinois areas as a whole experience steady residential ARES service during the last two years. As of May 2019, about 53% of residential customers in RZ I, 69% in RZ II, and about 60% in RZ III have switched to a competitive supplier.

B. Municipal/Government Aggregation

Effective January 1, 2010, Public Act 96-0176 amended the Illinois Power Agency Act ("IPA Act") by allowing municipalities and counties to adopt an ordinance under which they may aggregate electrical load. Specifically, it allows municipal corporate authorities or county boards to adopt an ordinance under which they may aggregate residential and small non-residential 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, township, or county board to submit a referendum to its residents to determine whether the aggregation program shall operate as an opt-out program for residential and small non-residential customers prior to the adoption of an ordinance for the aggregation of these loads.

Statewide, a total of 749 communities have passed referendums approving aggregation programs. Table 14 compares the municipal aggregation activity over the various election dates:

TABLE 14: MUNICIPAL AGGREGATION ACTIVITY

	Apr 2011	Mar 2012	Nov 2012	Apr 2013	Mar 2014	Nov 2014	Feb 2015	Mar 2016	Nov 2016
Referendums Passed	20	246	207	204	52	12	2	2	4
Aggregation Programs Announced or Implemented	19	244	192	187	48	8	2	2	4
# of Unique "Winning" Suppliers – ComEd	4	8	8	7	7	1	1	1	N/A
# of Unique "Winning" Suppliers – Ameren Illinois	N/A	3	5	3	1	1	1	1	1
Average Rate – ComEd	5.75	4.85	5.11	5.82	7.04	6.47	6.59	6.29	N/A
Average Rate – Ameren Illinois	N/A	4.12	4.42	4.31	5.34	5.67	5.80	6.19	4.95

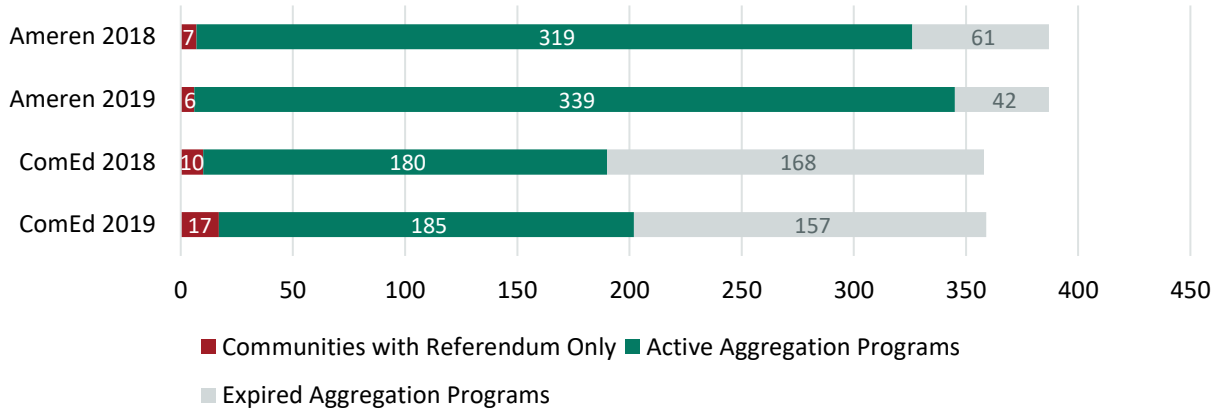
A number of communities that implemented aggregation programs from 2011 to 2014 have seen their initial contracts expire. Several of them have renewed with the incumbent supplier, others have continued with the aggregation but with a different supplier and some of them have allowed the aggregation program to expire. Table 15 provides an overview as of June 2018.

TABLE 15: MUNICIPAL AGGREGATION ACTIVITY BY UTILITY TERRITORY

	Communities Passing a Referendum	Aggregation Programs Implemented	Active Aggregation Programs	Expired Aggregation Programs	Average Rate (in cents per kWh)
ComEd	358	348 (97%)	185 (53%)	163 (47%)	6.845
Ameren	387	380 (98%)	339 (89%)	41 (11%)	5.663
Total	745	728 (98%)	524 (72%)	204 (28%)	6.2254

As of June 2019, 204 of the 728 communities (about 28%) who implemented an aggregation program let their aggregation end. Besides including the number of communities with active or expired programs in Table 15, we also calculated the simple average rate of the active aggregation programs as of June 2019. The snap shot of the average rate is composed of a wide range of programs, including ones that are near the end of a two- or three-year term as well as recently implemented or renewed programs.

FIGURE 13: MUNICIPAL AGGREGATION STATUS FOR COMMUNITIES WITH REFERENDUMS



C. Active Suppliers

Having looked at the customer switching numbers, Table 16 shows an increase in residential supplier activity over the last seven years up until 2019. This year has seen a larger decrease in the number of ICC certified ARES in both ComEd and Ameren territories than has been observed previously, but an increase in the number of active ARES in both territories.

TABLE 16: RESIDENTIAL SUPPLIERS

	May 2012	May 2013	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019
ComEd								
ICC certified	40	57	61	60	67	72	84	80
Active	27	42	51	48	57	55	60	68
Ameren Illinois								
ICC certified	26	33	36	34	41	43	41	31
Active	10	17	23	22	25	27	27	29

An additional indicator of supplier activity is the number of residential offers posted on PlugInIllinois.org. The "Compare Offers Now" portion of the website went live in 2011 and has seen a steady stream of additional suppliers and residential offers since that date. Table 17 and Table 18 show that the number of suppliers as well as the number of offers by these suppliers continues to increase. Most of the activity has been in the ComEd area but customers of Ameren Illinois are able to choose from a host of residential offers as well.

