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Reports
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July 28, 2006

Via Overnight Delivery Service

Hon. Jaclyn A. Brillling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RECEIVED
PUBLIC SERVICE
COMMISSION
EXEC-FILES-ALBANY
2006 JUL 31 AM 11:14

Re: Cases 03-G-1671 et al. and Case 04-E-0572 – Retail Access Report

Dear Secretary Brillling:

Enclosed please find an original and five copies of Consolidated Edison Company of New York, Inc.'s Semi-Annual Retail Access Report, with separate Attachments for (i) the Customer Awareness and Understanding Survey, (ii) the Electric and Gas ESCOs' Survey, and (iii) the Action Plan for Addressing ESCOs' Concerns.

The Retail Access Report and its separate Attachments are being sent by electronic mail today to you, Staff, all active parties in Cases 03-G-1671 et al., and to the signatory parties in Case 04-E-0572 (plus the parties in that Case who requested copies of reports being filed by the Company), in accordance with the Public Service Commission's "Order Adopting the Terms of a Joint Proposal" in Cases 03-G-1671 and 03-S-1672 and its "Order Adopting Three-Year Rate Plan" in Case 04-E-0572.

If you have any questions concerning the Report, please contact Mr. Charles Reed at (212) 460-6947.

Sincerely,

Jeffrey L. Futter, Esq.

- c: Honor Kennedy, Department of Public Service (by email)
Julie Niedzialkowski, Department of Public Service (by email)
Christopher Corbett, Department of Public Service (by email)
Lea Ann Rosenthal, Department of Public Service (by email)



conEdison

Semi-annual Report on
POWER YOUR WAY
(Retail Access Report)

A Report to the Staff of the
New York State
Public Service Commission

July 28, 2006

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Introduction

Pursuant to Section G (1) of the Joint Proposal adopted by order of the Public Service Commission (“Commission”) (issued September 27, 2004) in Cases 03-G-1671 et al. and Section F (9) of the Joint Proposal adopted by the Commission Order in Case 04-E-0572 (issued March 24, 2005), Con Edison submits this Report that summarizes the Company’s (i) Power *Your Way* Promotional overview activities and expenditures during the period of January 1, 2006 through June 30, 2006; (ii) Competition Outreach and Education activities and expenditures for that same period; (iii) planned activities and expenditures for Promotional and for Outreach and Education endeavors for the July 1 to December 31, 2006 period; and (iv) gas and electric customer migration data.

I. Summary of Promotional Activities and Expenditures

A. Components of the Promotional Activities

- On May 3, 2006, our third Market Expo was held at the Ridgehill Plaza, Yonkers, during the Yonkers Business Week celebration. Billed as an “Energy Day”, we sponsored an all-day trade expo where 7 ESCOs (5 other ESCOs reserved space but did not attend), PSC Staff and NYSERDA staffed exhibits among other vendors. Our Senior Vice President of Electric Operations, John Miksad, was the keynote speaker at the event luncheon. In addition, we conducted 3 breakout sessions. The morning session, entitled “The Changing Energy Marketplace”, featured presentations by Benjamin Stein (PSC Staff) and Charles Reed (Con Edison). Various members of our Energy Services group conducted the two afternoon sessions, “Demand Side Management” and “Incentives for Conversion to Natural Gas”. The total day attendance was approximately 500 people.
- In order to promote, educate and process customer enrollments of the ESCO referral program (*PowerMove*), starting June 5, 2006 we increased the functionality of our Power *Your Way* web site to include customer enrollment.
- On June 5th, we started issuing bill inserts to promote *PowerMove* to eligible full-service customers.

B. Expenditures on Promotional Activities

Gas Rate Year (10/1/05 – 9/30/06) Promotional

Rate Year Allocation + Balance Not Spent in Prior Rate Year	Spent Prior to 12/31/05	Funds Spent 1/1 to 6/30/06	Funds Remaining
\$1,791,623	\$190,334	\$83,343	\$1,517,946

Elec Rate Year (4/1/05 – 3/31/06) Promotional

Rate Year Allocation	Spent Prior to 12/31/05	Funds Spent 1/1 to 3/31/06	Funds Remaining*
\$1,500,000	\$890,028	\$247,269	\$362,703

*Unspent funds were carried over in the next rate year budget.

