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AZ CORP COMMISSION
DOCKET CONTROL

July 10, 2013

Arizona Corporation Commission
Attention: Docket Control
1200 W. Washington St.
Phoenix, AZ 85007

Re: Docket No. E-00000W-13-0135

Dear Official of the Commission,

Please find enclosed an original and 13 copies of the Initial Comments of Entrust Energy, Inc. in Docket No. E-00000W-13-0135, the Commission's Inquiry into Retail Electric Competition.

Please let me know of any questions regarding this filing.

Sincerely,

Harry Kingerski
Sr. Director of Regulatory and Government Affairs
harry.kingerski@nesmarkets.com

Arizona Corporation Commission

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**BEFORE THE
ARIZONA CORPORATION COMMISSION**

**In the Matter of the Commission’s Inquiry)
Into Retail Electric Competition)**

Docket No. E-00000W-13-0135

**Initial Comments of
Entrust Energy, Inc.**

Entrust Energy, Inc. (“Entrust Energy”) is pleased to submit these comments in response to the invitation from the Arizona Corporation Commission (“ACC”) for comments on retail electric competition in Arizona. Entrust Energy congratulates the ACC for opening this docket and engaging stakeholders in an investigation on the merits of retail competition. Our brief comments will address some of the benefits of retail competition from the perspective of a potential retail supplier and employer in the state of Arizona.

1. Retail electric competition can provide economic benefits to Arizonians.

Entrust Energy is a Retail Electric Provider (“REP”) that has been operating in the deregulated Texas electricity market since 2010. Located in Houston, Texas, Entrust Energy employs nearly 200 people directly or indirectly in marketing, selling, and servicing electric customers throughout Texas. Entrust Energy is one of the fastest growing REPs in Texas and offers a variety of fixed and variable pricing plans to residential and small commercial customers.

Entrust Energy was formed through a partnership of several founding members of Australian Power and Gas (itself a fast growing energy retailer in Australia) and Nippon Gas, the largest supplier of liquefied gas in Japan and a major regional player in the liquefied natural gas business. That same partnership is responsible for the formation of North Eastern States, Inc., a

recently created affiliate of Entrust Energy which is licensed to supply retail electricity and/or natural gas in Illinois, Ohio, Pennsylvania, New Jersey, Maryland, New York, and Connecticut.

Entrust Energy obtains wholesale supply services from a large wholesale energy provider whose parent company is a large multi-national energy conglomerate located in Europe. The wholesale supplier provides the electricity, wholesale electricity expertise and services, and credit support required by Entrust Energy. Thus, in addition to supporting a large and growing employee base in Texas, Entrust Energy draws sizable amounts of capital to the U.S. from at least three other continents and from some of the most respected energy companies in the world.

While not explicitly among the questions posed by the ACC in this investigation, Entrust Energy encourages the ACC to weigh the positive value to the Arizona economy of retail market restructuring. Entrust Energy has witnessed the powerful and positive benefits to the Texas and other regional economies from having numerous competitive retailers who – just like Entrust Energy - develop their own infrastructure of sales agents, managers, call center agents, supply experts, etc. and who attract capital investment from around the world. Entry by retail energy competitors into the Arizona market can be a significant source of economic stimulus to Arizona.

2. Competitive retail electricity markets spur innovations that benefit consumers.

The ACC has asked for comment on whether retail competition will lower electricity rates. Other states have grappled with that question and its elusive answer; there is no shortage of informed opinion and study to support both sides of the argument. While Entrust Energy believes the simple answer is ‘yes’, we also believe the more significant and relevant question to consumers is – will retail competition spur product innovation and development, and give customers a wider range of choices by which they may control their total electricity spend?

Entrust Energy believes there is ample evidence suggesting the answer to this question is a resounding ‘yes’.

In states with retail competition, many of the state regulatory commissions maintain public data bases listing suppliers and their product offerings.¹ Such data bases document at least some of the diverse products available to residential consumers in these markets. Products include fixed, variable, and indexed structures; contract terms ranging from a month to many years in length; technology-specific generation such as wind or solar; discounts for eligible customer groups such as military, seniors, or specific affinity groups; lower prices for off-peak, selected days of the week, weekends, or nights; and bundling of commodity with other incentives ranging from gift certificates to airline miles to smart thermostats.

The greater availability of choice – not only among suppliers, but with regard to product structure and characteristics, spurs consumer education and awareness. More choices alone are not necessarily better choices. But the combination of more choices combined with technology options opens many more exciting possibilities for consumers. Suppliers and regulators in Texas, Illinois, Pennsylvania, and Maryland, among others, are utilizing the capabilities of advanced meters and other technology to bring even more product options to consumers. DEFG’s 2012 ABACCUS Study on competitive retail markets gives an overview of some innovative product offerings being developed by suppliers in competitive markets.²

¹ See for example: (TX) - <http://www.powertochoose.org/>; (IL) - <http://pluginillinois.org/>; <http://www.papowerswitch.com/>; <http://www.newyorkpowertochoose.com/>; <http://www.puco.ohio.gov/puco/index.cfm/apples-to-apples>; and <http://www.energizect.com/compare-energy-suppliers>

² See Distributed Energy Financial Group, ABACCUS, 2012 Scorecard for Retail Electricity Consumer Choice, Executive Summary, December 2012, pages 15-16. Report available for download at <http://defgllc.com/publications/consumer-choice>.

Conclusion

Entrust Energy strongly believes it is in the public interest for the ACC to implement retail electric competition in Arizona. Pursuit of such a path, while not without controversy and the need for much hard work, will bring economic benefit and electric market innovation to Arizona as it has done in Texas and other states with competitive retail electric markets.



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