TABLE 17: ARES POSTING OFFERS ON PLUGINILLINOIS.ORG

Quantity of ARES Posting Residential Offers

	May 2012	April 2013	April 2014	April 2015	April 2016	April 2017	May 2018	May 2019
ComEd	20	28	29	30	31	34	35	38
Ameren Illinois	6	10	11	10	13	15	19	19

TABLE 18: RESIDENTIAL OFFERS POSTED ON PLUGINILLINOIS.ORG

	Quantity of Offers							
	May 2012	**April 2013**	**April 2014**	**April 2015**	**April 2016**	**April 2017**	**May 2018**	**May 2019**
ComEd	61	63	59	75	94	106	103	104
Ameren Illinois	11	20	22	24	34	36	42	46

Given the large number of residential offers for ComEd customers, additional detail is provided below on types of offers posted over the years.

TABLE 19: BREAKDOWN OF OFFERS AVAILABLE TO COMED CUSTOMERS ON PLUGINILLINOIS.ORG

	Quantity of Offers							
	May 2012	**April 2013**	**April 2014**	**April 2015**	**April 2016**	**April 2017**	**May 2018**	**May 2019**
Total	61	63	59	75	94	106	103	104
Fixed	51 (84%)	46 (73%)	41 (69%)	57 (76%)	73 (78%)	90 (85%)	91 (88%)	90 (86%)
• **Fixed with Early Termination Fee**	34 (67%)	29 (63%)	28 (68%)	37 (65%)	45 (62%)	54 (60%)	65 (71%)	56 (54%)
• **Fixed without Early Termination Fee**	17 (33%)	17 (37%)	13 (32%)	20 (35%)	28 (38%)	36 (40%)	21 (23%)	34 (33%)
• **Custom**[13]							5 (5%)	4 (4%)
Variable	10 (16%)	17 (27%)	17 (31%)	16 (21%)	17 (18%)	14 (13%)	12 (12%)	10 (10%)
< 12-month Term	6 (12%)	23 (37%)	22 (37%)	24 (32%)	32 (34%)	38 (36%)	35 (34%)	29 (28%)
12-month Term	26 (51%)	28 (44%)	26 (44%)	29 (39%)	33 (35%)	37 (35%)	38 (37%)	42 (40%)
13-23 month Term	3 (6%)	2 (3%)	5 (8%)	6 (8%)	6 (6%)	6 (6%)	5 (5%)	9 (9%)
24-month Term	16 (31%)	10 (16%)	4 (7%)	11 (15%)	18 (19%)	21 (20%)	18 (17%)	20 (19%)
> 24-month Term	1 (2%)	0 (0%)	2 (3%)	5 (6%)	5 (5%)	3 (3%)	7 (7%)	4 (4%)
Green/Renewable	21 (34%)	18 (29%)	23 (39%)	21 (28%)	26 (28%)	28 (26%)	31 (30%)	20 (19%)

[13] Custom offers listed separately as of 2018.

Table 19 allows us to make several observations:

- **Fixed-Price Offers:** Their share declined through 2014 and then significantly increased through 2018, while in 2019, the quantity of fixed-price offers decreased a minimal amount of -1%.
    - **Early Termination Fees:** Slightly more than half of the fixed offers have an early termination fee.
- **< 12-Month Contract Terms:** Offers with a term of less than one year make up more than a third of all offers.
- **One- or Two-Year Contract Terms:** In every year, more than half of the posted offers have either a one- or two-year contract term.
- **> 24-Month Contract Terms:** Only four of the 104 offers posted in May 2018 had a term longer than two years.
- **Green/Renewable:** Twenty of the 104 offers have a green/renewable content higher than what is required by the state's renewable portfolio standard.

Besides analyzing the type of offers, the prices for the various posted offers and how those prices might have changed during that same time period were evaluated. Table 20 shows the average prices for the different types of offers posted on PlugInIllinois.org. The bottom of the table shows the ComEd fixed-price supply service rate, also referred to as the Price-to-Compare (PTC) for the five months in question. The ComEd rates shown include the Purchased Electricity Adjustment (PEA).