Elec Rate Year (4/1/06 – 3/31/07) Promotional

Rate Year Allocation + Balance Not Spent in Prior Rate Year	Funds Spent 4/1 to 6/30/06	Funds Remaining
\$1,862,703	\$699,564	\$1,163,139

II. Summary of Competition Outreach and Education

A. Components of the Awareness and Education Program

For The Public:

- Power *Your Way* was promoted via print ads in 10 trade periodicals focusing on co-ops/condo boards/realty managers and small businesses from January thru June 2006.
 - Co-ops/condo boards/realty managers – *The Cooperator; Habitat Magazine; Real Estate NY; ABO Developments; Real Estate Weekly; The Real Deal and City Feet Magazine.*
 - Small businesses – *NY Enterprise Report; Total Food Service and Crain's NY.*

- Through a sponsorship with the New York Yankees, the first of two Power *Your Way*-sponsored games was held on Thursday, May 26th. In addition to program advertising during the game and ads in the monthly *Yankee Magazine* from April thru June and the Yearbook, the first 18,000 adults entering the Stadium received a light-up Power *Your Way* pen.

- In addition to the May Market Expo and the Yankee sponsorship, the Company's Power *Your Way* personnel staffed an exhibit and/or presented to the audience at 24 events from January through June:
 - Westchester Home & Garden Show (January 21-22) at Pace University, Pleasantville, NY.
 - Real Time Pricing Expo I (January 31) at Con Edison, Irving Place Auditorium, Manhattan. 16 ESCOs participated in this event.
 - Greater Jamaica Development Corp. Energy Forum (February 8) at Jamaica Market, 90-40 160th Street, Jamaica, Queens.
 - Restaurant Show of NY (March 5-7) at the Javits Center, Manhattan. 6 ESCOs staffed their own exhibits at the event.
 - The Cooperator Expo (March 16) at the NY Hilton, W57th St. and 6th Avenue, Manhattan. 6 ESCOs staffed their own exhibits at the event.
 - Westchester Home & Garden Show (March 17-19) at SUNY Purchase, Westchester.

- U.S. Green Buildings Council (March 24) at Con Edison, Irving Place Auditorium, Manhattan.
- Staten Island Chamber of Commerce Annual Home Show (March 25-26) at the College of Staten Island.
- Westchester County Spring Home Show (March 31-April 2) at the Westchester County Center.
- Real Time Pricing Expo II (April 4) at Con Edison, Irving Place Auditorium, Manhattan. 11 ESCOs participated in this event.
- Westchester Chamber of Commerce Mega Mixer (April 17) at the Westchester Marriott, Tarrytown. 11 ESCOs participated in this event.
- Earth Fair Celebration (April 21-22) at Grand Central Station, Manhattan. Con Edison Solutions also had an exhibit at this event.
- Staten Island Economic Development Annual Conference (April 25) at the Hilton Garden, S.I. Accent Energy and Hudson Energy co-presented at this event.
- Con Edison/NYSERDA DSM Program Launch (April 25) at Con Edison, Irving Place Auditorium, Manhattan.
- NYC Grows (April 29) at Union Square Park, Manhattan.
- Queens Chamber of Commerce Business Expo (May 18) at Terrace on the Park, Flushing, Queens. Accent Energy and Hudson Energy co-presented at this event.
- GSA Energy Awareness (May 24-25) at 201 Varick St., Manhattan. Con Edison Solutions and Constellation NewEnergy had exhibits at this event.
- Con Edison Customer Outreach Energy Conference (June 2) at 4 Irving Place, Manhattan. Con Edison Solutions and MX Energy had exhibits at this event.
- Mt. Vernon Chamber of Commerce Energy Forum (June 6) at the Elks Lodge, Mt. Vernon. 5 ESCOs had exhibits at this event.
- Buildings NY Trade Show (June 14-15) at the Javits Convention Center, Manhattan. 14 commercial ESCOs had exhibits at the event.
- Bronx Chamber of Commerce Business Expo (June 20) at Maestro's Caterers, Bronxdale Avenue, Bronx. Accent Energy, Econnergy, Hudson Energy and MX Energy co-presented at this event.
- GSA Energy Awareness (June 20) at 1 St. Andrew's Plaza, Manhattan. Con Edison Solutions and Constellation NewEnergy had exhibits at this event.
- Power Breakfast (June 22) at Brooklyn Business Public Library, Brooklyn.
- Multi-Family Buildings Conference (June 26-28) at the New Yorker Hotel, 8th Avenue & 34th St., Manhattan. Strategic Energy, Stuyvesant Energy and U.S. Energy Savings participated with Con Edison in a 90-minute panel presentation/discussion.

