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Attn: NYDPS, Interested Parties

First, thank you for valuing the opinions of myself and those involved in the competitive market. The format seems to cut to the core of the issues currently affecting the retail energy markets. I have been involved with retail energy since early 2009; I have met some very honorable people and a few not-so. I agree with the intentions of the State as I read about the condition of the market and Reforming the Energy Vision. It is in everyone's best interest to improve the reputation of the industry, and the NYDPS' assertion that a market where value is demonstrated to consumers is the ideal place to start. I'll get to my comments on the issues as outlined

1. *'Whether prospective ESCO sales to mass market customers, including renewal of expiring contracts, should be limited to products that include guaranteed savings or a defined energy-related value-added service. If not, precisely how should this requirement be broadened or narrowed?'*
 - An array of products offered by an array of suppliers is essential for a competitive atmosphere. As is limiting the already very daunting barriers to entry to the ESCO industry. Value is something that is evaluated on an individual basis, and is largely based on the resources available to he/she who is receiving goods or services (i.e. Cigarettes/selfie-sticks/Donuts are worth nothing to me but people still buy them). With that in mind, it is essential that a customer and a seller must agree to a value.
 - There is value to price certainty. Party A agrees to sell Party B a product or service for a certain price for a certain period of time without any 'ifs' or caveats the two parties are therefore agreeing to a value. The immediate period AFTER the fixed term has been the problem when there is no longer an agreement on a value. A simple solution to this would be to mandate that the average monthly Margin not be increased over the original contract while the customer is continuing service, but not being responsive to further Fixed-Rate offers which should be done via the mail and phone at least quarterly. This (Fixed Margin above the weighted average cost of energy) will create some technological concerns, but will be reasonable.

It is also important to ensure that an ESCO be honest and protected from wrong-doings of a customer. One possible solution would be to mandate a value-added-service addendum in which a customer agrees to a dollar amount (value) in which the ESCO is providing and amortizing into the cost of the energy either as a whole over the course of the contract, year, - OR- on a per-unit (kWh, Th, etc.) basis in which the customer will be responsible for in the event the customer chooses to part ways with the ESCO. For a fixed rate and term contract, this can be easily covered in the cancellation fee. For a variable product in the case of value-added we can solve that issue with the following. If the ESCO charges more than the utility by more than the amortized agreed upon value, the ESCO should credit the customer the difference. At the end of any Fixed term, customers that continue to take advantage of value added services of an ESCO could be rolled into a variable product which is held to these standards.

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2. *'What specific products or categories of products should constitute energy-related value-added services. For example, if energy efficiency products are to qualify, should a specific minimum energy savings be required and if so, of what amount? If certain commodity-only products are to qualify, such as fixed price products or green energy products, should any restrictions be placed on the prices for such products and, if so, how should those restrictions be determined?'*

- Given the tremendously complicated nature of the thermodynamic principles applied to heating and cooling in particular. I would refer to my response to issue 1. The term 'Commercially Reasonable' could apply. A customer agreeing upon a value in this case is critical to clarify what is and what is not commercially reasonable. In other industries there are services that we pay for and have value that we hope to not use or choose to underuse while agreeing that they are generally a good thing (i.e. health insurance, AAA, motorcycle helmets, gym memberships etc.). Potentially, a customer could have a value-added service and choose not to use it, alter their behavioral patterns, or destroy it (i.e. if a customer received a thermostat designed and proven to reduce the consumption of energy and as soon as receiving the item turned it up to 90 degrees throughout the winter knowing that his ESCO would be liable for any increase in usage... that would not be fair). This would make measuring the exact financial benefit the customer received impossible to do. After all, this is about creating a HEALTHY marketplace in which customers receive benefit from their energy company and the energy company receives benefit from the customer. Operating with this paradigm, it is essential to agree upon a value. Price restrictions will limit the amount of value a customer can receive, while prices that are too high could negate the benefit. One solution would be to subtract the agreed upon value to get the fixed rate with 'No Value-Added' service at the time of contract refund the difference between that and the Q3 or 'statistical outlier' fixed rate offered by the market of ESCOs.

- Fixed Rate Contracts with 0 value added could be also governed by the market (PSC Competitive service offers) I'd concede to a rate being a statistical outlier by more than 2.5% (to prevent giants from crushing small suppliers) which is demonstrated as: $(Q3 + ((Q3 - Q1) \times 1.5)) \times 102.5\%$; higher than that number would be considered non-compliant in the sample set of 12 month All-in Fixed rate service offerings:

| | | | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 0.0899 | 0.0909 | 0.0919 | 0.0929 | 0.0939 | 0.0949 | 0.0959 | 0.0969 | 0.0979 | 0.0989 |
| 0.0999 | 0.1009 | 0.1019 | 0.1029 | 0.1039 | 0.1049 | 0.1059 | 0.1069 | 0.1079 | 0.1389 |

Q1=.0944; Q3= .1044; :: $(Q3 + ((Q3 - Q1) \times 1.5)) \times 102.5\% = .12224$

.1224 would be the highest fixed rate an ESCO could Fix a customer in at that point in time with no value added service to be in compliance. This is a commonly accepted statistical analysis of what value does not belong in a group, making the last value of .1389 non-compliant. This method will work as long as each ESCO submits a maximum of 1 service offering/category.

3. *'Whether other requirements, in addition to those identified in question 1, above, should be imposed on ESCO marketing or sales to mass market customers.'*

- The UBP is very thorough

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4. *'What changes, if any, should be made to the three-day period for residential customer rescission/cancellation of an agreement with an ESCO. Should this period be extended to 30 days?'*
 - For a residential customer. 10 days after he/she receives the first bill with supplier service. This will insure that the customer does in-fact have the phone number of the supplier and sees effect of what he/she has done.
5. *'Whether a rescission/cancellation period should be applied to small non-residential customers. If so, what period is appropriate?'*
 - A rescission period for commercial customers will cause an increase in price due to ESCOs pricing in the extra liability.
6. *'Whether and under what circumstances ESCOs should be required to post performance bonds or other forms of demonstrated financial capability. If so, what magnitude is appropriate and how can this be administered most efficiently?'*
 - The NYISO has bonding/collateralization requirements that are significant while natural gas pipelines have similar collateral requirements. I believe this topic to be well covered.
7. *'Whether the Commission should reconsider the framework for ESCO oversight under the Public Service Law and, if so, what changes should be made.'*
 - Customers who falsify information for their own benefit and are caught doing so should be prosecuted aggressively.
8. *'What penalties may apply to ESCOs that violate the UBP or other Commission Orders or provisions of the PSL (for example, the application of PSL §§ 25 and 25-a).'*
 - I don't have any suggestions/comments

Thank you for valuing my opinion in these matters. To seek clarification, please contact me at your convenience for clarification or otherwise.

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