TABLE 20: AVERAGE PRICES (CENTS/KWH) OF OFFER TYPES ON PLUGINILLINOIS.ORG

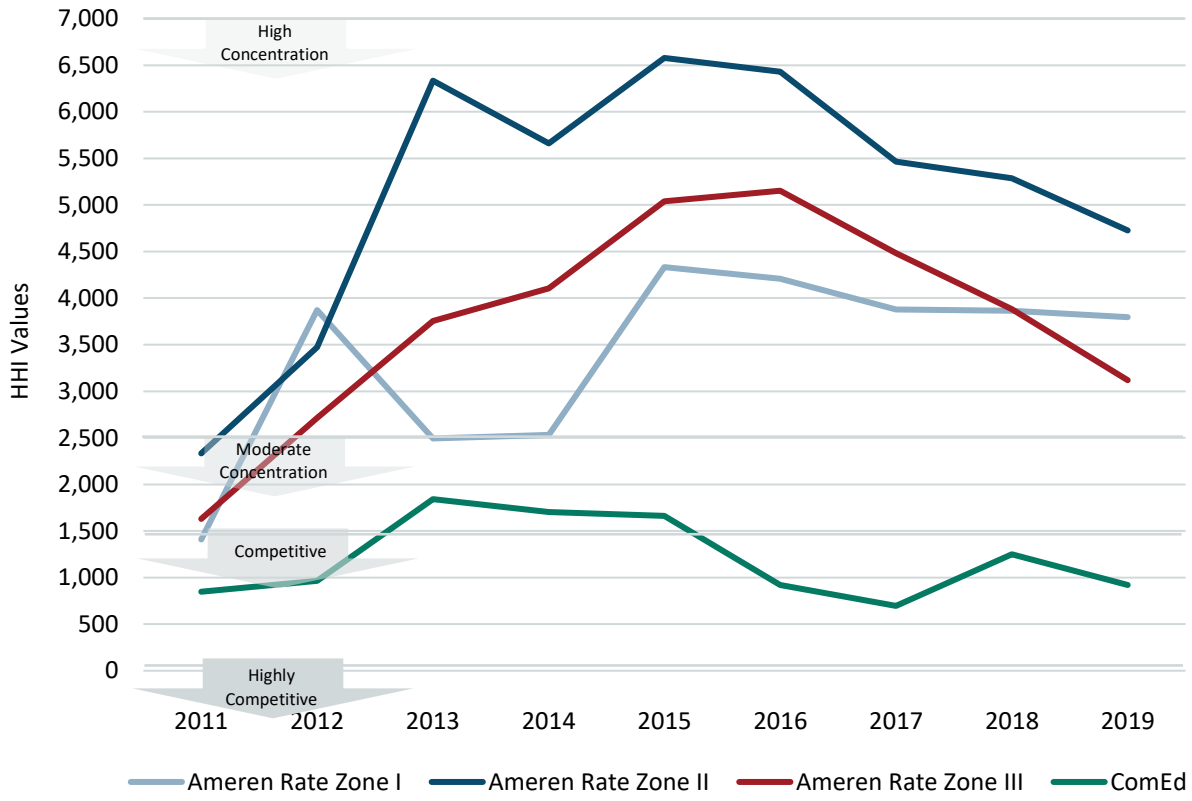
	May 2012	April 2013	April 2014	April 2015	April 2016	April 2017	May 2018	May 2019
Fixed	6.37	6.21 (-3%)	7.76 (+25%)	7.78 (+0.26%)	7.23 (-7%)	7.67 (+6%)	8.42 (+10%)	8.03 (-5%)
• **Fixed with Early Termination Fee**	6.35	6.00 (-6%)	7.80 (+30%)	7.60 (-3%)	7.51 (-1%)	7.79 (+4%)	8.58 (+10%)	8.37 (-3%)
• **Fixed without Early Termination Fee**	6.32	5.64 (-12%)	6.97 (+24%)	7.89 (+13%)	6.80 (-14%)	7.46 (+9%)	8.25 (+11%)	7.47 (-10)
Variable	7.00	7.07 (+1%)	8.49 (+20%)	8.48 (-0.12%)	7.86 (-7%)	7.49 (-5%)	7.82 (+4%)	7.46 (-5%)
< 12-month Term	6.14	6.78 (+9%)	7.79 (+15%)	7.89 (+1%)	7.31 (-7%)	7.09 (-3%)	7.76 (+9%)	7.25 (-7%)
12-month Term	6.52	5.92 (-10%)	7.64 (+29%)	8.07 (+6%)	7.05 (-13%)	7.78 (+9%)	8.98 (+15%)	8.37 (-7%)
13-23 month Term	6.33	6.22 (-2%)	7.59 (+22%)	7.28 (-4%)	7.58 (+4%)	8.22 (+8%)	7.85 (-5%)	7.93 (+1%)
24-month Term	6.15	5.60 (-10%)	5.92 (+6%)	7.65 (+29%)	7.55 (-1%)	8.07 (+6%)	8.91 (+10%)	9.06 (+2%)
> 24-month Term	6.30	N/A	7.58	8.27 (+9%)	8.84 (+7%)	9.39 (+6%)	8.80 (-6%)	8.76 (-0.5%)
Green/Renewable	6.98	6.83 (-2%)	8.57 (+25%)	8.60 (+0.35%)	8.05 (-6%)	7.87 (-2%)	8.32 (+6%)	8.28 (-0.5%)
ComEd PTC incl. PEA	8.23	8.80	5.97	8.07	6.55	5.818	6.818 (+17%)	6.719 (-1.5%)

The comparison shows that the average price of the various types of offers was lower in May 2019 than it had been in May 2018 in most cases. The largest decreases occurred in the fixed offers without early termination fees and in the offers with less than a 12-month term and those with a 12-month term.

D. Residential Market Competitiveness

As the previous section on supplier activity suggests, currently there is significantly more market competition in the ComEd residential market than in the Ameren Illinois residential market. While the residential market in the Ameren Illinois areas has become a little less concentrated in the last four years, the HHI values in the three Ameren RZs still indicate that it is a highly concentrated market. The following graph shows the May HHI values for the residential class in both ComEd and Ameren Illinois areas from 2011 to 2019.[14]

FIGURE 14: HHI VALUES FOR THE RESIDENTIAL CUSTOMER CLASS



The graph illustrates several trends:

- The ComEd residential market continues to be unconcentrated for the fourth consecutive year. A big part of the unconcentrated nature of the ComEd market is the end of the Chicago aggregation program in 2015, which had a substantial share of the market concentrated in one supplier. Together with the loss of that concentration, the overall market has shrunk as well following the end of the Chicago aggregation.
- While all three Ameren Illinois RZs have very high market concentration, Ameren Illinois RZ II continues to be the most concentrated residential market by a wide margin. The fact that 70% of the residential ARES market in Ameren Illinois' areas consists of aggregation customers, and

[14] The HHI values are based on residential usage, rather than number of customers. However, there is not a substantial difference between using number of customers and amount of usage for the market share calculation.

the vast majority of the aggregation programs are with the same supplier help explain this phenomenon.

