FELLER ENERGY LAW

Resetting the New York Retail Energy Market

Energy-Related Value Added Products Impacted ESCO Coalition

March 28, 2016

Energy-Related Value Added Services

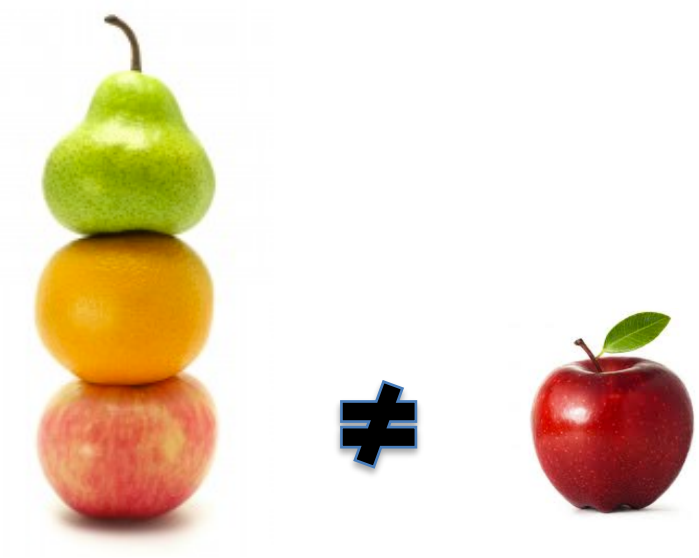
Cannot Universally Define Energy-Related Value-Added Service

- **ERVAS - ERAS =V** → ***It comes down to "Value"***
- Possible to quantify "value" for only a narrow group of "Value-Added Services" (ex: rebate or incentive)
- **Not possible to quantify value of vast majority of Value Added Products**
- **Attempted, but unable to define in Low Income Collaborative**
- PSC recognized ***"whether a particular offering falls w/in the definition of 'value-added' may depend on a case- by-case qualitative assessment."*** Order issued February 24, 2014 under 12-M-0476 at p. 2, fn 3
- **Value is determined by recipient of the Value-Added Service**

Energy-Related Value Added Services

***It is not apples to apples* - cannot compare ESCOs offering ERVAS to the local utility**

- ✓ **Services are different**
- ✓ **Pricing is different**
- ✓ **Business models and goals are different**
- ✓ **Customer base is different**
- ✓ **Customer expectations are different**



Limiting service offerings hurts customers and stifles innovation. Customer protection is achieved by requiring transparency, and raising the bar on ESCO eligibility standards.

Energy-Related Value Added Services

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Engaging with Customers & Meeting Needs Through ERVAS

An ESCO depends on retention of customers; a utility gets its customers by default. ESCO customers enjoy **greater customer service** than utility customers. Robison Energy, located in Westchester County, offers customers power & a home service warranty:

> "*Our average response time is 2 hours, and we are available 24/7 365.* ***We never offer commodity savings.*** *We offer competitive prices but superior services from a company that you can trust. Most of our customers leave empty houses with doors unlocked for our technicians to come in do the service and lock up when they are done.* ***Most home owners perceive that a substantial value and choose to buy either their oil, gas or electricity from us.*** *Many buy all three.*
>
> *Our customers are sophisticated homeowners or small business owners and professional property managers that chose our bundled services over the utility.*"

David Singer, President, Robison Energy

Energy-Related Value Added Services

Examples of Value-Added Services & Products

1. Fixed Rate Products
2. Commodity Products Bundled with Services
3. Mean, Clean & Green
4. Rebate & Incentive Programs
5. Community Support & Affinity Groups

ESCOs can personalize services to connect the right value-add to the right customer.

Energy-Related Value Added Services

1. Fixed Rate Products

- ✓ **Allowing customers to budget energy costs**
- ✓ **Providing customers with price stability**
- ✓ **ESCO assuming the risk of price fluctuation**
- ✓ **Increasing ESCO's financial strength**

ESCOs that offer fixed rate products are typically required to meet $1,000,000+ net worth requirements in order to meet CFTC requirements under Dodd-Frank.

Energy-Related Value Added Services

2. Bundled Commodity Products

- ✓ Energy Audits & Energy Efficiency
- ✓ Home Protection & Warranties
- ✓ Cable, phone & other utility services

Energy-Related Value Added Services

3. Green & Clean Electric *and* Green Natural Gas (1/2)

- ✓ Distributed Generation (ex: rooftop solar)
- ✓ 30% Renewable Energy (Approved Variable Rate Product)
- ✓ 100% Green Energy
- ✓ 100% Clean Energy

Energy-Related Value Added Services

3. Green & Clean Electric *and* Green Natural Gas (2/2)

- ✓ **Green Gas - Carbon Offset Programs**
  - EPA approved metric
  - carbon offsets neutralize natural gas emissions
  - Customers can support a green economy by supporting zero-emission projects throughout the World

Energy-Related Value Added Services

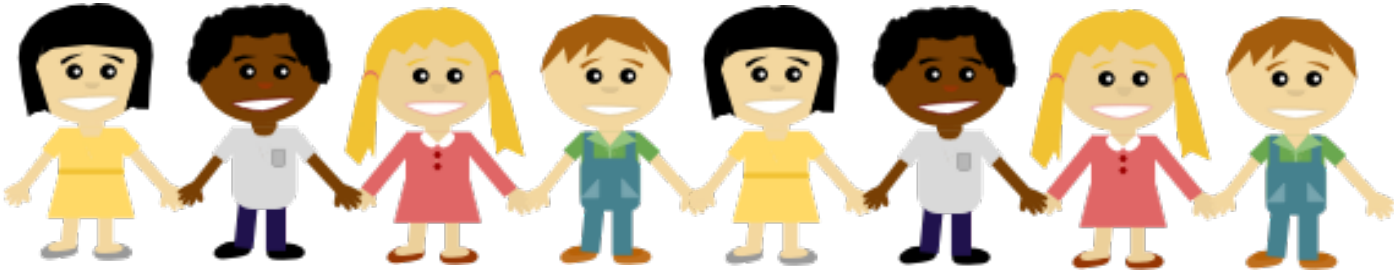
4. Rebates & Incentives

- ✓ Bill credits
- ✓ Reward cards
- ✓ Discounts

Energy-Related Value Added Services

5. Community Benefits & Affinity Groups

- ✓ **Community Support.** *One ESCO pledged $10,000 - $15,000 to rebuild things like playgrounds in return for a 1 or 2 year contract.*
- ✓ **Affinity Groups.** *Another ESCOs donated $1 -$3 per MWh to local churches & synagogues for every MWh that flowed*
- ✓ **Charity Programs**. Another ESCO donates directly to the charity in each commercial customer's name @ $.001 per kwh/ $.005 per therm



Energy-Related Value Added Services

CONCLUSION

- ✓ Mass market customer protection goals will **not be achieved by placing limitations on value-added services**
- ✓ Value-added services are **purposefully different** than utility service
- ✓ The ability to offer value-added services **encourages innovation** by ESCOs and increases **engagement from consumers to take control of their energy usage**
- ✓ Value-added services are **critical to achieving Commissions goals** under REV

Impacted ESCO Coalition

Thank You

Impacted ESCO Coalition
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