

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

2016 ANNUAL REPORT



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

June 2016



ILLINOIS COMMERCE COMMISSION

June 30, 2016

The Honorable Bruce Rauner
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 cursive script that reads "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 2016

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. Executive Summary

- Statewide, 89 alternative retail electric suppliers (“ARES”) have ICC certification to serve retail customers in Illinois, up four from last year (see page 5 of the report).
- Currently, Illinois has 362 licensed Agents, Brokers and Consultants (“ABCs”), up from 347 a year ago (see page 13).
- As compared to a year ago, the percentage of total Illinois electric usage provided by ARES has dropped. (see pages 7-11).
 - ◆ In ComEd’s region, ARES provided approximately 75% of the total electric usage of customers, down from 79.5% last year.
 - ◆ ARES provided 81% of the total electric usage in the Ameren Illinois Rate Zone I (formerly AmerenCIPS), up from 71% last year.
 - ◆ In Ameren Illinois Rate Zone II (formerly Ameren CILCO), ARES provided 80% of the total electric usage of customers, which remains unchanged from last year.
 - ◆ 80% of the total electric usage of Ameren Illinois Rate Zone III (formerly Ameren IP) customers was provided by ARES, up from 79% last year.
- Switching levels for the residential class decreased as well in the last year (see pages 22-26).
 - ◆ As of May 31, 2016, more than 2 million residential customers across the state receive their power from an ARES, a decrease of approximately 668,000 from a year earlier. The number of residential customers receiving ARES service outside of an aggregation program has declined as well in the last year.
 - ◆ Approximately 41% of ComEd’s residential customers receive service from a retail electric supplier.
 - ◆ As of May 2016, 57 ARES actively serve residential customers in the ComEd service territory, compared to 48 in May 2015. Twenty-five ARES serve residential customers in the Ameren Illinois service territory, up from 22 in May 2015.
 - ◆ As of April 2016, the ComEd service territory had 94 different residential offers on PluginIllinois.org.

- ◆ Of the residential offers posted on PluginIllinois.org for ComEd customers, 78% were fixed offers and 18% were variable.
- The residential market concentration levels changed only slightly from last year (see pages 24, 27 and 46).
 - ◆ In May 2016, 64% of residential ARES customers were part of a government aggregation program, a decline of about 6 percentage points compared to last year.
 - ◆ A total of 742 communities have passed an opt-out aggregation referendum to date, adding another 4 communities after the November 2014 referendum date and two more each in February 2015 and March 2016. However, as of June 2016, 114 aggregation communities have decided to not continue their aggregation program.
 - ◆ The ComEd residential market, based on HHI values, remains “moderately concentrated”, with 44% of the market going to the three largest suppliers in May 2016, compared to 61% in May 2015.
- The percentage of ARES-provided load in the small commercial customer class (0-100kW) declined year-over-year in the ComEd area but rose in the Ameren Illinois service territories (see pages 6-10).
 - ◆ As of May 31, 2016, ARES provided about 60% of the electric usage of ComEd’s smallest commercial customers (0-100kW), down from 62% a year ago.
 - ◆ 61% of the electric usage of Ameren Illinois Rate Zone I smallest commercial customers (0-100kW) was provided by ARES, up from 59% a year ago.
 - ◆ 65% of the electric usage of Ameren Illinois Rate Zone II smallest commercial customers (0-100kW) was provided by ARES, up from 59% a year ago.
 - ◆ As of May 31, 2016, 69% of the electric usage of Ameren Illinois Rate Zone III smallest commercial customers (0-100kW) was provided by ARES, up from 61% a year ago.

III. Recent competitive activity

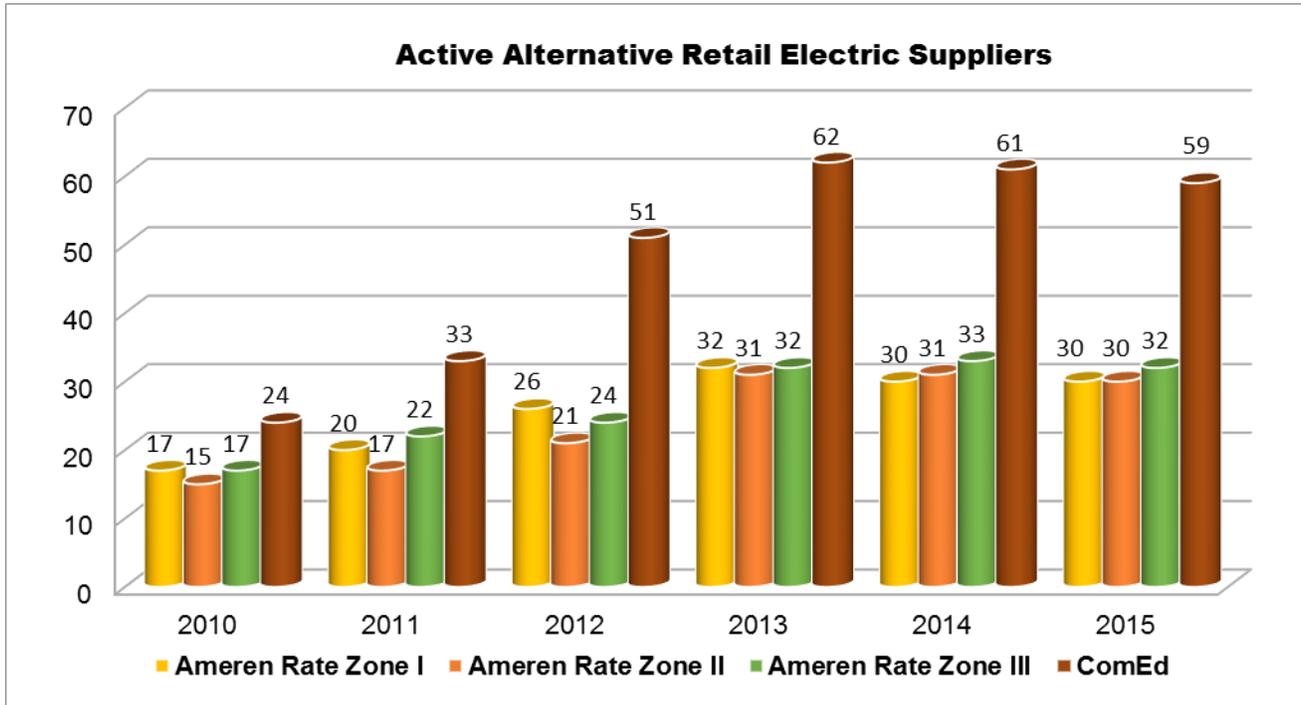
A. Number of certified and registered suppliers

Statewide, there are currently 89 alternative retail electricity suppliers (“ARES”) that have obtained ICC certification pursuant to Section 16-115¹. This is up from 85 suppliers at the same time last year. Sixty-seven ARES have obtained certification to serve residential and small commercial customers, which is up from 60 as of last year. Aside from receiving a certificate from the Commission, suppliers must also register with the electric utility and complete certain technical testing before they can start offering retail electric service in Illinois. Thirty-nine suppliers have completed the registration process with Ameren Illinois, compared to 38 at the same time last year. Thirty-six of those suppliers were actively selling electricity in the territory as of December 2015, which remains unchanged from December 2014. In Commonwealth Edison’s (“ComEd’s”) territory, 62 suppliers have completed the registration process, the same number as the year before. Fifty-nine of those suppliers were actively selling electricity as of December 2015, compared to 61 as of December 2014. Four 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 a RES and, given the relatively small size of MidAmerican’s service area, it is not too surprising that no other suppliers have followed suit so far.

The following shows the number of active ARES from 2010 to the end of 2015 by utility service territory:²

¹ Ten of the 89 suppliers are certified to serve only themselves or their affiliates.

² In order to maintain consistency with the reporting of previous years, the graph includes ARES providing power to themselves or their subsidiaries. Also, several suppliers operate in more than one utility service territory.



B. Non-residential customer switching

For the past few years, more than half of the total electric consumption of ComEd's and Ameren Illinois's customers had been provided by alternative retail electric suppliers. Three years ago marked the first time that approximately 80% of the total electric usage of ComEd customers as well as the customers of all three Ameren Illinois rate zones had been provided by retail electric suppliers. This year, it has decreased to around 75% in the ComEd market, while staying around the 80% mark in the Ameren Illinois areas.

Last year saw some significant reductions in the amount of ARES-provided supply to the 0-100 kW customer class compared to a year earlier. This year, the ARES-provided share of the small commercial customer usage declined further in the ComEd market while rising in the three Ameren Illinois rate zones. Given that some of the small commercial customers are included in governmental aggregation programs, this result is not surprising because several additional communities in the ComEd area ended their programs during the last year, while the number of aggregation customers in the Ameren Illinois areas actually increased from last year.

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

1. ComEd

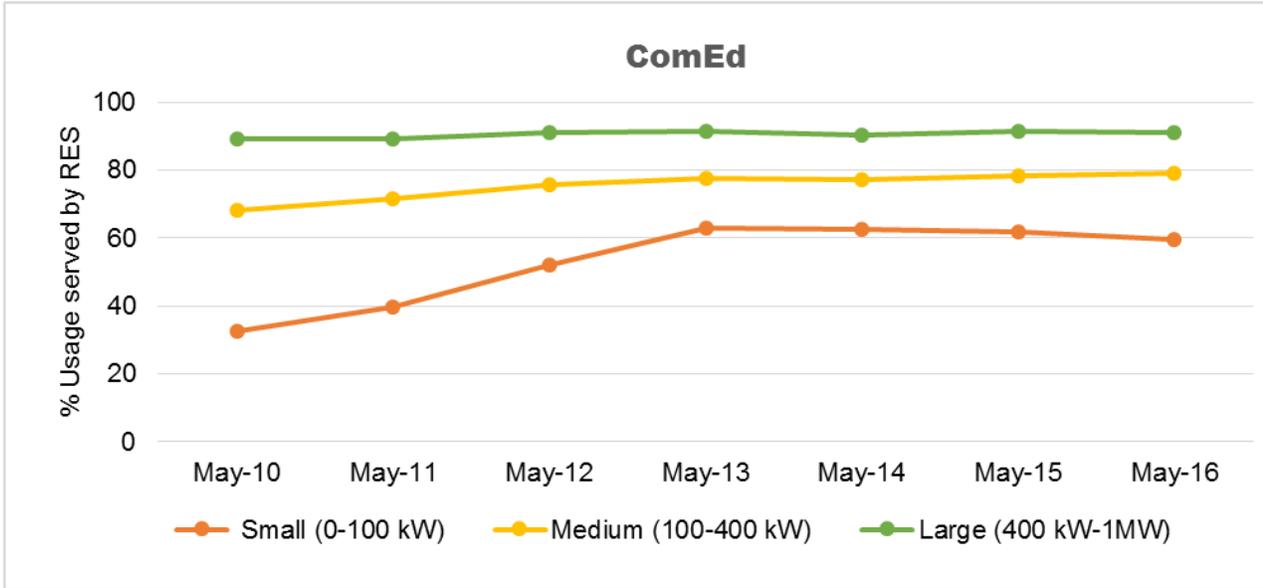
As of May 31, 2016, 75% of the total electric usage of ComEd's customers was provided by alternative retail electric suppliers (down from 79.5% last year). Breaking it down further, about 60% of the electric usage of ComEd's small commercial customers³ (down from 62% last year) and 79% of its medium commercial and industrial customers⁴ (up from 78% last year) was provided by ARES. For large customers⁵ it was 91% (unchanged from last year), and 96% of customers with a demand of over 1MW received service from an ARES (the same as last year). Together, about 85% (down slightly from last year) of all non-residential load was provided by alternative retail electric suppliers as of May 31, 2016. The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past six years⁶.