Specifically considering the ComEd residential market, the HHI values above show that the current market would be considered an unconcentrated market. Table 21 highlights the changing market dynamics over the last few years:

TABLE 21: ARES MARKET SHARE IN COMED TERRITORY (BY CUSTOMERS)

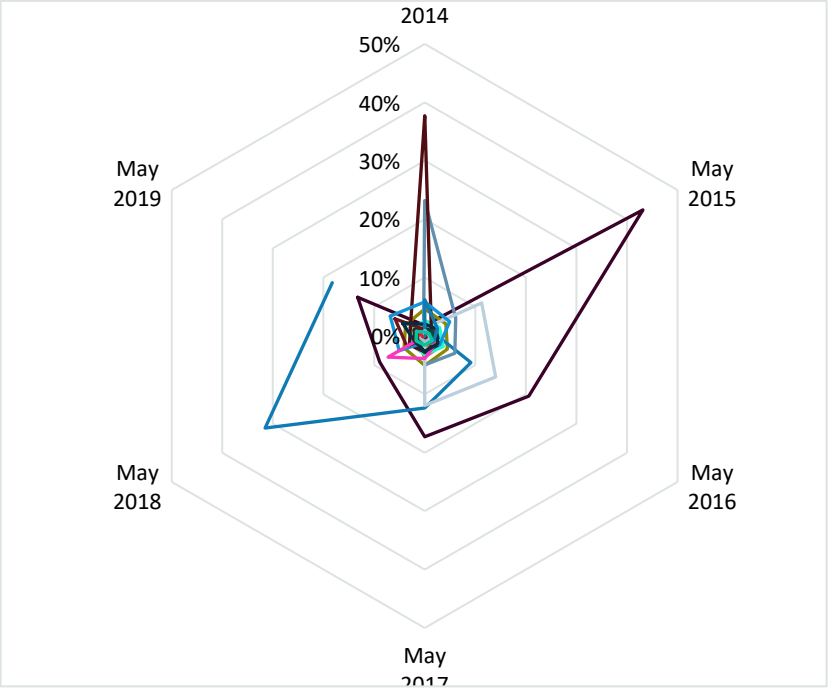
	May 2012	May 2013	May 2014	May 2015	May 2016	May 2017	May 2018	May 2019
Share of largest 3 suppliers	44%	69%	66%	61%	44%	42%	48%	42%
# of suppliers with customers	27	41	50	48	57	56	53	55
# of suppliers with >15% share	1	2	2	1	1	1	1	2
# of suppliers with >5% and <15% share	5	2	2	2	3	3	3	4
# of suppliers with <5% share	21	37	46	45	53	52	49	47
# of suppliers with < 1% share	11	30	38	29	34	33	31	28

Table 21 shows that the total market share of the three ARES with the highest individual market share of residential customers has increased after two years of decline. It is also worth pointing out that:

- 47 of the 55 ARES with residential customers had a market share of less than 5%
- 28 of the ARES with residential customers had a market share of less than 1%
- Two suppliers have a market share between 5% and 15%
- For the first time in four years, 2 suppliers had a market share above 15%

Figure 15 is a visual representation of the changes in supplier diversity. Each line represents an ARES and each corner of the hexagon represents a different year. Lines reaching furthest from the center signify a larger share of the market for the represented ARES. As is shown in the figure, a majority of ARES maintain a small share of the market and consistently keep their market share year after year. However, there are occasional instances where suppliers quickly gain and lose market share. For example, the red line that reaches far to the right represents an ARES that had very little market share in 2014. Its share increased to greater than 40% of the market in 2015, declined in 2016 to about 20% of the

FIGURE 15: ARES MARKET SHARE IN COMED TERRITORY (OVER TIME)

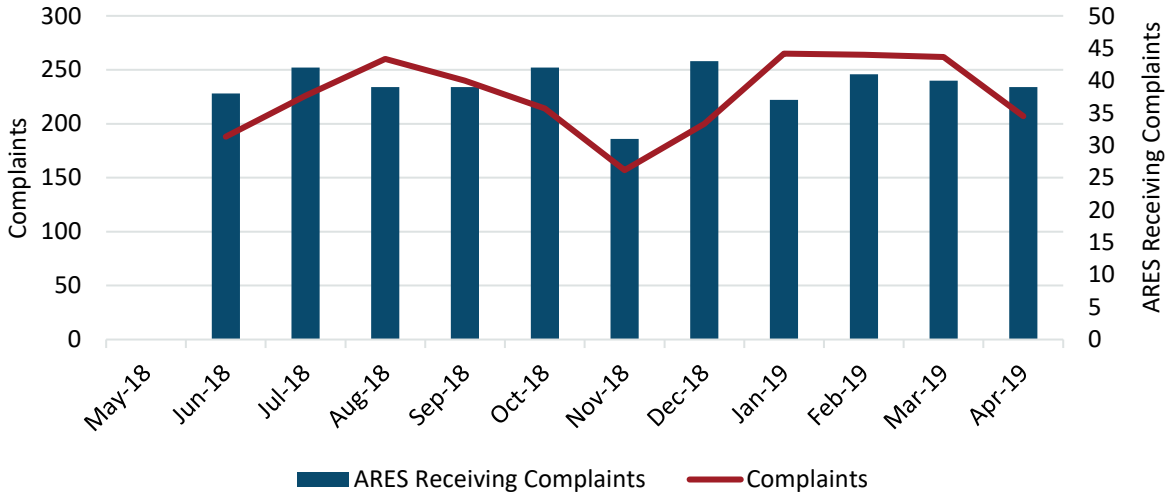


market, and their share continues to decline.