For Customers:

- In order to identify Power *Your Way* as a Con Edison program, the Con Edison logo was used in conjunction with the PYW logo on all advertisement, print ads and website.
- Information about Power *Your Way* appeared in Customer News, the Company's bimonthly bill insert.
- ESCO lists were updated and published as needed, and were mailed to customers at their request. The lists were also distributed at presentations and events throughout the service area.

- Messages about Power *Your Way* were offered on our toll-free customer service number while customers were waiting to speak with a customer service representative.
- A dedicated Power *Your Way* path was made available to customers calling our toll-free customer service number commencing June 5th.
- A dedicated Power*Move* toll-free number was made available for customer enrollment commencing June 5th.
- A Power *Your Way* education/marketing video FAQ (frequently asked questions) was made available on Habitat Magazine's web site (www.habitatmag.com) targeting their readers commencing April 10th.

For Employees:

- Power *Your Way* QuickTips information bulletins conveying pertinent information were published and distributed to customer contact employees during this period.
- A detailed training program was conducted for all call center CSR's about Power*Move*. An abridged version was presented to our CFR's (Customer Field Representatives).

For the ESCOs:

ESCO Newsletters - 12 issues were published from January through June to keep the ESCOs informed of commodity prices adjustments, policy/procedures changes, announcements of meetings, updates to the web sites, and Power *Your Way* marketing opportunities.

B. Expenditures on the Awareness and Education Program

Gas Rate Year (10/1/05 – 9/30/2006) Outreach/Education

	Rate Year Allocation	Categories	Spent Prior to 12/31/05	Funds Spent 1/1 to 6/30/06	Funds Remaining
1A	Marketing Research	\$175,000	\$0	\$38,125	\$136,875
1B	Public Information	\$685,000	\$232,083	\$113,734	\$339,183
1C	Customer Contacts	\$300,000	\$3,030	\$14,432	\$282,538
1D	Administration	\$100,000	\$25,000	\$75,000	\$0
	TOTAL	\$1,260,000	\$260,113	\$241,291	\$758,596

Elec Rate Year (4/1/05 – 3/31/06) Outreach/Education

Rate Year Allocation	Spent Prior to 12/31/05	Funds Spent 1/1 to 3/31/06	Funds Remaining
\$1,895,000	\$482,333	\$1,384,274	\$28,393

Elec Rate Year (4/1/06 – 3/31/07) Outreach/Education

Rate Year Allocation	Funds Spent 4/1 to 6/30/06	Funds Remaining
\$1,895,000	\$1,050,430	\$844,570

III. Planned Activities for July through December 2006
A. Promotional Activities and Expenditures

- With DC Comics, develop and publish a *Power Your Way* information document, formatted like a “Daily Planet” newspaper for distribution at all events.
- Promotional activities will be related to the defined program and will include, but not be limited to, print ads in major daily and community newspapers and a radio ad campaign.

Gas Rate Year (10/1/05 – 9/30/06)

Promotional Fund Allocation	Funds Spent June 2006	Expect to Use July - Sept 2006	Funds Remaining *
\$1,791,623	\$273,677	\$250,000	\$1,267,946

*Unspent funds will be carried over in the next rate year budget.