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

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

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

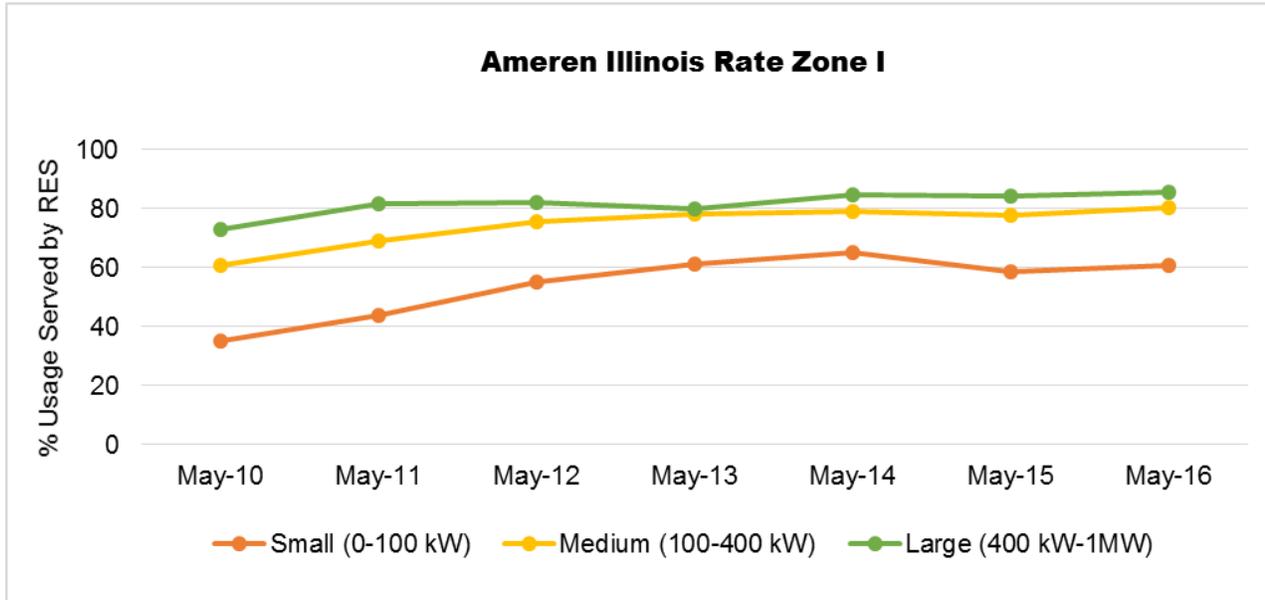
⁶ Data as of May 31 of each year.



2. Ameren Illinois Rate Zone I (formerly AmerenCIPS)

As of May 31, 2016, 81% of the total electric usage of Rate Zone I customers was provided by alternative retail electric suppliers (up from 71% a year ago). Sixty-one percent of the electric usage of small commercial customers in Rate Zone I (up from 59% a year ago) and approximately 81% of electric usage of its medium commercial and industrial customers (up from 78%) was provided by ARES. For large customers it was close to 86 % (up from 85% last year). Together, 88% of all non-residential load was provided by alternative retail electric suppliers as of May 31, 2016 (up from 76% a year ago). The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past six years⁷.

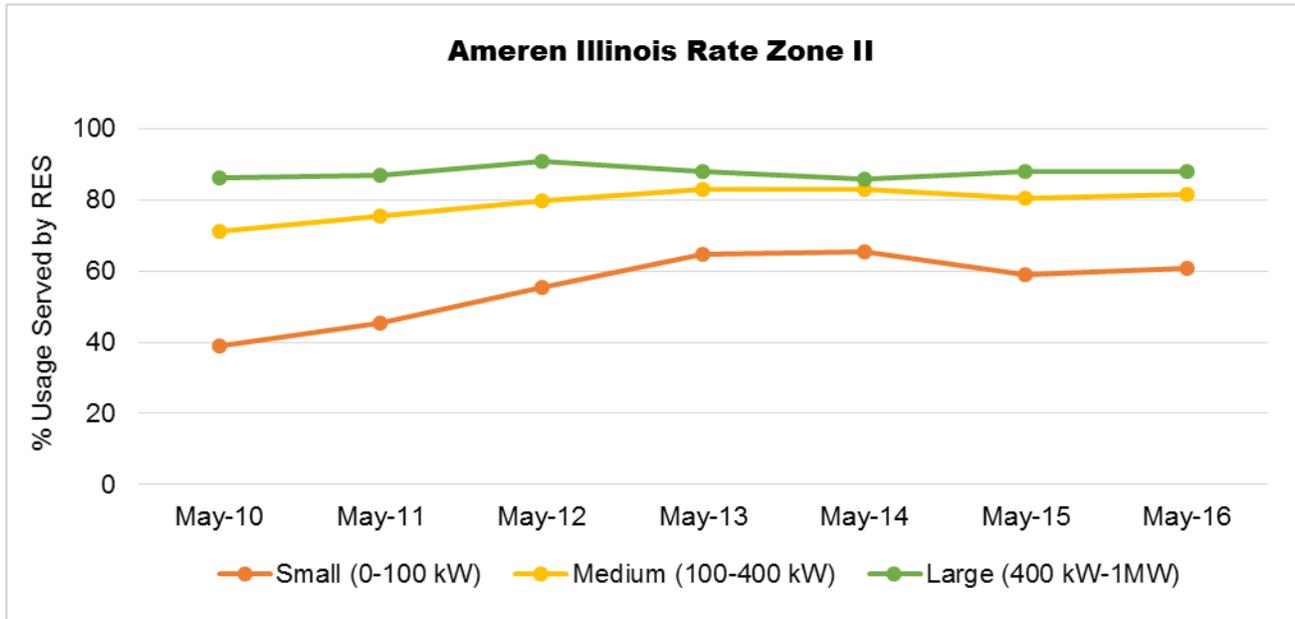
⁷ Data as of May 31 of each year.



3. Ameren Illinois Rate Zone II (formerly AmerenCILCO)

As of May 31, 2016, 80% of the total electric usage of Rate Zone II customers was provided by alternative retail electric suppliers (unchanged from last year). About 65% of the electric usage of small commercial customers in Rate Zone II (up from 59% last year) and approximately 81% of electric usage for its medium commercial and industrial customers (up from 80% last year) was provided by ARES. For large customers it was 88% (unchanged from last year). Together, 84% of all non-residential load was provided by alternative retail electric suppliers as of May 31, 2016 (the same as last year). The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past six years⁸.

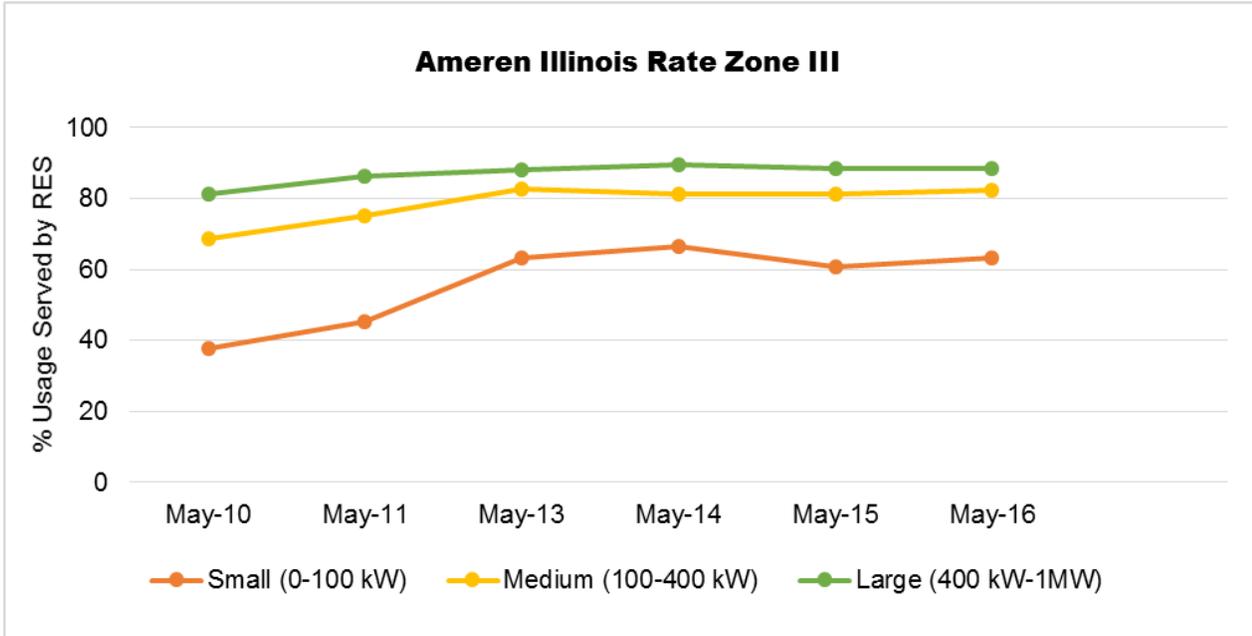
⁸ Data as of May 31 of each year.



4. Ameren Illinois Rate Zone III (formerly AmerenIP)

As of May 31, 2016, 80% of the total electric usage of Rate Zone III customers was provided by alternative retail electric suppliers (up from 79% last year). About 69% of the electric usage of small commercial customers in Rate Zone III (up from 61%) and approximately 82% of electric usage for its medium commercial and industrial customers (up from 81% last year) was provided by ARES. For large customers it was 88% (unchanged from last year). Together, about 86% of all non-residential load was provided by alternative retail electric suppliers as of May 31, 2016 (up from 85% last year). The following shows the electric usage provided by ARES for the various commercial and industrial customer classes for the past six years⁹.

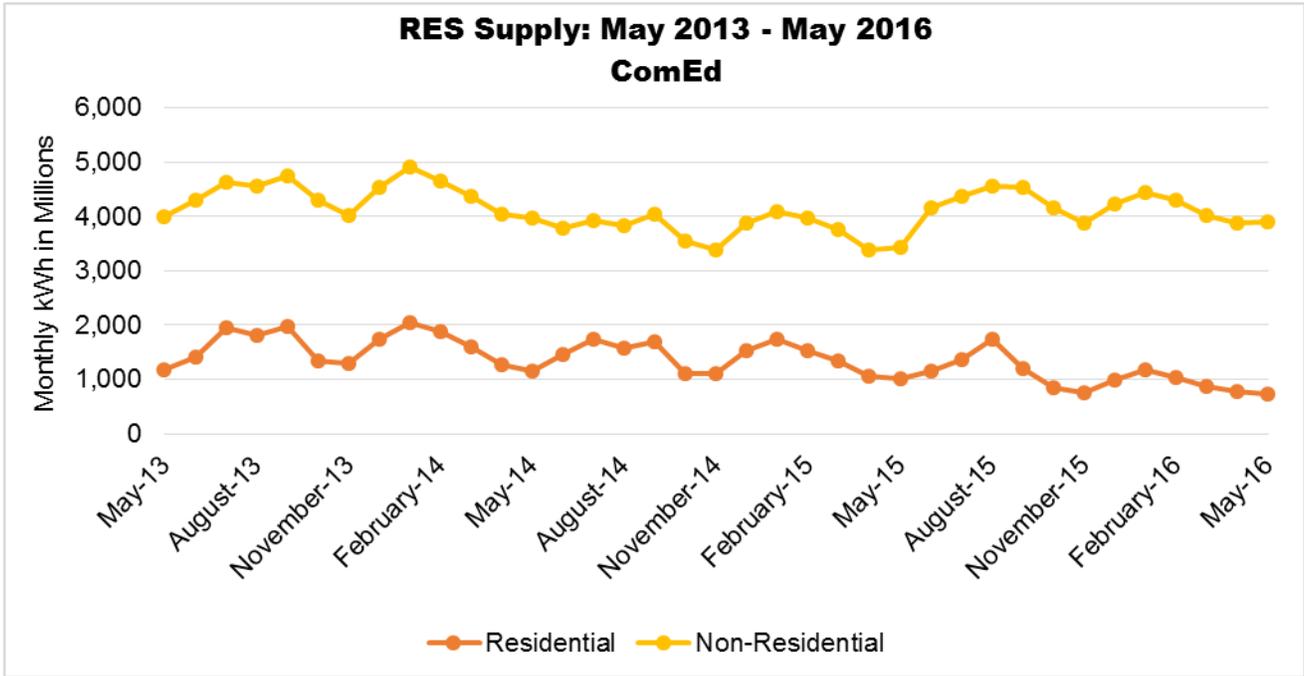
⁹ Data as of May 31 of each year.