E. Residential Complaints

The Consumer Services Division (CSD) of the ICC includes a team of professional consumer counselors who address consumer inquiries and complaints. The number of informal complaints (some of which are inquiries) per ARES are logged each month. Figure 16 shows the total number of informal complaints per month during the past year. The red line indicates the quantity of informal complaints per month (reference left vertical axis). The blue bars indicate the quantity of ARES receiving complaints per month (reference right vertical axis). CSD generally receives 150-250 informal complaints per month for 30-45 ARES. These complaint quantities represent 0.006% - 0.01% of ARES customers per month.

FIGURE 16: STATEWIDE COMPLAINTS BY MONTH



F. Residential Savings Estimate

The last seven annual reports included an estimate of the total annual savings realized by residential ARES customers in the ComEd territory. We looked at the preceding twelve-month period and we compared the dollar amount residential customers as a whole spent on ARES service to the amount those customers would have spent had they been on the ComEd fixed-price bundled service,[15] also known as the Price-to-Compare (PTC).[16] In each year, we calculated the savings with and without the effects of the Purchased Electricity Adjustment (PEA).[17] The same analysis has been completed for this year's report, allowing us to look at an eight-year total tally. In addition, we have performed this analysis for the fourth time for the Ameren Illinois territories.

[15] For the first two years we performed this analysis, we considered the fact that some customers switched away from the discounted utility space-heat rate. As of June 2013, there are no separate utility supply rates for residential customers with electric space heat.

[16] The PTC is the sum of the monthly Electric Supply Charge and the Transmission Services Charge (cents/kWh) that a customer would be charged by the utility.

[17] The PEA is a monthly fluctuating true-up mechanism for the utility, matching incurred supply costs to actual received supply revenues. The PEA is therefore a credit in some months and a charge in others.

Three sets of data are utilized to calculate how much residential customers have saved by switching away from the utility:

1. Cents/kWh rate the customers would have paid under the utility's default service (PTC)
2. Cents/kWh rate the customers actually paid while on ARES
3. Amount of electrical usage each ARES provided to their residential customers

Monthly reports from ComEd and Ameren Illinois provide us with the necessary usage information, and the utilities' default rates are tariffed rates. As for the ARES prices, almost all suppliers provided us with monthly average residential rates for the past twelve months in response to a Staff Data Request.

While reviewing these estimates, it is important to keep in mind several caveats:

1. These are total, or aggregate, savings and the savings for almost all individual customers differ from these averages.
2. These calculations are ex-post calculations and do not take into account how the ComEd default rates would have been different had more or fewer customers stayed on the utility's default supply service.
3. Most of the ARES with residential customers have at least one offer that features a renewable energy content higher than what is required under the Illinois Renewable Portfolio Standard. The average rate information collected from the ARES include the (usually higher) prices associated with those offers.
4. Not captured in these numbers are rewards and incentives that are not part of the ARES electric supply rates. For example, several suppliers offer one-time gift cards as an incentive to sign up for a particular offer and other offers contain rewards such as airline miles and other non-rate benefits. However, those non-rate benefits are hard to include in such a calculation and would require us to make several more assumptions as well as additional detailed data from the ARES. For these reasons we decided to compare just the average rates of the suppliers to the rates of the utility PTC.

We will start by showing the results for the ComEd territory and followed by the findings for the Ameren Illinois territories.

1. ComEd Territory

The ComEd results for the first six years of this analysis are included in Table 22. As a recap, the first six years produced an aggregate residential savings deficit of around -$20.3 million, with about $4.4 million in savings resulting from comparing the suppliers' average rate to the ComEd PTC. The difference of -$15.9 million in total savings deficit results from the application of the PEA for ComEd supply customers. The PEA can, and often does, change monthly and it can be a charge or a credit for ComEd supply customers.

Table 22: Historical ComEd Residential Savings Estimates

	Annual Savings compared to ComEd PTC (in million)	Annual Savings inclusive of the PEA Impact (in million)
June 2011 – May 2012	$17.20	$24.20
June 2012 – May 2013	$250.80	$257.50
June 2013 – May 2014	($40.20)	$38.70
June 2014 – May 2015	($12.30)	($73.40)
June 2015 – May 2016	($79.70)	($115.20)
June 2016 – May 2017	($131.40)	($152.10)
Six-year total	$4.40	($20.30)

Table 23 shows the monthly comparisons for the most recent twelve-month period:

TABLE 23: CURRENT YEAR COMED RESIDENTIAL SAVINGS ESTIMATES (MONTHLY)

	Savings compared to ComEd PTC	PEA Impact	Savings inclusive of the PEA Impact	Savings compared to ComEd PTC (cents/kWh)	Savings inclusive of the PEA (cents/kWh)
June 2018	($8,136,509)	($181,191)	($8,317,700)	-1.078	-1.102
July 2018	($10,888,498)	($3,006,924)	($13,895,422)	-1.112	-1.419
August 2018	($11,107,479)	($851,039)	($11,958,519)	-1.149	-1.237
September 2018	($11,205,122)	($3,406,420)	($14,611,542)	-1.194	-1.557
October 2018	($9,141,357)	($3,260,270)	($12,401,626)	-1.402	-1.902
November 2018	($7,758,027)	($2,851,057)	($10,609,083)	-1.356	-1.854
December 2018	($33,831)	($12,904)	($46,735)	-1.311	-1.811
January 2019	($11,263,963)	($4,001,157)	($15,265,120)	-1.408	-1.908
February 2019	($11,742,037)	($3,955,778)	($15,697,814)	-1.484	-1.984
March 2019	($18,099)	($5,181)	($23,279)	-1.747	-2.247
April 2019	($8,554,496)	($2,714,532)	($11,269,029)	-1.576	-2.076
May 2019	($7,658,354)	($2,429,362)	($10,087,716)	-1.576	-2.076
Totals	($97,507,771)	($26,675,815)	($124,183,586)	-1.302	-1.658
Average	($8,125,648)	($2,222,985)	($10,348,632)		