Gas Rate Year (10/1/06 – 9/30/07)

Rate Year Allocation + Balance Not Spent in Prior Rate Year	Expect to Use Oct - Dec 2006	Funds Remaining
\$2,267,946	\$1,000,000	\$1,267,946

Elec Rate Year (4/1/06 – 3/31/07)

Rate Year Allocation + Balance Not Spent in Prior Rate Year	Funds Spent Jan thru June 2006	Expect to Use July - Dec 2006	Funds Remaining
\$1,862,703	\$699,594	\$250,000	\$913,109

B. Awareness and Education Activities and Expenditures

- Conduct a *PowerMove* advertising campaign in community newspapers to advise customers of the program.
- Continue monthly print ads in 7 publications targeting co-ops/condo boards/realty managers (*The Cooperator; Habitat Magazine; Real Estate NY; ABO Developments; Real Estate Weekly; The Real Deal and City Feet Magazine*) and in the 3 publications for small businesses (*NY Enterprise Report; Total Food Service and Crain's NY*).

- Continue to seek other publications to assist reaching target niches.
- Additional sponsored game (September 29th) at Yankee Stadium.
- Staff exhibits at Peekskill Celebration (August 5) in Westchester; Fordham Road Renaissance Fair (September 10) in The Bronx; Westchester Small Business Resource Fair (September 15) at the Westchester County Center in White Plains; NYARM (NY Area Realty Managers) Real Estate Expo (September 27) at the Hotel Pennsylvania in Manhattan; the Richmond County Fair (September 16-17) in Staten Island; Port Morris Chamber of Commerce Energy Forum (October 4) at Maestro’s Catering, Bronxdale Ave., the Bronx; the Westchester Fall Home Show (October 13-15) at the Westchester County Center; CNYC/Habitat Magazine Annual Housing Conference & Expo (November 12) at Hunter College, E. 68th St. & Lexington Ave., Manhattan; the Long Island City Business Development Corp. Annual Trade Expo (November 15) at Terrace on the Green in Queens; and the NY Expo for Businesses (November 29) at the Javits Center, Manhattan.
- Other events may be identified as appropriate and added to this schedule.

Gas Rate Year (10/1/05 – 9/30/2006) Outreach/Education

	Rate Year Allocation	Categories	Spent Prior to June 30, 2006	Expect to Spend Jul - Sept 2006	Funds Remaining
1A	Marketing Research	\$175,000	\$38,125	\$60,000	\$76,875
1B	Public Information	\$685,000	\$345,817	\$339,183	\$0
1C	Customer Contacts	\$300,000	\$17,462	\$282,538	\$0
1D	Administration	\$100,000	\$75,000	\$25,000	\$0
	TOTAL	\$1,260,000	\$476,404	\$706,721	\$76,875

Gas Rate Year (10/1/06 – 9/30/2007) Outreach/Education

	Rate Year Allocation	Categories	Expect to Spend Oct - Dec 2006	Funds Remaining
1A	Marketing Research	\$175,000	\$25,000	\$150,000
1B	Public Information	\$685,000	\$200,000	\$485,000
1C	Customer Contacts	\$300,000	\$100,000	\$200,000
1D	Administration	\$100,000	\$25,000	\$75,000
	TOTAL	\$1,260,000	\$350,000	\$910,000

Elec Rate Year (4/1/06 – 3/31/07)

Outreach/Education

Rate Year Allocation	Spent Prior to June 30, 2006	Expect to Spend Jul - Dec 2006	Funds Remaining
\$1,895,000	\$1,050,430	\$300,000	\$544,570

IV. Customer Migration Data

A. Gas Data

As of June 30, 2006, 30,711 eligible accounts have switched to ESCO supply service since October 1, 2004, the start of the current gas rate plan. For the purpose of the migration incentive, eligible accounts are limited to residential heating and non-residential gas accounts taking firm service that migrate to firm transportation service after September 30, 2004.

Number of Migrated Gas Accounts as of 6/30/06

As of 12/31/05	Jan	Feb	Mar	Apr	May	June	TOTAL
15,467	2,375	1,738	2,827	3,020	3,150	2,134	30,711

Applying the formula set forth in Section G.1.iii.e of the Joint Gas Proposal for counting residential multi-dwelling accounts, the above numbers of migrated accounts is treated, for purposes of the migration incentive, as the number of customers stated in the table below.

Equivalent Number of Migrated Gas Customers as of 6/30/06

As of 12/31/05	Jan	Feb	Mar	Apr	May	June	TOTAL
17,536	2,664	1,977	2,909	3,218	3,287	2,225	33,816

Con Edison has reached the minimum of 7,500 accounts to be awarded the migration incentive.