5. Comparing ARES-provided load

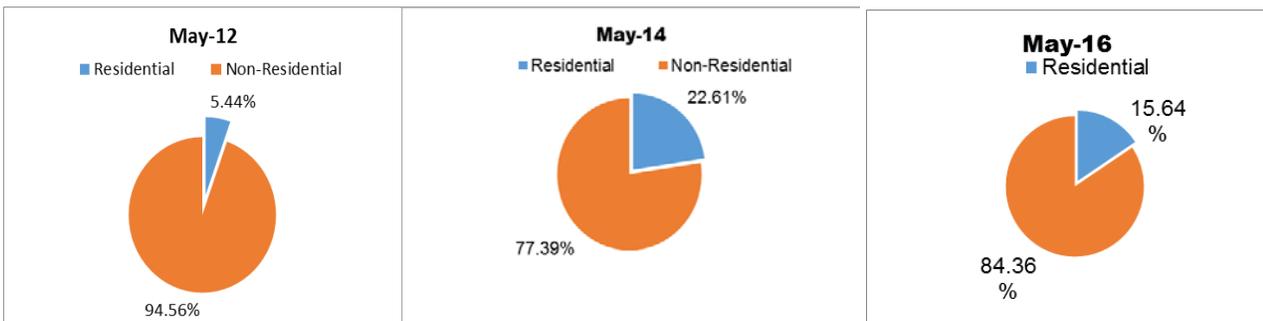
While the number of non-residential customers on competitive supply has generally increased from year to year, albeit slowly, the number of residential ARES customers has gone from virtually zero in 2011 to more than 3 million in 2013 and just over 2 million in 2016. As a whole, competitive suppliers now have about seven times as many residential customers as they have non-residential ARES customers.

Of course, looking at the number of customers gives us only a portion of the overall picture. The following charts show that even the large rise in residential customers has not changed the fact that, as a whole, suppliers provide substantially more electricity to non-residential than to residential customers.



Besides showing that the amount of electricity sold to non-residential customers is far larger than that sold to residential customers, the first graph shows the seasonal variation in the RES-provided supply over the last three years. It also shows that the non-residential RES usage rose during the last 12 months while the residential RES usage declined following the end of the Chicago aggregation program.

Residential and Non-Residential Share of RES Supply



In terms of monthly kilowatt hours, the active suppliers in ComEd's service territory have been providing upwards of 4 billion kWh per month to their non-residential customers during the last few years. While the non-residential usage provided by the suppliers continues to be the lion share of RES-provided usage, the electricity provided to residential customers jumped from just over five percent in 2012 to almost a quarter of the entire usage by 2014. However, the share of the residential usage provided by retail electric suppliers has gone down in the last year.

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, 28 ABCs received a license from the Commission and 14 entities filed to withdraw their license, bringing the total to 362 licensed ABCs. Additionally, in March 2016, the Commission initiated 29 Citation Proceedings against ABCs that failed to file Annual Reports as required by Section 16-115C of the Act.

D. Supplier use of UCB/POR for non-residential customers

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

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 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 kilowatts, this combination of utility consolidated billing with the purchase of receivables is therefore also limited to customers with a demand of less than 400 kilowatts.

As of May 31, 2016, 24 suppliers were using Ameren's UCB/POR service for residential customers (up from 22 a year earlier) and 24 suppliers were using UCB/POR for non-residential customers (up from 21 a year ago). As for ComEd, as of May 31, 2016, 56 suppliers were using ComEd's UCB/POR service for residential customers (up from 48 at the time of this report last year) and 55 suppliers were using UCB/POR service for non-residential customers (up from 49 last year).

While all suppliers are currently using UCB/POR for their residential customers, it is worth noting the widespread use of UCB/POR in the non-residential classes as well. By reviewing ComEd's monthly data, we are able to compare the number of new UCB/POR customers in a particular customer class to the number of total new ARES customers for that customer class. Analyzing the June 2012 to May 2016 time period, it shows that suppliers are using UCB/POR for all non-residential customers for which it is available, meaning the Watt-Hour¹⁰, the 0-100kW, and the 100-400kW customer class. For the Watt-Hour class, the ratio of new UCB/POR customers to total new ARES customers has generally been around 100%, with the ratio being over 100% in some months. A monthly ratio exceeding 100% means that existing ARES customers have been converted to utility-consolidated billing during that month. For the 0-100kW class, the ratio of new UCB/POR customers to total new ARES customers has varied between as low as 5% and as high as 95%. Even for the 100-400kW class, usually considered medium-sized customers, a substantial percentage of ARES customers were UCB/POR customers. In May 2016, ARES have used UCB/POR for 46% of their Watt-Hour customers, for 63% of their 0-100kW customers, and for 20% of their 100-400kW customers.

¹⁰ The Watt-Hour class consists of small commercial 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.

E. 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 Ameren Illinois 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 Ameren Illinois did 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 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 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, 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 alternative retail electric supplier.

In 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 an ARES. The Commission approved Ameren's petition, and thus, as of May 2014, Ameren Illinois no longer provides fixed-price bundled electric service to customers with peak demands above 150kW.

As a result, 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.

¹¹ ICC Docket No. 07-0478.

¹² ICC Docket No. 11-0192.

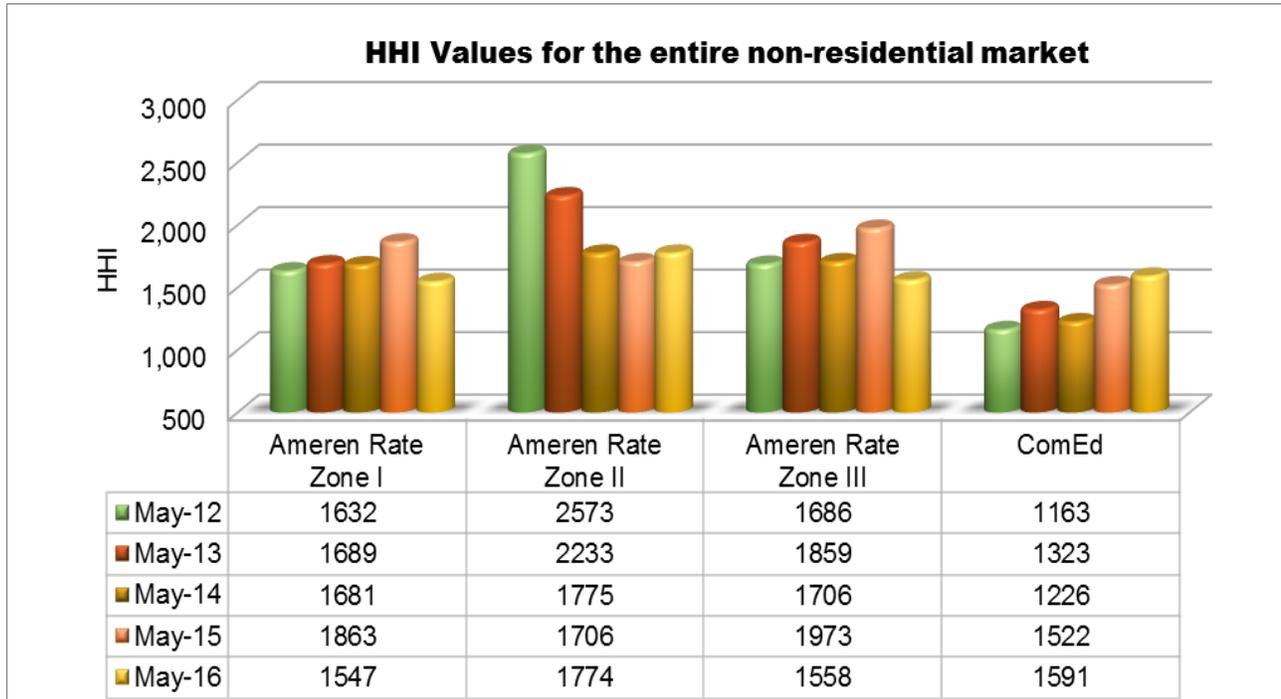
F. Non-residential market concentration

Similar to the prior annual reports, this year's report again analyzes the non-residential 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. 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 1,500 as unconcentrated (meaning many similarly sized firms compete for the same customers), a market with an HHI between 1,500 and 2,500 as moderately concentrated, and a market with an HHI above 2,500 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 non-residential 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.

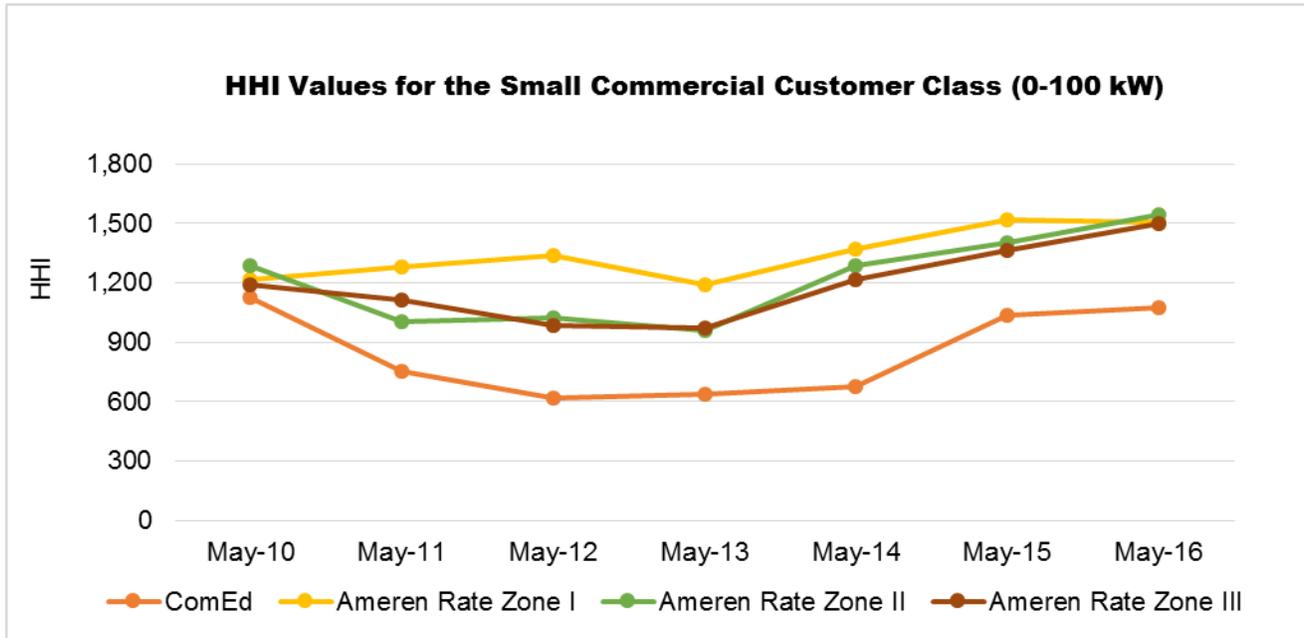
The first graph shows the HHI values for the total non-residential market among the four utility service areas. While it is unreasonable to assume that all non-residential customer classes are considered to be part of the same market, the overall HHI values shown here display the trend in market concentration from 2012 to 2016. The values also allow a relative comparison among the utility service territories. As the graph shows, the ComEd non-residential market has generally been less concentrated (meaning more suppliers with customers) than the three Ameren Illinois markets. It also shows that ComEd's total non-residential market has seen recent increases in market concentration while Ameren's Rate Zones I and III have gotten less concentrated. In fact, as of May 2016, Rate Zones I and III are at the level of ComEd's non-residential market. Ameren Illinois's Rate Zones have generally been in the moderately concentrated range of 1,500 to 2,500, with the exception of the 2012

value for Rate Zone II. While Rate Zone II has become less concentrated over the last few years, it is the most concentrated market as of May 2016.