It shows that, on average, residential ARES customers paid around $8.13 million more per month during the last twelve months when compared to the ComEd PTC. In addition, given that the PEA was a credit in each of the twelve months during the June 2018 through May 2019 period, the gap between the ComEd supply price and the average ARES price increased even more. In terms of cents per kWh,

residential ARES customers paid about 1.302[18] cents/kWh more when compared to the ComEd PTC only, and about 1.658[19] cents/kWh more when including the PEA.

Taking the most recent twelve-month period into account, the eight-year tables look as follows[20]:

TABLE 24: COMED RESIDENTIAL SAVINGS ESTIMATES (YEARLY)

	Annual Savings compared to ComEd PTC (in million)	Annual Savings inclusive of the PEA Impact (in million)
June 2011 – May 2012	$17.2	$24.2
June 2012 – May 2013	$250.8	$257.5
June 2013 – May 2014	($40.2)	$38.7
June 2014 – May 2015	($12.3)	($73.4)
June 2015 – May 2016	($79.7)	($115.2)
June 2016 – May 2017	($131.4)	($152.1)
June 2017 – May 2018	($123.3)	($138.2)
June 2018 - May 2019	($97.5)	($124.2)
Eight-year Total	($216.4)	($282.7)

TABLE 25: DETAILED COMED RESIDENTIAL SAVINGS ESTIMATES (YEARLY)

	Annual Savings compared to ComEd PTC	Annual PEA Impact	Annual Savings inclusive of the PEA Impact	Savings compared to ComEd PTC (cents/kWh)	Savings inclusive of the PEA (cents/kWh)
June 2011 – May 2012	$17,219,337	$7,023,472	$24,242,809	0.984	1.386
June 2012 – May 2013	$250,827,896	$6,681,912	$257,509,807	2.148	2.315
June 2013 – May 2014	($40,238,809)	$78,936,788	$38,697,979	-0.211	0.190
June 2014 – May 2015	($12,338,179)	($61,101,792)	($73,439,971)	-0.081	-0.446
June 2015 – May 2016	($79,723,261)	($35,481,059)	($115,204,320)	-0.643	-0.948
June 2016 – May 2017	($131,391,493)	($20,716,588)	($152,108,081)	-1.210	-1.449
June 2017 – May 2018	($123,315,376)	($14,927,712)	($138,243,088)	-1.289	-1.445
June 2018 - May 2019	($97,507,771)	($26,675,815)	($124,183,586)	-1.302	-1.658

The tables show that, on average, ARES customers saved during the first two years of residential choice when compared to the ComEd PTC and paid more during the last six years when compared to the

[18] Historically, annual average savings compared to the PTC (cents/kWh) was calculated by averaging the 12-month values for the year. However, this year the value presented is a true annual savings (cents/kWh) calculated as follows: (Annual Savings with ARES/Annual ARES Usage)*100

[19] Historically, annual average savings compared to the PTC inclusive of the PEA (cents/kWh) was calculated by averaging the 12-month values for the year. However, this year the value presented is a true annual savings (cents/kWh) calculated as follows: (Annual Savings with ARES Including PEA/Annual ARES Usage)*100

[20] All amounts are absolute amounts and have not been adjusted for inflation.

ComEd PTC. It also shows that the PEA was mostly a credit during the last five years, which increased the overall negative savings during that period.

Looking at this from a cents/kWh perspective, during the June 2012 through May 2013 period the average savings per kWh was about 2.1 cents when compared to the ComEd PTC and about 2.3 cents when taking into account the PEA. For the June 2013 through May 2014 period, the average ARES rate was about 0.2 cent above the ComEd PTC and 0.19 cent below the ComEd supply rate when taking into account the PEA. Since then, the difference in the ARES rates and the ComEd PTC/PEA have continued to increase with this year's difference the largest yet. For the most recent June through May period, the average ARES rate was about 1.302 cents above the ComEd PTC and 1.658 cents above the ComEd supply rate when including the PEA.

Reviewing the tables above shows that, on average, an ARES customer consuming 500 kWh/month saved approximately $139 for the year during the planning year that ended in May 2013. The same average ARES customer saved just over $11 during the planning year that ended in May 2014, and paid $100 more during the planning year that ended in May 2019.

An average ARES customer using 1,200 kWh/month during the planning year that ended in May 2013 saved around $333 while saving just over $27 during the planning year that ended in May 2014, and paying $239 more during the planning year that ended in May 2019. Again, these numbers are averages and almost all customers are either below or above the average.

2. Ameren Illinois Territories

As mentioned above, a savings analysis was completed for the Ameren Illinois territory for the fourth time this year. In comparison to the analysis for the ComEd area, there was one additional factor considered: the two-block rate for the non-summer months. From October to May, the Ameren Illinois supply rate has a lower rate for usage above 800 kWh. In order to account for this, Ameren Illinois provided the weighted average rate based on actual usage during those months. Given that the usage characteristics vary across the three RZs, the savings calculations were performed separately for each of the RZs, even though most ARES did not differentiate their residential rates based on RZs. Other than this additional step, the same steps that were used for the ComEd calculations were followed.

