

Case 14-M-0101 - Proceeding on Motion of the Commission in  
Regard to Reforming the Energy Vision.

STATUS REPORT ON BILLING INITIATIVES

September 1, 2015

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In its Order Adopting Regulatory Policy Framework and Implementation Plan, issued February 26, 2015 in the Reforming the Energy Vision (REV) proceeding, the Public Service Commission directed Staff of the Department of Public Service (Staff) to lead participatory processes with parties to explore two billing issues, and to report on the progress of those initiatives by September 1, 2015.<sup>1</sup> The Commission found that energy bills remain one of the main ways to facilitate customer engagement in energy usage and purchase decisions, and directed Staff to use a consultative process with interested parties to “develop a proposal to increase the informational value of energy bills, with the goal of enhancing customer engagement in energy purchase and usage decisions.”<sup>2</sup> In addition, the Commission found that consolidated ESCO billing (CEB) appears to address a significant barrier to customer engagement, and directed Staff to “investigate and evaluate operational issues required for CEB including how CEB can be constructed to be consistent with Commission rules and regulations including those governing termination of service for non-payment.”<sup>3</sup> The Office of Consumer Services is leading the initiative on the informational value of energy bills. The Office of Markets and Innovation is leading the collaborative on CEB.

Substantial progress has been made on both of these initiatives, as summarized herein. Further work remains to complete the work with interested parties, and to produce the proposal and/or report directed by the Commission.

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<sup>1</sup> Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan, p. 61, (Issued February 26, 2015) (Track One Order).

<sup>2</sup> Id.

<sup>3</sup> Id.

INFORMATIONAL VALUE OF ENERGY BILLS

In late June 2015, Staff sponsored three roundtable discussions with community leaders from the New York City, Albany and Buffalo metropolitan regions to explore customer preferences regarding bill content informational needs and to solicit recommendations on additional outreach venues. Concerns raised by community leaders consisted of the level of utility customer engagement in the community, density and presentation of information on current bill formats, and lack of plain-language definitions for bill terms. Participants recommended that, with grant assistance, utilities should partner with community organizations in various outreach venues to assist residential and small business customers to better understand their utility bills, as the current utility networking/table exhibits are not the best venues to address customers' understanding of the bill.

One suggestion was to consider the Illinois Citizens Utility Board's Utility Bill Clinic program as a model. The program offers free clinics, often co-sponsored with local community and low-income advocacy organizations, to utility customers which provide one-on-one bill analysis. The analysis provides information to customers to better understand components of their utility bills, make choices about energy suppliers, and identify energy efficiency programs and rebates to reduce bills.

The community leaders also noted that the existing bill formats for most of New York's utilities generate customer confusion, as they appear as a "monolithic piece of text" that is difficult to read and analyze. Several community leaders suggested a visually engaging, standardized, one-page bill with plain-language definitions on the back for residential and small

business customers, with the availability of more detailed information online or through or other electronic venues.

Other topics discussed at the roundtables were a statewide standard template or format for rate calculation, customer accessibility and preferences, bill messaging and a review of current Commission utility bill information requirements. The community leaders advised that bill messaging is not effective in its current form and suggested that information on energy-related value-added services be mailed on a separate page accompanying the bill. They also recommended that information on how to reach the Commission to file a complaint be placed on the bill, as many customers do not know they can contact the PSC for assistance.

Staff provided a series of interrogatories to the utilities which focused on existing bill content and format, customer communications and related customer surveys or assessments which were reviewed. A review of the utility responses indicated that most of the utilities have not sought out customer input on bill content and format in the last five years. At Staff's request, utilities also identified customer engagement activities to gather information on customer preferences, such as community discussion forums and social media venues, to be executed during the next several months.

Staff also developed a short survey for customer input to learn more about what customers have done to reduce their utility bill; the amount of time spent evaluating the bill amount and energy usage; the level of ease or difficulty in reading and understanding terminology; and access to bill information and payment options. The survey was made available on the Department of Public Service and utilities' websites, and through the Office of Consumer Services community leaders network from June 15 to July 31. In addition, other

organizations such as the Low-Income Forum on Energy (LIFE) Program, distributed the survey to their memberships. A summary of the survey responses is being prepared.