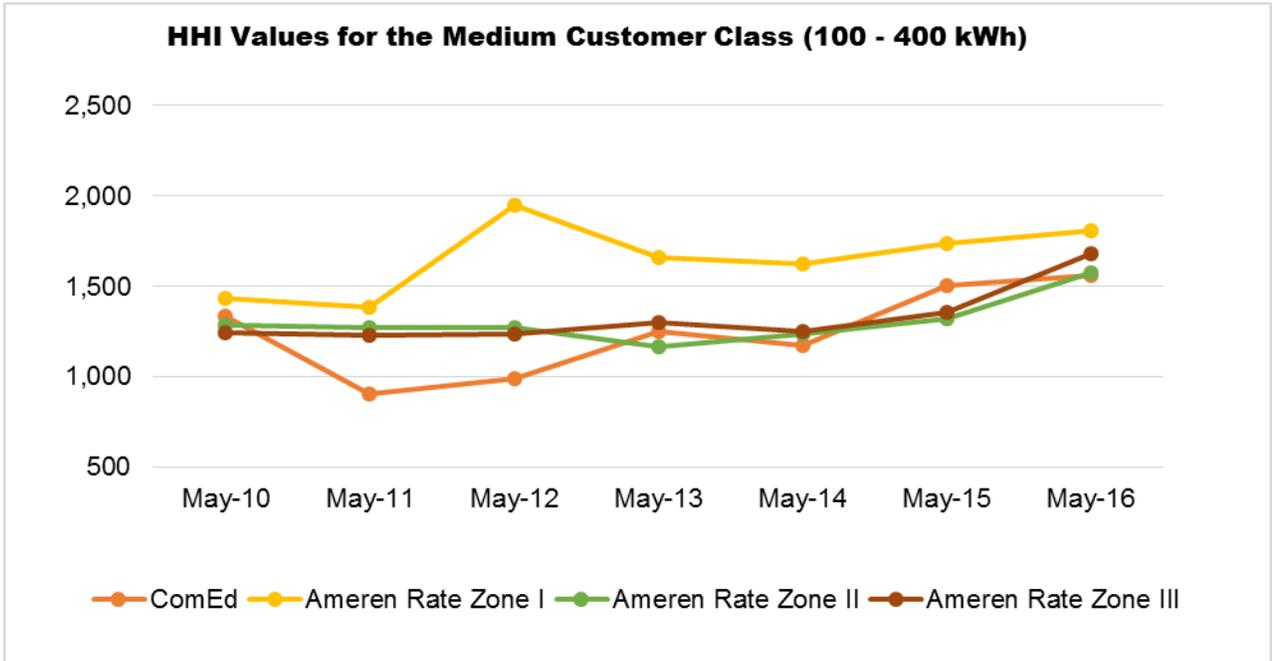
Turning to the individual non-residential customer classes, our analysis shows that the small and medium non-residential customer segments continue to be the least concentrated. This is true for all four utility service areas.

The following graph shows the HHI values for the small commercial class, with customers of demand up to 100kW. Generally speaking, the market for the small commercial customers has been, and continues, to be the most competitive non-residential market. It appears that this market sees entry not just from suppliers whose main focus is the small business customer. This market also sees activity by suppliers who generally focus on residential customers as well as suppliers who target the medium and large commercial customers.

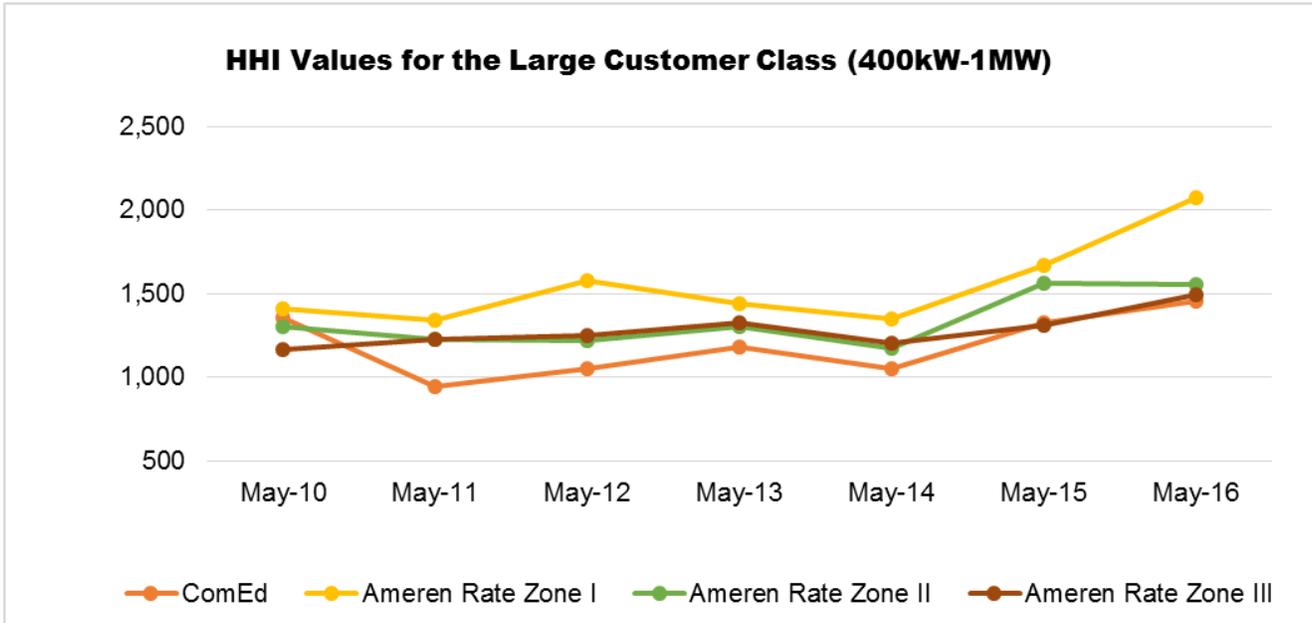


While the HHI value for Ameren’s Rate Zone I decreased in the last year, the three Ameren Illinois areas continue to show overall higher HHI values than the ComEd area. Ameren’s Rate Zones II and III saw increases in market concentration compared to last year and all three rate zones are now moderately concentrated at around the 1,500 mark. ComEd’s market saw a big increase in market concentration from 2014 to 2015, which is partially explained by the Constellation/Integritys merger, and experienced another small increase in the last year. Despite those recent changes, ComEd’s 0-100kW market remains to be a relatively unconcentrated market.

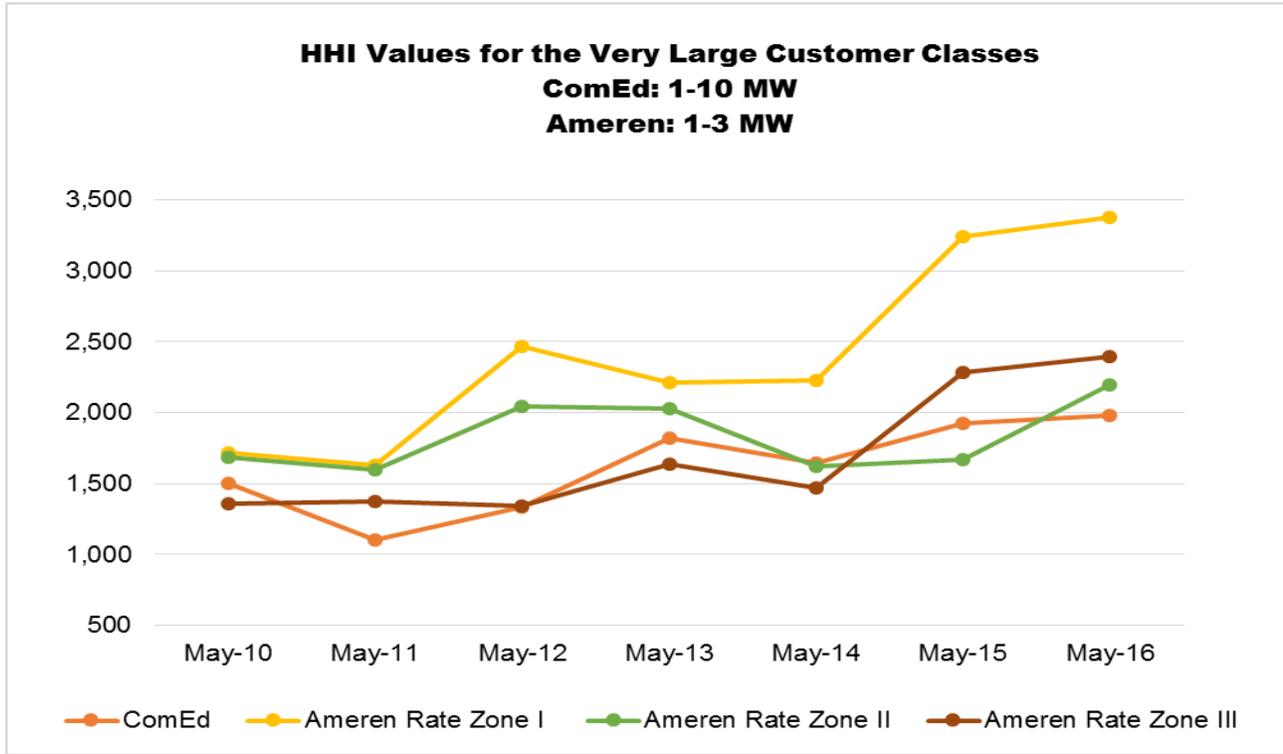
The next larger commercial customer segment (customers with demand between 100 and 400kW) generally shows HHI values in the 1,100 to 1,800 range for the last four years. While the ComEd market has usually been less concentrated than the Ameren markets, the May 2016 HHI value for ComEd is similar to the one for Ameren Rate Zone II and even the values for Rate Zones I and III are not significantly higher. The graph below also shows that, for the second year in a row, all four markets saw a year-over-year increase in concentration. In addition, Ameren’s Rate Zone I continues to exhibit the largest market concentration in this particular non-residential customer segment and all four markets are now considered moderately concentrated.



In the 400kW - 1MW customer market, three of the four utility areas saw an increase in market concentration for the second year in a row and all four areas are at their highest values since we started tracking HHI levels in 2010. There are about 1,200 customers of this size in Ameren’s three Rate Zones and about 4,100 in ComEd’s area. Last year it was Ameren’s Rate Zone II with the biggest jump and this year it is Rate Zone I that saw the biggest increase compared to last year while the concentration in Rate Zone II declined slightly. Three of the utility markets are now right around the 1,500 mark and Ameren’s Rate Zone I is above 2,000 as of May 2016.