Table 26 combines the results of the three RZs to give an overview of the entire Ameren Illinois area:

TABLE 26: CURRENT YEAR AMEREN ILLINOIS RESIDENTIAL SAVINGS ESTIMATES (MONTHLY)

	Savings compared to Ameren PTC	PEA Impact	Savings inclusive of the PEA Impact	Savings compared to Ameren PTC (cents/kWh)	Savings inclusive of the PEA (cents/kWh)
June 2018	($6,463,308)	($1,521,404)	($7,984,712)	-1.022	-1.262
July 2018	($12,179,926)	($2,180,261)	($14,360,187)	-1.572	-1.854
August 2018	($11,271,379)	($1,979,808)	($13,251,188)	-1.613	-1.896
September 2018	($10,679,787)	($2,018,920)	($12,698,707)	-1.549	-1.842
October 2018	($8,973,345)	($634,162)	($9,607,507)	-1.639	-1.755
November 2018	($6,720,879)	($291,427)	($7,012,306)	-1.524	-1.590
December 2018	($9,319,147)	($180,742)	($9,499,889)	-1.596	-1.627
January 2019	($10,395,139)	$55,362	($10,339,777)	-0.948	-0.943
February 2019	($10,812,435)	($82,045)	($10,894,480)	-1.652	-1.665
March 2019	($9,827,710)	($947,700)	($10,775,410)	-1.646	-1.805
April 2019	($7,218,751)	($1,398,339)	($8,617,090)	-1.593	-1.901
May 2019	($5,824,745)	($1,013,270)	($6,838,015)	-1.493	-1.753
Totals	($109,686,552)	($12,192,716)	($121,879,268)	-1.451	-1.612
Average	($9,140,546)	($1,016,060)	($10,156,606)		

Table 26 reveals that, on average, residential ARES customers (which were overwhelmingly aggregation customers), paid about 1.6 cents more per kWh than Ameren Illinois bundled service customers between June 2018 and May 2019 when taking into account the PEA. In Ameren Illinois territory, the PEA was a credit for ten of the twelve months during the last year.

Table 27 breaks down the annual numbers by rate zone for the past four years:

TABLE 27: DETAILED AMEREN ILLINOIS RESIDENTIAL SAVINGS ESTIMATES BY RZ (YEARLY)

	Savings compared to Ameren PTC	PEA Impact	Savings inclusive of the PEA Impact	Savings compared to Ameren PTC (cents/kWh)	Savings inclusive of the PEA (cents/kWh)
June 2015 – May 2016					
RZ I	($4,880,734)	($2,605,697)	($7,486,431)	-0.358	-0.490
RZ II	$3,523,105	($1,824,501)	$1,698,604	0.243	0.111
RZ III	($664,637)	($4,180,380)	($4,845,017)	-0.044	-0.172
June 2016 – May 2017					
RZ I	($11,606,248)	($6,284,848)	($17,891,096)	-0.582	-0.898
RZ II	($3,482,116)	($4,276,724)	($7,758,840)	-0.255	-0.569
RZ III	($10,972,004)	($9,234,493)	($20,206,497)	-0.341	-0.628
June 2017 – May 2018					
RZ I	($25,719,473)	($5,186,539)	($30,906,012)	-1.253	-1.506
RZ II	($11,548,340)	($3,444,847)	($14,993,187)	-0.865	-1.123
RZ III	($34,808,416)	($8,636,476)	($43,444,892)	-1.044	-1.304
June 2018 – May 2019					
RZ I	($34,885,191)	($3,511,531)	($38,396,721)	-1.378	-1.516
RZ II	($20,367,563)	($2,541,113)	($22,908,676)	-1.373	-1.544
RZ III	($54,433,799)	($6,140,072)	($60,573,871)	-1.536	-1.709

VII. Consumer Resources for Residential and Small Commercial Electric Customers

A. PlugInIllinois.org

PluginIllinois.org is the ICC's electric choice consumer education website aimed at providing residential and small commercial customers with a better understanding of their electric supply options. Pursuant to Public Act 97-0222, both ComEd and Ameren Illinois have included the PlugInIllinois.org website address on their monthly bills since May 2012. The law also requires all suppliers to provide the PlugInIllinois.org website address to residential and small commercial customers.

The website provides information including electric choice basics, utility bill and pricing information, a Frequently Asked Questions (FAQ) guide, and a glossary. Details to aid a consumer shopping for electric supply options are also provided. A shopper may review a list of ARES, current offers as posted by ARES, and the price-to-compare—current and historical—in both the Ameren and ComEd service territories. Historical price-to-compare information also includes the Purchased Electricity Adjustment (PEA) as these known values are part of the actual price paid by utility supply customers.

On the website, a consumer has the opportunity to compare and shop ARES offers through the "Compare Offers Now" link and matrix. Customers may select their utility territory to see the ARES offers available and compare the offers to their utility rate as well as to other competing offers. For each offer posted, the comparison matrix displays the supplier's logo as well as the offer name; both items link to further offer-specific information on the supplier's website. The offer comparison matrix lists the price in cents per kWh, any potential additional monthly fees, the term in months, any possible early termination fees, and a brief description of the offer. The customer may also review the offer's cost for monthly usage levels of 500, 1,000 and 1,500 kWh. Customers can sort the offers by supplier, by price, or by the length of the term. As a condition to posting on PluginIllinois.org, ARES are required to honor the prices of the offers they post.