A collaborative meeting was convened on July 9, 2015, to initiate a discussion with interested parties to: investigate and evaluate current distribution utility bills; distinguish the attributes which will increase informational value; and identify customer preferences. The meeting included a presentation by Opower regarding its research on bill design and customer interests and the hurdles of customer engagement. The parties' discussion centered in the following areas: what components of the utility bill are or are not important to customers; how to increase access to energy usage and billing information; what are customer preferences for different billing and payment options; how to effectively provide information on energy management programs and energy efficiency services; and what information would be of value to customers in bill messages. Subsequently, a working group was established to develop a template for a uniform statewide survey and other customer engagement activities to be executed in each utility service territory. The working group will report to the collaborative in September.

Staff continues to research billing format and best practices in states with AMI/DER deployment, and with ESCOs and DER providers.

#### CONSOLIDATED ESCO BILLING

Three collaborative meetings have been held to investigate operational issues associated with CEB. Participants have included numerous representatives of all major utilities, the Retail Energy Supply Association (RESA), the New York Energy Marketers Coalition, more than two dozen individual

ESCOs, and representatives of consumers including the Utility Intervention Unit of the Department of State, Public Utility Law Project, and City of New York.

As the Commission's Track One Order suggests, CEB raises many important operational issues including the flow of revenue between ESCOs and utilities, and customer care issues including compliance with the Public Service Law and Commission regulations. In recognition of these critical issues, and to help ensure that the collaborative would be productive from the outset, Staff initially requested that utilities develop a first list of operational issues associated with CEB.

The major utilities prepared such a document which was shared with all parties in advance of the first collaborative meeting, and presented and discussed in detail at a meeting of all interested parties on June 9, 2015. Discussion at this meeting also indicated that some ESCOs have experience providing CEB in other jurisdictions and that National Fuel Gas Distribution Corporation (NFG) uses a Marketer Combined Billing Model which is a form of CEB. ESCOs were invited to provide an overview of how CEB is constructed in those jurisdictions, and NFG was invited to explain its Marketer Combined Billing Model, at the next collaborative meeting.

ESCOs including Just Energy, Direct Energy, and Constellation, prepared and delivered presentations on how CEB works in Texas, Georgia (gas), Alberta, and Illinois, at the July 1, 2015 collaborative meeting. NFG's Marketer Combined Billing Model was also discussed at that meeting.

To help identify which, if any, CEB model could serve as the basis for CEB in New York, collaborative participants agreed that more detail regarding operational issues concerning CEB should be prepared, along with an assessment of how various models can address those operational issues. Utilities led by

Con Edison, assisted by Direct Energy and Constellation, prepared a detailed matrix of this information. That matrix was discussed at the August 19, 2015 collaborative meeting.

Collaborative participants agreed that the next meeting should focus on how operational issues can be addressed by one or perhaps two specific CEB models which ESCOs support for consideration in New York. That model(s) may be based on models in other jurisdictions, the NFG model, or hybrids. By the end of September 2015, ESCOs will identify one or perhaps two specific CEB models which have the potential to be consistent with New York rules and regulations. That model(s) will be discussed at the next collaborative meeting, planned for early October.

It is expected that approximately two additional collaborative meetings will be required to conclude discussions and develop a report that reflects the work of the collaborative. The report will include a list and evaluation of the operational barriers associated with CEB. It will also identify one or more CEB models that might be implemented in New York, as well as the rules and/or regulations that might have to be modified in order to implement CEB in New York. The report is also expected to include recommendations for further investigation by the Commission of CEB and/or other billing models.

#### CONCLUSION

Staff looks forward to continuing the participatory processes in both REV billing initiatives in order to achieve the goals established by the Commission in the Track One Order. The initiative exploring the informational value of energy bills will continue its collaborative process, including additional customer engagement venues and the development of a straw

proposal to be issued for public comment. The initiative regarding CEB will conclude with additional collaborative meetings and a collaborative report which will be issued for public comment. After public input, both issues will be addressed by the Commission in subsequent orders.