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. ComEd reports switching activity for the 1 - 10MW class, while Ameren reports for the 1 - 3MW, the 3 - 6MW, and the over-6MW classes. 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 even in ComEd's area, the HHI value is close to 2,000, which is significantly higher than it is for ComEd markets with smaller-sized customers. The graph also shows that Rate Zone I shows by far the highest market concentration in Ameren's areas. In addition, Ameren's Rate Zone II has seen the sharpest increase in concentration over the last year.



While we did not include graphs for the largest customer classes, we can report that ComEd's over-10MW demand class has seen HHI values above 2,000 for three of the last four years. As of May 2016, we show a value of 2,197.

Some customer segments in the Ameren territory, however, showed significantly higher HHI values. Ameren's Rate Zone II has seen some HHI values well above 4,000 for the over-6MW class over the last few years. The last two years the value has been around 3,300. The over-6MW class in Rate Zones I and III had values of around 2,400 and 1,700, respectively, as of May 2016. Rate Zone II also continues to have the highest concentration in the 3 - 6MW customer class, with a value of about 2,500 as of May 2016. The numbers for Rate Zones I and III were 2,000 and 2,200, respectively.

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. In addition, many markets saw a further increase in concentration even after significant increases the previous year.

G. Residential activity

As was the case the year before, the last 12 months saw several more communities, including the City of Chicago, deciding to end their aggregation programs. As a result, overall residential switching levels have declined for the second year in a row. In addition, unlike last year, the number of residential customers receiving ARES service outside of an aggregation program has also decreased in the last 12 months.

As we did in last year's report, we will attempt to capture the residential activity by looking at four different indicators. We start by looking at 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. We will then look at the increase in 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. Third, we will provide a market-share analysis of the residential ComEd market over the last twelve months. Lastly, we provide an estimate of savings (in dollars) realized by the residential customers that have been on ARES service during the last year.

1. Customer switching

For the second time since residential switching began in 2011, the number of residential customers receiving supply from an ARES decreased year-over-year. As of the end of May 2016, about 2 million residential customers are on ARES service, compared to about 2.7 million customers a year earlier and over 3 million customers two years ago. Even compared to May 2013, the number of residential ARES customers has gone down. The following table shows the number, as well as the percentage, of residential customers who are receiving supply from a competitive supplier.

Residential Customers on Competitive Supply

	May 2012	May 2013	May 2014	May 2015	May 2016
Ameren Illinois Rate Zone I:	28,459	147,513	185,251	172,449	180,480
Ameren Illinois Rate Zone II:	12,752	138,163	140,439	129,211	126,871
Ameren Illinois Rate Zone III:	47,124	277,229	345,911	308,554	326,904
ComEd:	406,144	2,312,654	2,356,669	2,126,674	1,434,319
Total:	494,479	2,875,559	3,028,270	2,736,888	2,068,574
Ameren Illinois Rate Zone I:	8.7%	45.2%	63.9%	53.0%	55.6%
Ameren Illinois Rate Zone II:	6.8%	73.2%	74.5%	68.5%	67.1%
Ameren Illinois Rate Zone III:	8.7%	51.2%	63.9%	56.9%	60.2%
ComEd:	11.9%	67.7%	68.5%	61.5%	40.9%

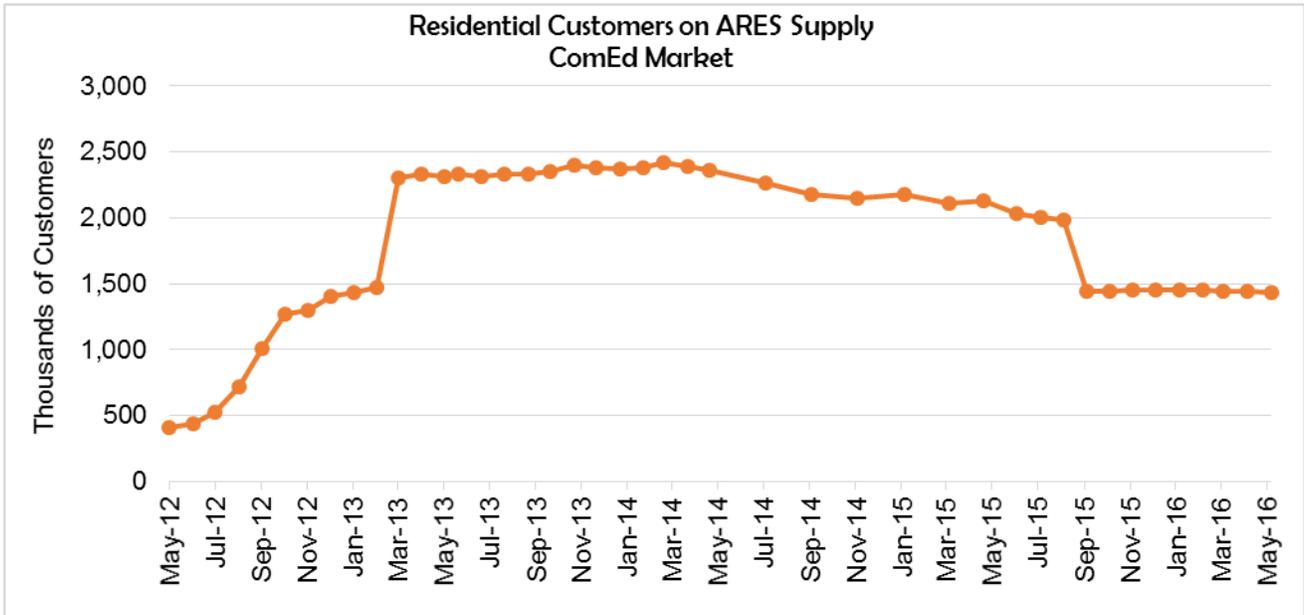
The table shows that the biggest drop (in percentage terms as well as in absolute customer numbers) occurred in ComEd's service territory. Ameren Rate Zones I and III actually saw growth compared to last year, even though the numbers are not back to the levels seen in 2014. Even with the drop in Rate Zone II, the total number of Ameren Illinois' residential customers on competitive supply grew from 610,214 in May 2015 to 634,255 in May 2016. The number of residential ARES customers in ComEd's service area (which has more than three times as many residential customers as Ameren Illinois' areas) shrunk by about 692,000 in the last year and has decreased by nearly a million customers from the peak in 2014.

The share of residential aggregation customers was 64% of all residential ARES customers in May 2016. This is down from close to 70% a year earlier. Broken down by utility

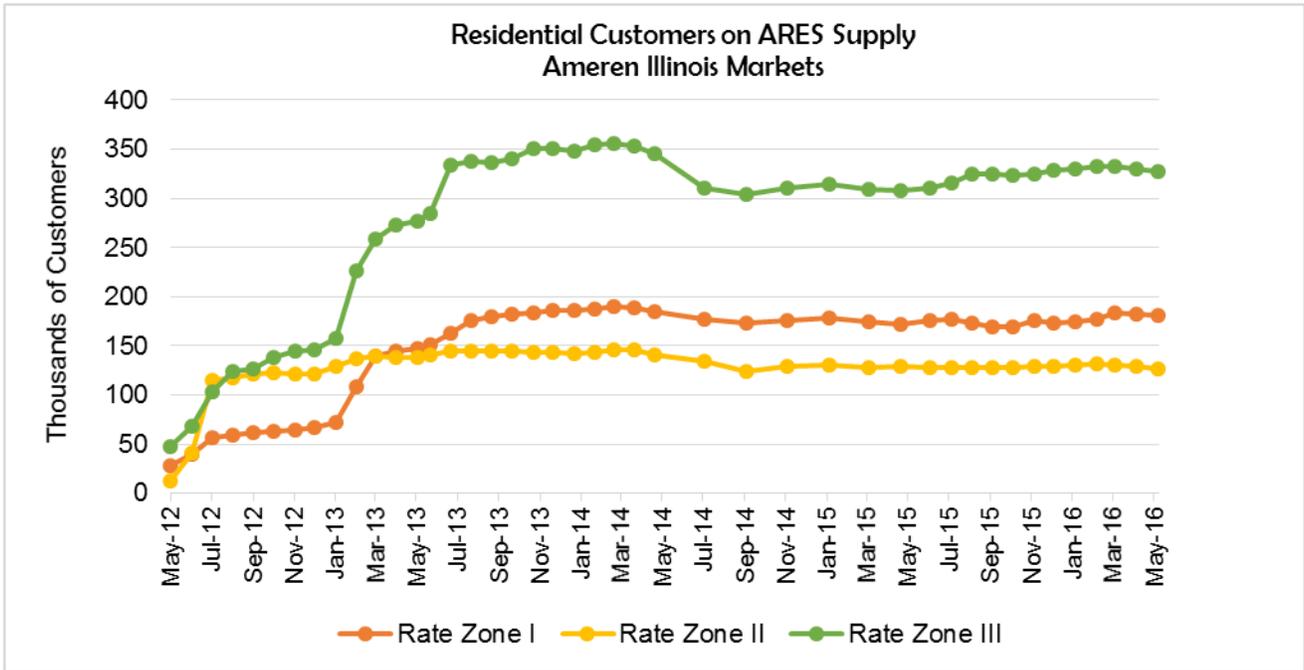
area, 544,246 of the 634,255 residential RES customers in Ameren Illinois' areas, or 86%, are government aggregation customers. This represents another increase compared to the 83% aggregation share from a year earlier. The number of residential aggregation customers increased by over 39,000 in the last year. This is a bigger increase than the increase in the number of total residential ARES customers, which was about 24,000 customers during the same period, and it means that the number of residential customers on non-aggregation RES service declined during the last 12 months.

In ComEd's area, 782,749 of the 1,434,319 residential RES customers, or 55%, are government aggregation customers. This share is down from about 66% last year and is significantly less than the 83% aggregation share in Ameren Illinois' areas. The number of residential aggregation customers decreased by almost 618,000 in the last year. Since the total number of residential ARES customers decreased by more than 692,000 in the last year, the number of residential customers on non-aggregation RES service saw a year-over-year decline for the first time since residential switching began in 2011. In May 2015, 726,271 residential customers received service from an ARES outside an aggregation program and a year later, that number is 651,570.

The following two graphs show the residential switching levels for ComEd and the three Ameren Illinois service areas.



The graph shows the spikes in switching following government aggregation initiatives, most notably the mass switching of the City of Chicago aggregation customers in early 2013. It also shows the drop in September 2015 when the City of Chicago ended its aggregation program. The graph also shows that the peak (so far) of residential ARES customers occurred in March 2014. At that time, more than 2.4 million residential customers, or 70% of ComEd’s total residential customers, received electric service from an ARES. As of May 2016, less than 41% of ComEd’s total residential customers receive electric service from an ARES.



Similar to ComEd, the two major spikes in switching activity followed the March 2012 and November 2012 municipal aggregation referendums. However, unlike ComEd’s area, the Ameren Illinois areas experienced only modest declines in residential ARES service during the last two years. In fact, Rate Zones I and III saw an increase in the percentage of residential customers receiving service from an ARES in the last year. As of May 2016, about 56% of residential customers in Rate Zone I, 67% in Rate Zone II, and about 60% in Rate Zone III have switched to a competitive supplier. It also worth pointing out that the vast majority (86% as of May 2016) of the residential ARES customers in Ameren Illinois’ service territory are part of an aggregation, whereas only 55% of residential ARES customers in ComEd’s territory are part of an aggregation.

2. 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 it may aggregate electrical load. Specifically, 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, 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 commercial customers prior to the adoption of an ordinance for the aggregation of these loads.