Further, a customer may review some performance metrics related to individual ARES. Each monthly Complaint Scorecard ranks suppliers by their rate of complaints compared to the average rate of complaints for the entire residential market. Additionally, within the Customer Complaint Statistics section is a Complaint Summary, which shows the total number and type of complaints received for each retail electric supplier over the last two years. The Complaint Summary provides a more detailed view of the number and types of informal complaints the Consumer Services Division receives about each ARES.

A list of communities pursuing municipal aggregation can also be found on PluginIllinois.org. The Municipal Aggregation List contains eight columns, including the name of the community, the status of each community's aggregation program, the chosen supplier, the rate, the contract end date, possible termination fees, utility territory and referendum date. Additionally, a sort function was added to the list, allowing website visitors to sort by community name, status, supplier name, aggregation rate, contract end date, territory or referendum date.

In collaboration with IT Staff, ORMD Staff plans to make esthetic changes to PluginIllinois.org. The planned changes are meant to improve navigation throughout the website without changes to the content.

B. Other Regulatory Activities

1. Price to Compare

ORMD's 2018 Annual Report suggested "that the Commission ***require electric utilities to prominently display the Price-to-Compare (PTC) on all bills*** for residential and small commercial retail customers." Based on the suggestion, ComEd and Ameren independently filed a Petition for Declaratory Ruling[21], on October 15, 2018 and January 11, 2019 respectively, seeking a declaration from the Commission that including PTC information on residential and commercial customer bills was a legitimate consumer education effort within the meaning of 83 III. Adm. Code 452.240(b)(4), and thus not prohibited by 83 III. Adm. Code 452.240(a). The Commission granted ComEd and Ameren the declaration each sought authorizing the companies to include PTC information on customer bills. The Commission instructed ORMD to "continue ongoing workshops with interested parties to discuss how the PTC language on the ComEd and Ameren bills could be improved." Furthermore, ORMD was directed to file a report to the Commission in each individual docket within 180 days of each Order.

Pursuant to the Final Order in Docket No. 18-1623, ORMD held two further workshops on January 15, 2019, and February 19, 2019, at the Commission's Chicago offices, with a video link provided to allow participation from the Springfield office, and a conference bridge and WebEx connection to enable remote participation. Parties in attendance included ICC Staff, the Attorney General (AG), the Citizen's Utility Board (CUB), ComEd, the Illinois Competitive Energy Association (ICEA), the Retail Energy Supply Association (RESA), the Environmental Law & Policy Center (ELPC), Ameren, and over a dozen retail electric suppliers. On June 3, 2019, ORMD submitted its report summarizing the results of the workshops, as they pertained to the ComEd bill, including Staff's recommendations for next steps. Staff plans to submit a similar report to the Commission regarding Ameren's bill by August 20, 2019.

On May 31, 2019, the Illinois House and Senate passed Senate Bill 651, now known as the Home Energy Affordability Transparency (HEAT) Act which currently awaits the Governor's signature. The Act requires the PTC be included in all residential customer bills beginning on January 1, 2020. The Act defines the PTC as the sum of the electric supply charge and the transmission services charge, and requires language disclosing that the PTC does not include the PEA. Additionally, the Act requires that all ARES marketing materials disclose the PTC along with the price, terms, and conditions of the products or services being offered. If the Governor signs the HEAT Act, ORMD Staff will submit a supplemental report to the Commission addressing discrepancies, if any, between Staff's initial report and the HEAT Act.

[21] ComEd Petition for Declaratory Ruling – Docket No. 18-1623
Ameren Petition for Declaratory Ruling – Docket No. 19-0048

2. Enforcement Activity

Amendments to Code Part 412 not only enhanced consumer protections, but also provided additional clarity to alternative retail electric suppliers and their customers regarding marketing practices, contract disclosures, and contract terms and conditions. ORMD Staff, in collaboration with Staff from OGC and CSD, regularly evaluate informal complaints received and ARES behaviors in context with Code Part 412 to ensure compliance with the rules. Since the implementation of amended Code Part 412 on May 1, 2018, the Commission has issued a Notice of Apparent Violation to several ARES and initiated formal investigative proceedings concerning four ARES[22]. The investigations are currently ongoing.

3. Retail Market Advisory Committee

Since the inaugural committee meeting held on April 25, 2018, the committee has held three additional meetings and has a fifth meeting tentatively schedule for the middle of summer. The meetings have helped Staff better understand the issues and challenges facing the retail energy market and provided an opportunity for open dialogue among the parties.

VIII. Suggested Administrative and Legislative Action

As recommended in ORMD's 2018 Annual Report, the inclusion of the PTC on residential and small commercial customer bills will increase transparency regarding costs for customers who have already switched or are considering making a switch to an ARES. Further, as noted Senate Bill 651 was passed by the General Assembly and awaits action by the Governor; if signed into law, it will require that the PTC be disclosed by both utilities and ARES using specific language. Therefore, the ORMD has no suggestions for administrative or legislative actions at this time.

In collaboration with Staff from OGC and CSD, ORMD Staff is reviewing the HEAT Act and potential rule amendments that would accurately reflect the legislation if the Governor signs it.

Other initiatives Staff will continue to explore include:

1. Value-Added Reporting: to provide perspective on value-added benefits offered by ARES, ORMD will consider rules, standards, practices, forms, procedures and policies to quantify and collect consistent, measurable and verifiable data for items that could be considered to add value such as products, services, energy savings, renewable energy, and value of cash equivalent.

2. Market Participation: Staff is now collecting data regarding ARES subscription by geographic location this past year. In the coming year, Staff plans to explore appropriate methods to evaluate, represent and display the data.

[22] The Docket Numbers belonging to the four investigative proceedings are as follows: 18-1540; 18-1652; 18-1653; 18-1773.