B. Electric Data

As of June 30, 2006, 215,795 accounts have switched to ESCO supply service since April 1, 2005, the start of the current electric rate plan.

Number of Migrated Electric Accounts

As of 12/31/05	Jan	Feb	Mar	Apr	May	June	TOTAL
99,473	15,236	16,615	23,808	21,385	21,130	18,274	215,921

Con Edison has reached the minimum of 25,000 accounts to be awarded the migration incentive.



**Exploring Electric and Gas ESCOs'
Perceptions of Con Edison's
Energy Choice Program
Summary of 2006 Research Findings**

Prepared for
Con Edison
New York, NY

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Executive Summary

Con Edison is committed to making its energy choice program one of the best in the nation. Consistent with that commitment, the Company has enlisted CRA, Inc. to conduct an annual assessment of the beliefs and perceptions held by the energy service companies (ESCOs) participating in the program. Beginning in 2005, the assessment included ESCOs who supply electricity in addition to gas marketers. In this report, the term “ESCOs” refers to suppliers of electricity and/or natural gas.

This report summarizes the findings for the 2006 administration of the study, and presents comparisons to the 2005 findings. However, due to the small sample size, this research effort should be considered primarily qualitative. Differences in quantitative responses from one year to another should be interpreted with care; the research team notes where differences should be considered statistically significant.

The research team made a diligent effort to schedule interviews with representatives of all 34 electric and gas ESCOs currently supplying customers in the Con Edison area. The team successfully completed in-depth telephone interviews with 36 ESCO employees including representatives from 32 of the 34 ESCOs. (For a detailed summary of survey participation by ESCO, please see Appendix B.) Data collection took place from April 4 to May 28, 2006. The average interview lasted roughly twenty-five minutes.

This section summarizes the study’s key findings, revealing strengths that Con Edison can leverage as well as opportunities for improvement.

Key Findings

How did ESCOs rate their overall experience with Con Edison?

- Roughly 85 percent find Con Edison’s electric and gas energy choice programs better or “about the same as” compared to other programs in which they participate, commenting favorably about their working relationship with Con Edison and about specific program elements.

How did ESCOs feel about the overall quality of their business relationship with Con Edison?

- Nearly nine-in-ten ESCOs noted that they are at least “somewhat satisfied” with the program overall. Across the various components of the energy choice program, ESCO ratings in 2006 were extremely favorable, with notably high levels of satisfaction with Con Edison’s enrollments and removals, energy reconciliation, ICAP, the Capacity Release program, and imbalance trading.

- In describing Con Edison's strengths, many ESCOs praised the Con Edison personnel involved in the program, noting their responsiveness and the quality of communication. Others spoke highly of Con Edison's efforts to market to consumers and commitment to the energy choice program, including the website and proactive marketing campaign.
- In what respects were ESCOs less satisfied with Con Edison? Some ESCOs noted a lack of responsiveness, spoke of concerns about specific policies and procedures, and indicated that they'd like more marketing support.
- ESCOs who were satisfied with the quality of their communication with Con Edison—roughly 85 percent—noted that Con Edison's representatives responded quickly and communicated proactively. Comments from the ESCOs who expressed reservations about Con Edison's communications revealed some inconsistency in the quality of Con Edison's responsiveness.

How did ESCOs feel about the “front-end” components of Con Edison's program?

- ESCOs were generally satisfied with all of Con Edison's “front-end” components including customer communications, Con Edison's energy marketing campaign, the energy choice website, enrollment/removal procedures, and customer billing and payment processing. ESCOs tended to be most favorable about the Con Edison's energy marketing campaign and customer enrollment/removal procedures and least satisfied with Con Edison's communication with customers about energy choice.

How did ESCOs feel about the “back-end” components of Con Edison's program?

- Electric ESCOs familiar with the ICAP program and energy reconciliations procedures reported high levels of satisfaction with these aspects of Con Edison's program. Gas marketers were typically satisfied with nomination and confirmation procedures, balancing services, the Capacity Release program, and the imbalance trading program. ESCOs tended to be most satisfied with the Capacity Release program and the imbalance trading program and least satisfied with the nomination/confirmation procedures.