Statewide, a total of 742 communities have passed referendums approving aggregation programs. The following table compares the municipal aggregation activity over the various election dates:

	Apr -11	Mar -12	Nov -12	Apr - 13	Mar - 14	Nov- 14	Feb - 15	Mar - 16
Referendums Passed	20	246	207	204	52	12	2	2
Aggregation Programs Announced or Implemented	19	244	192	187	48	6	2*	2*
# of "winning" suppliers - ComEd	4	8	8	7	7	4	1*	N/A*
# of "winning" suppliers - AIC	N/A	3	5	3	1	1	1*	1*
Average Rate - ComEd	5.75	4.85	5.11	5.82	7.04	6.57	6.59*	N/A
Average Rate - Ameren Illinois	N/A	4.12	4.42	4.31	5.34	5.67	5.80*	5.31*

*As of June 1, 2016

The number of different "winning" suppliers, meaning the aggregation suppliers being selected by the community leaders, has declined from a high of 14 different suppliers last year to a total of ten suppliers currently serving opt-out aggregation programs. Breaking it down further, there are currently ten different suppliers serving aggregation customers in ComEd's

area and only two different suppliers currently serving aggregation customers in Ameren Illinois' areas. All of the aggregation suppliers in Ameren Illinois' area are also aggregation suppliers in the ComEd service area. There is significantly less competition for aggregation contracts in the Ameren Illinois markets than there is for aggregation contracts in the ComEd market. Every initial aggregation contract in the last four sets of Ameren Illinois aggregation communities (March 2014 through March 2016 referendum dates) was won by the same supplier. The data gathered from publicly available information also shows that the simple average electric supply rate of the communities with announced or implemented aggregation programs shows significant variation depending on the date of the referendum¹³. The table shows that the lowest prices have generally been achieved by the communities with a referendum in 2012.

A number of communities that implemented aggregation programs in 2011 -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. The following table provides an overview as of June 2016.

	Communities Passing a Referendum	Aggregation Programs Implemented	Active Aggregation Programs	Expired Aggregation Programs	Average Rate (in cents per kWh)
ComEd	358	347 (97%)	278 (78%)	69 (19%)	6.86
Ameren	384	377 (98%)	332 (86%)	45 (12%)	5.77

It shows that, as of June 2016, 114 of the 742 communities (about 15%) who implemented an aggregation program let their aggregation end. Besides including the number

¹³ The information for the aggregation programs is reflective of data that was available as of June 2016. Updated information can be found at www.pluginillinois.org/MunicipalAggregationList.aspx.

of communities with active or expired programs, we also calculated the simple average rate of the active aggregation programs as of June 2016. 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.

3. Residential Savings Estimate

The last four annual reports included an estimate of the total annual savings realized by residential RES customers in ComEd's service area. We looked at the preceding 12-month period and we compared the amount residential customers as a whole spent on RES service to the amount those customers would have spent had they stayed on ComEd's fixed-price bundled service.¹⁴ In every year, we calculated the savings with and without the effects of the Purchased Electricity Adjustment ("PEA")¹⁵. We have done the same analysis for this year's report, allowing us to look at a five-year total tally. In addition, we have performed this analysis for the first time for the Ameren Illinois service areas. We will start by showing the results for the ComEd area and then present the findings for the Ameren Illinois areas.

¹⁴ For the first two years we performed this analysis, we took into account 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.

¹⁵ 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.

Before we display the calculations for the most recent twelve-month period, we show the results from the first four years we performed this analysis for ComEd customers (June 2011 through May 2015). The following tables show the aggregate residential savings of around \$247 million, with about \$215 million resulting from comparing the suppliers' average rate to ComEd's Price-to-Compare ("PTC"). The ComEd PTC is comprised of the Electric Supply Charge and the PJM Transmission Services Charge. The remaining \$32 million in savings result 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.

	Total Annual Savings compared to ComEd's PTC	Total Annual PEA Impact	Total Annual Savings inclusive of the PEA Impact	Annual Average Savings compared to ComEd's PTC (cents per kWh)	Annual Average Savings inclusive of the PEA (cents per 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

Planning year Ending in May	Annual Savings compared to ComEd's PTC (in million)	Annual Savings inclusive of the PEA Impact (in million)
2012	\$17.2	\$24.2
2013	\$250.8	\$257.5
2014	-\$40.2	\$38.7
2015	-\$12.3	-\$73.4
Four-year total	\$215.5	\$247

We now show the results of the calculations for the most recent twelve-month period. In order to calculate how much residential customers have saved by switching away from the utility, one needs at least three different sets of data: 1) the rate the customers would have paid under the utility's default rate, 2) the rate the customers actually paid under the supplier's rate, and 3) the amount of electrical usage each supplier 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 suppliers' prices, almost all suppliers provided us with monthly average residential rates for the past twelve months in response to a Staff Data Request.

It is important to keep in mind that these are total, or aggregate, savings and that the savings for almost all individual customers differ from these averages. In addition, these calculations are ex-post calculations and do not take into account how ComEd's default rates would have been different had more or fewer customers stayed on the utility's default supply service. Also, not captured in these numbers are rewards and incentives that are not part of the suppliers' 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 suppliers. For these reasons we decided to compare just the average rates of the suppliers to the rates of the utility Price-to-Compare.

The following table shows the monthly comparisons for the most recent 12-month period:

June 2015 to May 2016

	Monthly Savings compared to ComEd's PTC	Monthly PEA Impact	Monthly Savings inclusive of the PEA Impact	Monthly Average Savings compared to ComEd's PTC (in cents per kWh)	Monthly Average Savings inclusive of the PEA (in cents per kWh)
Jun-15	-\$6,492,747	-\$669,476	-\$7,162,223	-0.562	-0.620
Jul-15	-\$7,690,898	-\$5,293,230	-\$12,984,129	-0.561	-0.947
Aug-15	-\$9,264,194	\$2,544,675	-\$6,719,519	-0.535	-0.388
Sep-15	-\$8,416,694	-\$4,682,936	-\$13,099,630	-0.710	-1.105
Oct-15	-\$6,082,511	-\$2,353,502	-\$8,436,013	-0.737	-1.022
Nov-15	-\$5,442,377	-\$1,631,375	-\$7,073,752	-0.714	-0.928
Dec-15	-\$6,809,693	-\$4,937,033	-\$11,746,726	-0.690	-1.190
Jan-16	-\$8,107,927	-\$5,841,733	-\$13,949,660	-0.694	-1.194
Feb-16	-\$7,012,802	-\$4,841,528	-\$11,854,330	-0.688	-1.163
Mar-16	-\$6,363,414	-\$3,056,661	-\$9,420,075	-0.743	-1.100
Apr-16	-\$4,239,980	-\$3,372,035	-\$7,612,015	-0.555	-0.996
May-16	-\$3,800,022	-\$1,346,227	-\$5,146,249	-0.533	-0.722
Totals	-\$79,723,261	-\$35,481,059	-\$115,204,320		
Average	-\$6,643,605	-\$2,956,755	-\$9,600,360	-0.643	-0.948

It shows that, on average, residential RES customers paid more during the last twelve months when compared to ComEd's PTC. In addition, given that the PEA was a credit in all but one month during the June 2015 through May 2016 period, the gap between the ComEd supply price and the average RES price increased even more. In terms of cents per kWh, residential RES customers paid about 0.64 cents/kWh more when compared to the ComEd PTC only, and about 0.95 cents/kWh more when taking into account the PEA.

Taking the most recent 12-month period into account, the five-year tables look as follows:¹⁶

	Total Annual Savings compared to ComEd's PTC	Total Annual PEA Impact	Total Annual Savings inclusive of the PEA Impact	Annual Average Savings compared to ComEd's PTC (cents per kWh)	Annual Average Savings inclusive of the PEA (cents per 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

¹⁶ All amounts are absolute amounts and have not been adjusted for inflation.

Planning year Ending in May	Annual Savings compared to ComEd's PTC (in million)	Annual Savings inclusive of the PEA Impact (in million)
2012	\$17.2	\$24.2
2013	\$250.8	\$257.5
2014	-\$40.2	\$38.7
2015	-\$12.3	-\$73.4
2016	-79.7	-115.2
Five-year Total	\$135.8	\$131.80

The tables show that the five-year total savings for residential RES customers is estimated to be around \$132 million when taking into account the PEA. It also shows that the five-year total savings were accumulated in the first three years we performed these calculations and that, on average, residential RES customers paid more than the ComEd rate during the last two years.

Looking at this from a cents/kWh perspective, the average savings per kWh was close to 1 cent when compared to ComEd's Price-to-Compare and close to 1.4 cent when taking into account the Purchased Electricity Adjustment for the June 2011 through May 2012 period. For the June 2012 through May 2013 period, the average savings per kWh was about 2.1 cent when compared to ComEd's PTC and about 2.3 cent when taking into account the PEA. For the June 2013 through May 2014 period, the average RES rate was about 0.2 cent above ComEd's PTC and 0.19 cent below ComEd's supply rate when taking into account the PEA. For the June 2014 through May 2015 period, the average RES rate was about 0.08 cent above ComEd's PTC and 0.45 cent above ComEd's supply rate when taking into account the PEA. Finally, for the June 2015 through May 2016 period, the average RES rate was about 0.64 cent above ComEd's PTC and 0.95 cent above ComEd's supply rate when taking into account the PEA.

Reviewing the tables above shows that, on average, a RES customer consuming 500 kWh/month saved approximately \$139 for the year during the planning year that ended in

May 2013. The same average RES customer saved just over \$11 during the planning year that ended in May 2014, paid \$27 more during the planning year that ended in May 2015, and paid \$57 more during the planning year that ended in May 2016.

An average RES 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, paying \$64 more during the planning year that ended in May 2015, and paying \$136 more during the planning year that ended in May 2016. Again, these are averages and almost all customers are either below or above the average.

As mentioned above, we performed a savings analysis for the Ameren Illinois area for the first time this year. In comparison to the analysis for the ComEd area, there was one additional factor we had to take into account: the two-block rate for the non-summer months. From October to May, Ameren Illinois' supply rate has a lower rate for usage above 800 kWh. In order to account for this, we asked Ameren Illinois to provide us with the weighted average rate based on actual usage during those months. Given that the usage characteristics vary across the three rate zones, we had to perform the savings calculations separately for each of the rate zones, even though many suppliers did not differentiate their residential rates based on rate zones. Other than this additional step, we followed the same steps as we did for the ComEd calculations.

The first table combines the results of the three rate zones to give an overview of the entire Ameren Illinois area:

Ameren Illinois All Rate Zones Combined**June 2015 to May 2016**

	Monthly Savings compared to Ameren's PTC	Monthly PEA Impact	Monthly Savings inclusive of the PEA Impact	Monthly Average Savings compared to Ameren's PTC (in cents per kWh)	Monthly Average Savings inclusive of the PEA (in cents per kWh)
Jun-15	\$3,334,721	-\$261,894	\$3,072,827	1.968	1.812
Jul-15	\$2,718,430	-\$616,441	\$2,101,990	1.326	1.041
Aug-15	\$3,125,662	-\$926,247	\$2,199,416	1.381	0.988
Sep-15	\$2,602,919	-\$856,835	\$1,746,083	1.324	0.919
Oct-15	-\$1,349,234	-\$421,878	-\$1,771,112	-0.748	-1.012
Nov-15	-\$190,874	-\$320,187	-\$511,061	-0.046	-0.289
Dec-15	-\$1,589,151	-\$436,464	-\$2,025,615	-0.838	-1.093
Jan-16	-\$3,751,117	-\$1,362,537	-\$5,113,653	-2.859	-3.486
Feb-16	-\$3,418,230	-\$910,800	-\$4,329,029	-1.531	-1.972
Mar-16	-\$2,064,863	-\$1,396,836	-\$3,461,699	-1.065	-1.890
Apr-16	-\$1,052,485	-\$611,660	-\$1,664,144	-0.619	-1.036
May-16	-\$388,046	-\$488,800	-\$876,846	-0.207	-0.591
Totals	-\$2,022,266	-\$8,610,578	-\$10,632,844		
Average	-\$168,522	-\$717,548	-\$886,070	-0.160	-0.551

The summary table reveals that residential RES customers saved significantly during the summer months but that Ameren's low rate for usage above 800 kWh during the non-summer months erased all of those savings when taking an annual view. On average, residential RES customers (which were overwhelmingly aggregation customers) paid about half a cent more per kWh than Ameren Illinois' bundled service customers between June 2015 and May 2016.

