

STATE OF NEW YORK

# Public Service Commission

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## **PSC DIRECTS RETAIL ENERGY MARKET IMPROVEMENTS**

— **Changes in Energy Market Will Spur Innovation and Consumer Benefits** —

Albany, NY – 02/20/14 – The New York State Public Service Commission (Commission) today took action to improve the economic value that the State’s retail energy suppliers provide to residential and small commercial customers. These changes will help ensure development of a competitive retail market structure that leads to innovation and consumer benefits.

“The competitive energy markets are working extremely well for large commercial and industrial customers,” said Commission Chair Audrey Zibelman. “The steps we are taking today are designed to ensure that the retail energy marketplace provides similar benefits for residential and small commercial customers.”

With its decision today, the Commission makes it easier for residential and small commercial energy customers to compare prices, strengthens measures to curtail inappropriate energy marketing activities, addresses concern about the possible lack of benefits received by low-income customers, and better positions third-party energy suppliers, known as energy service companies (ESCOs), to provide greater financial value to their customers.

In terms of specific steps, the Commission directed that the following improvements be made to residential and small commercial retail energy markets:

- Utilities will be required to implement on-line bill calculators for ESCO customers to enable customers to compare historically what they were charged by their ESCO as compared to what they would have paid if commodity service was obtained from the utility;
- ESCOs will be required to file historic pricing information for products without energy-related value-added services for the Department to compile and publish; and
- ESCOs can only enroll customers who participate in utility low-income assistance programs in ESCO services that guarantee savings over what the customer would have been charged by the utility, or that provide energy-related services designed to reduce a customer's overall energy bill.

The Commission will also ensure that these changes in the retail market will align with its ongoing efforts to integrate consumer-oriented energy efficiency and clean-energy technologies and improve system-wide reliability, efficiency, and resiliency, while also ensuring appropriate overall energy supply and grid management decisions are made.

In addition to these marketplace additions, the Commission further strengthened the rules and procedures applicable to ESCO marketing and consumer enrollment, including:

- Requiring that ESCOs conducting door-to-door and telephone marketing of energy services to conduct independent third-party verification of those sales, and to use a specific introductory statement identifying the company representative.
- Ensuring that ESCOs are held accountable for any instances in which their marketing and enrollment activities fail to satisfy requirements of the rules governing business procedures for ESCOs and utilities, known as Uniform Business Practices (UBP), regardless of whether the customer was solicited by an ESCO employee, contractor or third party.

In addition to changing the way the retail market operates, the Commission will investigate ways ESCOs can facilitate the development of energy-related value-added product and service offerings, such as residential energy-management services, demand-response programs and tools,

and other types of energy efficiency measures for residential and small commercial customers. Additional items to be further investigated include:

- Identifying ways for ESCOs to provide value-added services, rather than just provide reduced costs.
- Identifying changes to data access, billing policies and practices to facilitate development of value-added services.
- Identifying ways to streamline processing of ESCO enrollment requests.

The Commission is seeking comment on several specific proposals developed by staff to facilitate development of energy-related value-added services for residential and small commercial customers; and staff will convene a collaborative to address the changes proposed.

In 2012, the Commission received a report from staff identifying concerns with the retail energy markets for residential and small commercial customers. The Commission began a formal proceeding to assess these markets and to determine possible actions that could be taken to improve their operation for the benefit of customers. Currently there are 214 ESCOs certified to provide electricity and 221 to provide natural gas service in New York State.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 12-M-0476 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.