How did perceptions differ across different types of ESCOs?

- Respondents that serve more than 1,000 customers in Con Edison's service territory appeared to be more likely than ESCOs serving fewer

customers to compare Con Edison favorably to other utilities and are more likely to participate in the email lead generation process (Market Match). Respondents who serve fewer than 1,000 customers appeared to be more likely than those who serve more customers to report favorably about Con Edison's website.

- ESCOs that provide gas appeared to be more likely to report overall satisfaction with Con Edison and their handling of energy choice than those that only provide electricity.
- ESCOs that serve residential customers appeared to be more likely to participate in the email lead generation process than those that serve commercial accounts. They are also more likely to compare Con Edison favorably to other utilities.

Introduction

Con Edison is committed to making its energy choice program one of the best in the nation. Consistent with that commitment, the Company has enlisted CRA, Inc. to conduct an annual assessment of the beliefs and perceptions held by the ESCOs participating in the program. Beginning in 2005, the assessment included ESCOs who supply electricity in addition to gas marketers. In this report, the term “ESCOs” refers to suppliers of electricity and/or natural gas.

This report summarizes the findings for the 2006 administration of the study, and presents comparisons to the 2005 findings. However, due to the small sample size, this research effort should be considered primarily qualitative. Differences in quantitative responses from one year to another should be interpreted with care; the research team notes where differences should be considered statistically significant.

Data Collection

The research team made a diligent effort to schedule interviews with representatives of all 34 electric and gas ESCOs currently supplying customers in the Con Edison area. The team successfully completed in-depth telephone interviews with 36 ESCO employees including representatives from 32 of the 34 ESCOs (For a detailed summary of survey participation by ESCO, please see Appendix B.) Data collection took place from April 4 to May 28, 2006. The average interview lasted roughly twenty-five minutes.

The Limitations of Qualitative Data

Because of the small sample size and the fact that many ESCOs do not provide feedback to all questions, this research effort should be considered primarily qualitative. Quantitative data is presented to summarize the general tone of ESCO perceptions. Qualitative research is an effective means of identifying and exploring attitudes and perceptions and a useful guidance tool for decision makers.

Report Structure

The remainder of this report details the findings in three sections:

- Key Findings
- ESCO Information
- CRA’s General Observations

Additionally, appendices provide summaries of global issues that emerged from the study, as well as ESCO participation in the study.

Key Findings

The research team used a variety of different questions to explore electric and gas ESCO representatives' general beliefs about the strengths and weaknesses of Con Edison's energy choice program. The remainder of this section addresses four general research questions:

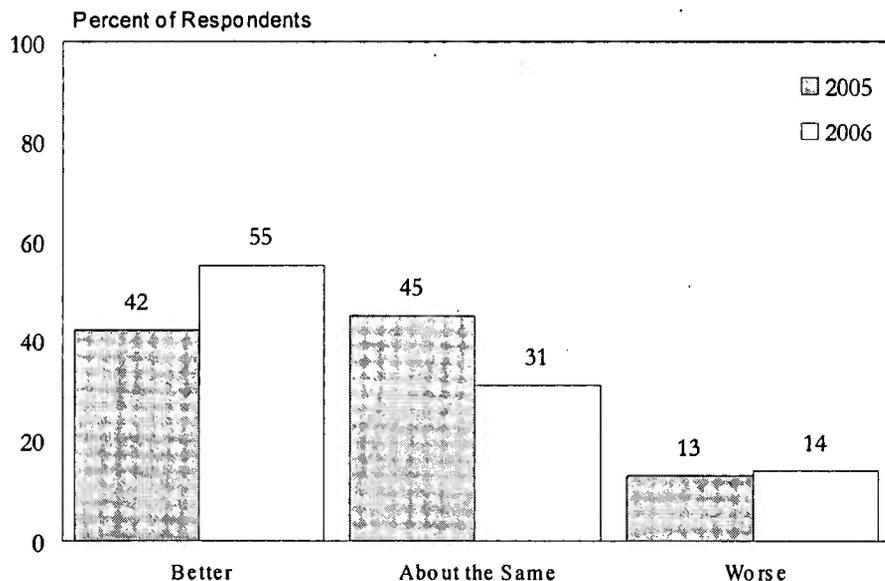
- **How do ESCOs rate their overall experience with Con Edison?**
- **How do ESCOs feel about the overall quality of their relationship with Con Edison?**
- **How do ESCOs feel about the "front-end" components (components that directly involve and are visible to the customer) of Con Edison's program?**
- **How do ESCOs feel about the "back-end" components (components that do not directly involve and are not highly visible to the customer) of Con Edison's program?**

How Do ESCOs' Experiences With Con Edison Measure Up To Their Expectations?