The next table breaks down the annual numbers by rate zone:

	Total Annual Savings compared to Ameren's PTC	Total Annual PEA Impact	Total Annual Savings inclusive of the PEA Impact	Annual Average Savings compared to Ameren's PTC (cents per kWh)	Annual Average Savings inclusive of the PEA (cents per kWh)
Rate Zone I	-\$4,880,734	-\$2,605,697	-\$7,486,431	-0.358	-\$0.490
Rate Zone II	\$3,523,105	-\$1,824,501	\$1,698,604	0.243	\$0.111
Rate Zone III	-\$664,637	-\$4,180,380	-\$4,845,017	-0.044	-0.172

It shows that, on average, residential RES customers in Rate Zones I and III paid more than customers on Ameren Illinois' supply service and that RES customers in Rate Zone II saved money when compared to Ameren Illinois' rate.

4. Active suppliers

Having looked at the customer switching numbers, the following table shows the increase in residential supplier activity over the last four years.

Residential Suppliers

	May 2012	May 2013	May 2014	May 2015	May 2016
ComEd - ICC certified	40	57	61	60	67
ComEd -- active	27	42	51	48	57
Ameren IL - ICC certified	26	33	36	34	41
Ameren IL -- active	10	17	23	22	25

The table above shows that the number of certified and active suppliers has gone up again after having experienced the first year-over-year decrease last year. For both ComEd and Ameren areas, the number of active suppliers is now at its highest level to date. In 2014 and 2015, the number of active residential suppliers in the ComEd market had been about twice the number of active suppliers in the Ameren Illinois market but that gap has narrowed somewhat in 2016. This is especially noteworthy given that the market concentration in the Ameren residential market has gone up recently while the market concentration in the ComEd market has decreased from last year. Lastly, it continues to be true that all suppliers that have residential customers in the Ameren Illinois areas also have residential customers in the ComEd area.

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. The tables below 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.

Residential Suppliers Posting on PlugInIllinois.org

Utility Area	# of Suppliers posting in May 2012	# of Suppliers posting in April 2013	# of Suppliers posting in April 2014	# of Suppliers posting in April 2015	# of Suppliers posting in April 2016
ComEd -- Total	20	28	29	30	31
Ameren IL - Total	6	10	11	10	13

Residential Offers Posted on PlugInIllinois.org

Utility Area	# Offers May 2012	# Offers April 2013	# Offers April 2014	# Offers April 2015	# Offers April 2016
ComEd - Total	61	63	59	75	94
Ameren IL - Total	11	20	22	24	34

Given the large number of residential offers for ComEd customers, we will take a closer look at the type of offers posted so far. The following table compares the type of offers posted in May 2012, April 2013, April 2014, April 2015, and April 2016.

Type of Residential Offer	# of Offers in May 2012	# of Offers in April 2013	# of Offers in April 2014	# of Offers in April 2015	# of Offers in April 2016
Total	61	63	59	75	94
Fixed	51 (84%)	46 (73%)	41 (69%)	57 (76%)	73 (78%)
Variable	10 (16%)	17 (27%)	17 (31%)	16 (21%)	17 (18%)
Fixed with Early Termination Fee	34 (67%)	29 (63%)	28 (68%)	37 (65%)	45 (62%)
Fixed without Early Termination Fee	17 (33%)	17 (37%)	13 (32%)	20 (35%)	28 (38%)
< than 12-month Term	6 (12%)	23 (37%)	22 (37%)	24 (32%)	32 (34%)
12-month Term	26 (51%)	28 (44%)	26 (44%)	29 (39%)	33 (35%)
13-23 month Term	3 (6%)	2 (3%)	5 (8%)	6 (8%)	6 (6%)
24-month Term	16 (31%)	10 (16%)	4 (7%)	11 (15%)	18 (19%)
> than 24-month Term	1 (2%)	0 (0%)	2 (3%)	5(6%)	5 (5%)
Green/Renewable	21 (34%)	18 (29%)	23 (39%)	21 (28%)	26 (28%)

The table allows us to make several observations. First, while their share had declined through 2014, the percentage of fixed price offers has gone up the last two years. Second, in every year, more than half of the posted offers have either a one- or two-year contract term. Furthermore, only five of the 94 offers posted in April 2016 have a term longer than two years. On the other hand, offers with a term of less than one year make up more than a third of all offers. Third, about two thirds of the fixed offers have an early termination fee. Lastly, 26 of the 94 offers have a “green” / renewable content higher than what is required by the state’s renewable portfolio standard.

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

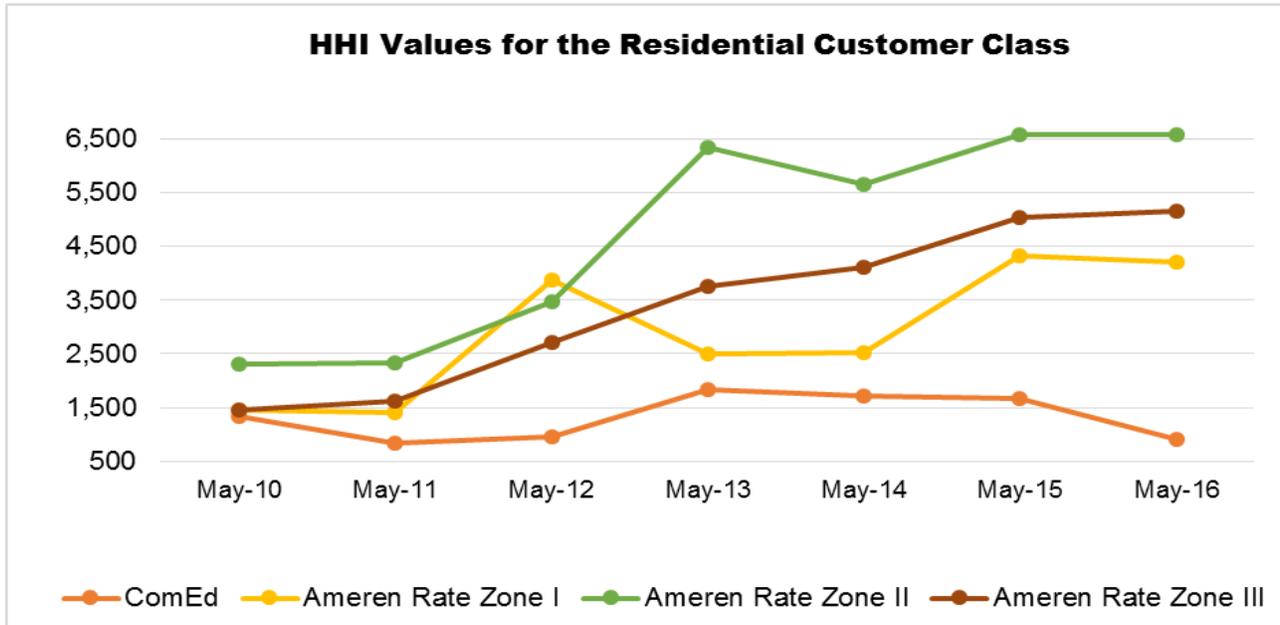
Type of Residential Offer	May 2012 Average Price (in cents/kWh)	April 2013 Average Price (in cents /kWh)	April 2014 Average Price (in cents / kWh)	April 2015 Average Price (in cents / kWh)	April 2016 Average Price (in cents / kWh)
Fixed	6.37	6.21 (-3%)	7.76 (+25%)	7.78 (+0.26%)	7.23 (-7%)
Variable	7.00	7.07 (+1%)	8.49 (+20%)	8.48 (-0.12%)	7.86 (-7%)
Fixed with Early Termination Fee	6.35	6.00 (-6%)	7.80 (+30%)	7.60 (-3%)	7.51 (-1%)
Fixed without Early Termination Fee	6.32	5.64 (-12%)	6.97 (+24%)	7.89 (+13%)	6.80 (-14%)
< than 12-month Term	6.14	6.78 (+9%)	7.79 (+15%)	7.89 (+1%)	7.31 (-7%)
12-month Term	6.52	5.92 (-10%)	7.64 (+29%)	8.07 (+6%)	7.05 (-13%)
13-23 month Term	6.33	6.22 (-2%)	7.59 (+22%)	7.28 (-4%)	7.58 (+4%)
24-month Term	6.15	5.60 (-10%)	5.92 (+6%)	7.65 (+29%)	7.55 (-1%)
> than 24-month Term	6.30	N/A	7.58	8.27 (+9%)	8.84 (+7%)
Green/Renewable	6.98	6.83 (-2%)	8.57 (+25%)	8.60 (+0.35%)	8.05 (-6%)
ComEd Price-to-Compare, incl. PEA	8.23	8.80	5.97	8.07	6.55

The comparison shows that the average price of the various types of offers was lower in April 2016 than it had been in April 2015. The largest decreases occurred in the fixed offers without early termination fees and in the offers with a 12-month term. However, ComEd's Price-to-Compare dropped even more during the same period. The effects of this trend are visible in the savings analysis in the preceding section of this report. Finally, looking at the average prices for the different term lengths, it shows that, in April 2016, the average price for a twelve-month fixed offer was lower than the average price for a 24-month fixed offer for the first time in five years.

5. Residential market concentration

As the previous section on supplier activity suggests, currently there is significantly less market concentration in the ComEd residential market than in the Ameren Illinois residential market. This difference has even increased compared to a year ago, with the HHI values in the three Ameren Rate Zones about 3-4 times higher than in the ComEd market. The following graph shows the monthly HHI values for the residential class in both ComEd and Ameren Illinois' areas from 2010 to 2016.¹⁷

¹⁷ 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 graph illustrates several trends. First, ComEd’s residential market continues to exhibit very little market concentration when compared to the three Ameren Illinois Rate Zones. In fact, while the market concentration in Ameren Illinois’ areas has not changed significantly in the last year, the HHI value in ComEd’s market dropped substantially from last year, thereby further widening the gap.

Second, the ComEd residential market is now considered “unconcentrated” per the DOJ and FTC’s merger guidelines for the first time since 2012. A big part of the drop in market concentration is the end of the Chicago aggregation program last year, 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. This is because the majority of the customers did not select a new supplier and instead went on ComEd’s default bundled service again.

Third, while all three Ameren rate zones have very high market concentration, Ameren’s Rate Zone II continues to be the most concentrated residential market by a wide margin. The fact that 86% of the residential ARES market in Ameren Illinois’ areas consists of aggregation customers, and the vast majority of the aggregation programs are with the same supplier help explain this phenomenon.

