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GOVERNOR ANDREW M. CUOMO

## GOVERNOR CUOMO ANNOUNCES MORATORIUM ON COMPETITIVE ENERGY SERVICE COMPANY SALES TO LOW-INCOME CUSTOMERS

### *Decision Designed to Protect Most Vulnerable Consumers from High-Priced Energy Services*

Governor Andrew M. Cuomo today announced the New York State Public Service Commission has placed a moratorium on the ability of competitive energy service companies to sell electricity and natural gas to low-income customers. The decision follows the PSC's earlier actions to improve and enhance utility programs to help low-income customers manage their energy burden, which provided nearly two million low-income New Yorkers with \$248 million in direct savings each year.

"This action will help protect low-income households from unscrupulous energy service providers and deliver much-needed relief to New Yorkers across the state," **Governor Cuomo said**. "By taking aggressive action to keep energy costs affordable, we are building a stronger, more sustainable New York."

**Commission Chair Audrey Zibelman said**, "The record is clear that low-income customers have not benefitted from electric and gas supply services from ESCOs when that's all that's being purchased. The Commission is taking steps to ensure energy affordability for low income customers. Unless and until these guarantees can be made, it is critical that we ensure that low-income customers are not paying any more than necessary for gas and electricity. We challenged the competitive retailers to look for ways to guarantee savings at or below the cost of utility supplied power and gas."

**Michael Corso, the Department of Public Service's Consumer Advocate, said**, "The Commission's decision today allows the benefits of our existing programs to be used more effectively and for their intended purposes. It addresses the fundamental concern that low-income families were overpaying for their energy. The changes we make today will help improve overall energy affordability."

An example of a now-protected low-income customer is a family of four with income at 60 percent of the state median income, or \$51,792 a year, who also participates in their local utility's low-income assistance program. This family, for example, would likely have to spend 22 percent of their income on energy, but under the new affordability policy it will be no higher than 6 percent. The moratorium put into place includes contract renewals.

This decision is the latest action to improve ESCO customer service protections. In February, the Commission strengthened the process for revoking ESCO eligibility to do business in New York if it is found in violation of state regulations. It also instituted a "do

not knock" rule that provides energy customers with the same freedom from unwarranted intrusion as those registered for "do not call" protections and a company's ability to do business in New York could be revoked if they ignore local solicitation rules regulating door-to-door selling at a residence or place of business.

The decision follows a series of collaborative meetings with stakeholders to define the energy-related value-added products and services that must be provided to low-income customers, to consider available technologies and mechanisms for implementing point-of-sale confirmation of low-income customers, and to consider how best to protect existing low-income customers who are served by ESCOs. It is estimated that there are more than 400,000 low-income customers currently getting their service from an ESCO. Low-income customers represent about 25 percent of all electric customers in New York State.

During these collaborative meetings, some ESCOs confirmed that they were not likely to provide a guaranteed savings to low-income customers. Stakeholders were also unable to define energy related value-added services that would provide a cost-effective benefit to low-income customers. As a result, the Commission determined that low-income customers would be best served and protected through utility commodity service. Going forward, low-income customers who participate in a utility-low-income program will get their energy services from utilities, not ESCOs.

The energy affordability policy approved in May is an important part of Reforming the Energy Vision, Governor Cuomo's comprehensive strategy to fight climate change and grow New York's economy by investing in clean energy technology and generating 50 percent of the state's electricity needs from renewable energy by 2030. The new policy will limit energy costs for low-income New Yorkers to no more than 6 percent of household income – half of what many low-income customers are currently paying.

Under the energy affordability policy, depending on household income and presence of vulnerable residents, electric customers will receive monthly discounts between \$11 and \$44, up from between \$5 and \$15 in a typical service territory. Gas customers will receive discounts between \$3 and \$33. The budget to reach all 2.3 million of New York's low-income households will be capped at no more than 2 percent of utility revenues, a level found to be sufficient to meet the 6 percent energy burden goal for most utilities while balancing rate impacts on other classes of customers. The increase in direct financial assistance is part of more than \$750 million in annual energy investments by the state on behalf of low-income New Yorkers. Utility discounts for low-income customers currently total \$130 million per year.

There are currently about 200 ESCOs eligible to provide electricity and natural gas in New York State. More than 20 percent of the state's residential and small commercial customers currently receive energy from retail suppliers. There are about 7 million residential electric customers in New York State and roughly 4.3 million residential natural gas customers.

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