Expectations play a key role in influencing ESCOs' perceptions of working with Con Edison. To explore this issue, interviewers first asked respondents: "Overall, how do you find working with Con Edison, compared to other utilities whose electric and gas choice programs you're participating in?" Interviewers then probed to determine in what respects Con Edison's energy choice program is superior to other programs, and in what respects it lags behind other programs.

"Overall, how do you find working with Con Edison, compared to other utilities whose electric and gas choice programs you're participating in?"

Interviewers asked respondents for their overall perceptions of Con Edison's energy choice program. Responses revealed that ESCOs generally compared Con Edison's program favorably to others, with more than 85 percent of ESCOs noting that working with Con Edison is either better or about the same as working with other utilities. Additionally, two ESCOs commented that Con Edison is better in some areas and worse in others.



Comments from those who believe Con Edison's program is **better** revealed two primary themes:

- **ESCOs are pleased with their working relationship with Con Edison.**
 - ✓ They are easy to work with.
 - ✓ They are more confident in their replies. Some of utilities we work with who are newer than Con Edison are still struggling. They don't always understand everything. Sometimes I even feel some animosity that we're taking away their customers.
 - ✓ They're very responsive.

- ✓ They have the budget and the manpower to get things done. It's a true partnership. I've known Charley for years, and he'll come up to the ESCOs and say, "Here's our budget; how do you think we should spend it?"
 - ✓ They are the best. We have day-to-day contact. I like the fact that I can go on the web and check onto an account.
 - ✓ They make a genuine effort.
 - ✓ We're only in Con Edison's program now, but we used to be with Long Island Energy. Surprisingly, Con Edison is a little bit better. Their one-on-one interaction is very good. They're very forthright with us, and try to help us out. We only have problems if we're dealing with someone new. Then we don't always leave feeling like our questions have been answered.
 - ✓ They are better because they are easy to deal with.
 - ✓ More cooperation. The ombudsman (Charley Reed) is responsive and actively tries to create opportunities.
- **Some ESCOs report satisfaction with specific elements of Con Edison's program.**
 - ✓ They let us set our rates retroactively, all the way back to the beginning of the month. Con Edison has an efficient system regarding their rates.
 - ✓ Their programs are more proactive. They're fairer. But they can still improve. Their people are knowledgeable and quick to respond to any questions and problems we have.
 - ✓ Peak day capacity is released to marketers. Also, pool make-up is posted mid-month for the following month.
 - ✓ Most aspects of Con Edison's programs are superior to that of the other utilities we work with. Also, the support staff at Con Edison is second to none.
 - ✓ Their website is very simple, fairly low-maintenance. People there respond to our questions.

Those who believe Con Edison's program is **about the same** said:

- ✓ It will depend on what gets done. They're all the same right now. All good, but all the same.
- ✓ Day to day, we have little communication.
- ✓ They're all great.

Those who believe Con Edison's program is **more difficult** said:

- ✓ They're more bureaucratic. The customer service is not as knowledgeable. Long waiting time.
- ✓ They aren't going to want to hear this, but there's one difference between Con Edison and O&R. At O&R they bend over backwards to accommodate you. Con Edison doesn't. Con Edison has more than enough resources to let us work a bit more with them. I want as much public information as I can get about their hedging, so we know what's going on. We want to be able to see what's going to happen one or two years down the road so that we can have more successful programs. I give them credit for one hundred percent receivables; that was great.

- ✓ We have a personal contact with the other utilities, which makes communication more friendly, and we get better responses.
- ✓ If Southern California Edison equals a 10 on a 1-to-10 scale, Con Edison is like a 2. They're the evil Edison twin.