Having looked at the HHI values for the different utility service areas, we will now take a closer look at the ComEd residential market. The HHI values shown above already tell us that the current market would be considered an unconcentrated market. The next table highlights the changing market dynamics over the last few years:

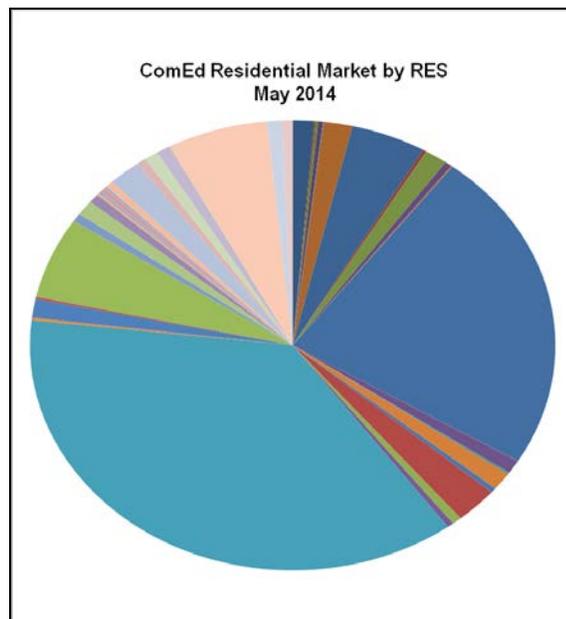
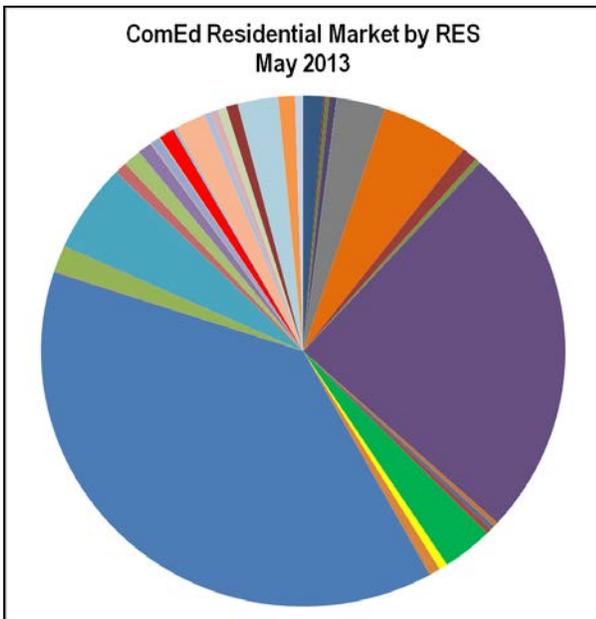
ComEd Residential Market Shares by Customers

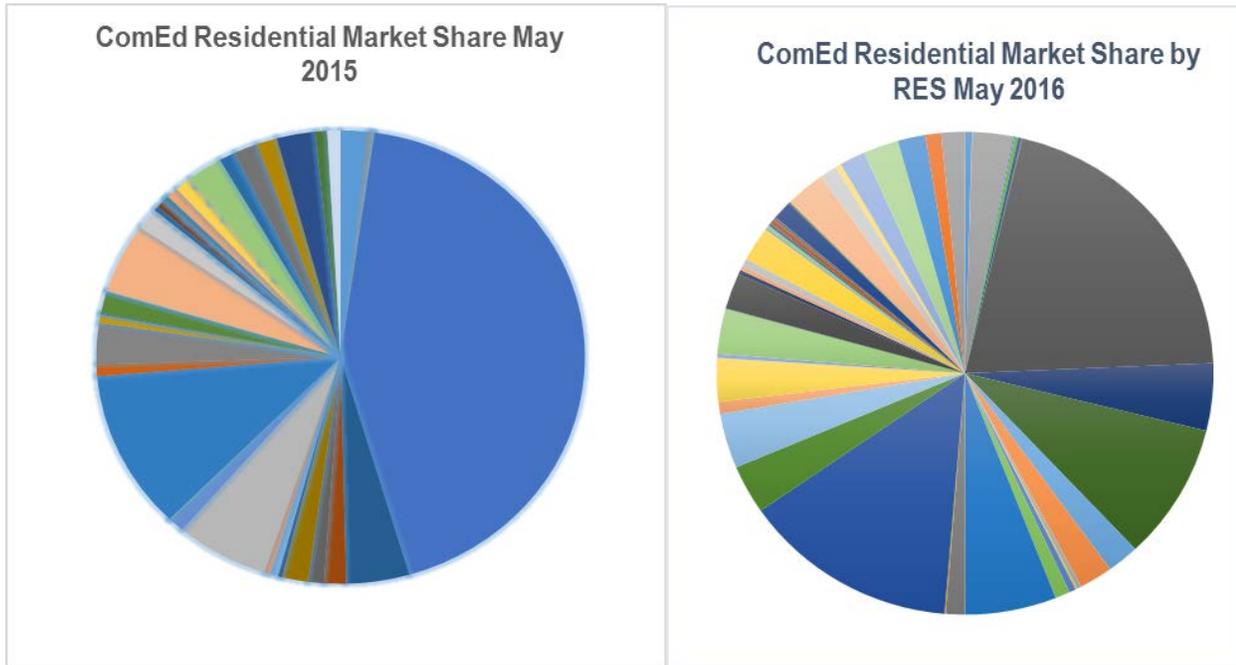
	May 2012	May 2013	May 2014	May 2015	May 2016
Share of largest 3 suppliers	44%	69%	66%	61%	44%
# of suppliers with customers	27	41	50	48	57
# of suppliers with >15% share	1	2	2	1	1
# of suppliers with >5% and <15% share	5	2	2	2	3
# of suppliers with <5% share	21	37	46	45	53
# of suppliers with < 1% share	11	30	38	29	34

The table shows that the market share of the three suppliers with the highest market share (in terms of residential customers), which increased significantly in 2013, has now come back down exactly to the 2012 level. This seems even more remarkable when one considers that the number of suppliers with customers is now at a new high of 57 suppliers, more than double the number in 2012. It is also worth pointing out that 53 of the 57 suppliers with residential customers had a market share of less than 5% and 34 of suppliers with residential customers had a market share of less than 1%. However, compared to last year, when only 19 suppliers had a market share above 1%, this year shows 23 suppliers having surpassed that mark. Given that the universe of residential ARES customers in ComEd's area was about 1.4 million as of May 2016, 19 different suppliers had at least 21,000 residential customers as of that date. In addition, for the first time since 2012, there are more than two suppliers with a

market share between 5% and 15%. For the second year in a row, only one supplier had a market share above 15%.

The following four pie charts are a visual representation of the changes in supplier diversity. The first chart shows the make-up of ComEd's residential market in May 2013, the second chart shows the composition as of May 2014, the third chart reflects the ComEd Residential Market Share in May 2015 and the fourth chart represents the most recent data.





IV. Additional Consumer Protections and Education

A. PlugInIllinois.org

PlugInIllinois.org is the Commission's electric choice education website aimed at providing residential and small commercial customers with a better understanding of their electric supply options. Public Act 97-0222 required Ameren Illinois and ComEd to include the PlugInIllinois.org internet address on its monthly bill. Since May 2012, both ComEd and Ameren Illinois have been sending out monthly bills with this information. The law also requires all suppliers to provide the PlugInIllinois.org website address to residential and small commercial customers.

In addition to the Complaint Scorecard, which ranks suppliers by their rate of complaints compared to the average rate of complaints for the entire residential market, the "Customer Complaint Statistics" also includes a Complaint Summary. The Complaint Summary 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 retail electric supplier.

When it comes to informal complaints received by the Commission, the ORMD and the Consumer Services Division work together to address any patterns in informal complaints or concerns with the marketing materials used by individual suppliers. In the first half of 2015, the Commission approved a settlement in two separate formal investigations into the marketing practices by retail electric suppliers. Docket Nos. 14-0512 (involving Major Energy Electric Services, LLC) and 15-0139 (involving Nordic Energy Services, LLC) resulted in refunds to current and former customers. In July 2015, the Commission issued an Order (Docket No. 15-0438) to initiate a Citation Proceeding against Sperian Energy Corp. for potential violations of the Public Utilities Act and the Commission's rules related to the marketing to residential and small commercial customers. The Consumer Services Division and the ORMD are constantly reviewing sales scripts and other materials used by retail electric suppliers in the marketing to residential and small commercial customers.

In addition to the recent updates to PluginIllinois.org, the ORMD maintains the residential Price-to-Compare information for customers of Ameren Illinois and ComEd. 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 kWh) to compare with ARES offers. Similar to ComEd, Ameren Illinois' Price-to-Compare combines Ameren Illinois's Electricity Supply Charges, including the Supply Cost Adjustment, with the Transmission Service Charge to come up with a price Ameren Illinois customers can compare to supplier offers. The ORMD also maintains a table with historical Prices-to-Compare for ComEd and Ameren Illinois customers. The historical Prices-to-Compare also include the Purchased Electricity Adjustment ("PEA") because, unlike future PEA values, historical PEA values are known and are part of the actual price paid utility supply customers.

The residential RES offer comparison matrix, available through the "Compare Offers Now" link, prompts customers to select their utility service area to see the suppliers' offers available in their area, and it allows them to compare the offers to their utility rate as well as to each other. For each offer posted, the offer comparison matrix displays the supplier's logo, which is also a link to the supplier's website, as well as the particular offer name, which links 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. It also lists the offer's cost for monthly usage levels of 500, 1,000 and 1,500 kWh. Customers are able to sort the offers by supplier, by price, or by the length of the term.

With the constant change in the status of communities with opt-out aggregation programs, the ORMD continues to maintain the informative Municipal Aggregation List of Communities 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 service area 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, service area or referendum date.

In September 2014, the Commission issued a Notice of Inquiry into items concerning the marketing of retail electric service to residential and small commercial customers. The ORMD received several rounds of written comments on a host of consumer protection topics that were contained in the Notice of Inquiry. The comments formed the basis for a July 2015 Staff Report to the Commission that contained several recommendations, including the recommendation to amend the Commission's rules regarding the marketing to residential and small commercial retail electric customers (Code Part 412). In September, 2015, the Commission initiated Docket No. 15-0512 to consider the amendment of rules to address the matters noted in Staff's Report. A large number of parties have intervened in that Docket and three rounds of comments formed the basis for a Proposed First Notice Order that was submitted to the Commission in March 2016. The Proposed First Notice Order addresses residential marketing terms such as "green" and "renewable" offers, additional disclosures for variable rate offers, an updated Uniform Disclosure Statement, additional requirements for in-person solicitations, among other issues.

B. Other regulatory activities

In 2013, the Commission initiated Docket No. 13-0506 to investigate the applicability of Sections 16-122 and 16-108.6 of the Public Utilities Act. These sections pertain to the release of customer-specific information by electric utilities. The Commission stated that that the deployment of the Advanced Metering Infrastructure, Net Metering, Peak-Time Rebate

Programs and certain Rate Design filings required by the electric utilities pursuant to statute has led to the immediate need for utilities to provide customer-specific information to third parties which may or may not conflict with other sections of the PUA. The ORMD participated in the Docket and hosted workshops that were ordered as part of the Commission's January 2014 Final Order. The workshop discussions led to a follow-up proceeding, Docket No. 14-0701, which, in an April 2015 Commission Order, determined the language and format of customer authorizations a supplier is required to obtain prior to receiving a customer's interval usage data for non-billing purposes.

Similar to Docket No. 14-0701, the ORMD participated in Docket No. 15-0073, where the Commission determined the language and format of customer authorizations for third-parties other than retail electric suppliers. The Commission entered an Order in Docket No. 15-0073 on March 23, 2016 which established the process for customer consent for interval usage data to be released to non-RES third parties.

V. Suggested Administrative and Legislative Action

The ORMD is hopeful that the pending Code Part 412 proceeding (Docket No. 15-0512) will satisfactorily address all items identified in Staff's July 2015 report and will lead to additional disclosure requirements for retail electric suppliers marketing to residential customers. As a result, the ORMD has no suggestions for administrative or legislative actions at this time.