The two ESCOs who believe Con Edison's program is **better in some areas and worse in others** said:

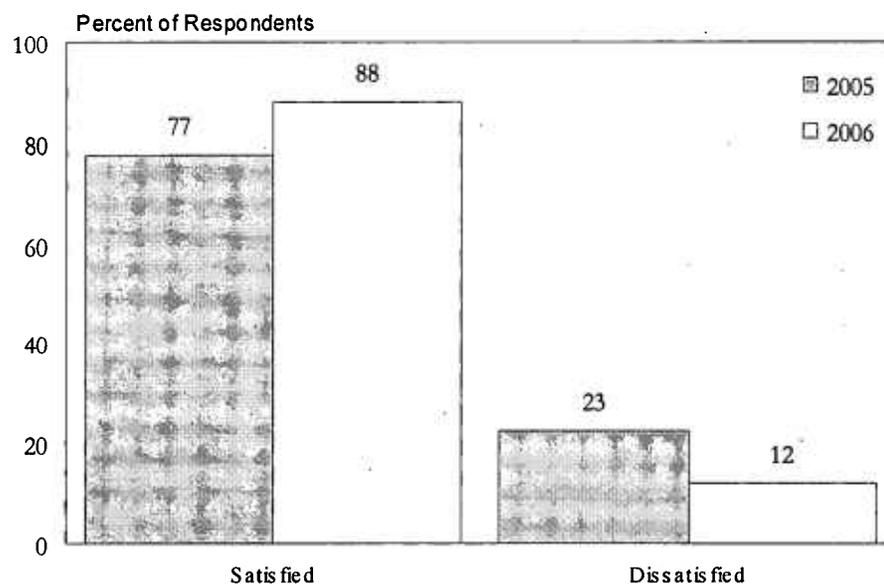
- ✓ Their people I deal with are better than the people at other utilities. However, if you take their people (like Charley Reed) out of the equation, then they aren't as good as other utilities. Their billing is more complicated; the structure isn't as good as other utilities.
- ✓ The website I would rate better. Information is more accessible. However, response from customer support is more difficult.

How Do ESCOs Feel About The Overall Quality Of Their Relationship With Con Edison?

Con Edison's relationships with ESCOs provide a foundation for the success of its energy choice program. With that in mind, CRA asked several questions designed to reveal the strengths and weaknesses in those relationships, and to explore areas for improvement.

"Overall, how satisfied are you with Con Edison's energy choice program?"

Interviewers asked respondents for their overall perceptions of the energy choice program. Responses revealed that ESCOs are highly satisfied with the program, with nearly nine-in-ten noting that they are very or somewhat satisfied.



"All in all, what do you like best about your relationship with Con Edison and its handling of energy choice?"

Interviewers invited ESCOs to describe what they like best about their relationship with Con Edison and its handling of energy choice. Content analysis of responses to this question revealed areas that ESCOs noted as strengths of the program:

- **A number of ESCOs praised Con Edison's representatives.**
 - ✓ Great interaction between us and Con Edison.
 - ✓ We don't deal with energy choice as of yet, but my dealings with Con Edison representatives have been pleasant and informative.
 - ✓ I enjoy working with the people that head *Power Your Way*.
 - ✓ Their personnel are very good.
 - ✓ They're very knowledgeable of the regulations regarding the program. They're very hardworking, good, decent, overworked people.
 - ✓ I like my contacts.
 - ✓ It's good. They're fine to deal with.
 - ✓ They have good ESCO representatives.

- ✓ The people are nice. I like dealing with Charley Reed. When they implement a new program, it usually works. They have a lot of good people that try really hard.
- ✓ The support is excellent, especially Fred Archer and Michele Doyle.
- **Several ESCOs offered favorable comments about Con Edison's excellent communication and responsiveness.**
 - ✓ They're somewhat easy to work with. They've been helpful and informative.
 - ✓ When I need to reach them, they respond. They communicate with me in timely manner.
 - ✓ They've been pretty good at communicating what's going on. They keep us up to speed.
 - ✓ They have very competent people. They get back to you quickly. Their energy choice program is more attractive than others. They promote the transportation program.
 - ✓ Con Edison seems very organized with the program. With so many customers they seem to make few mistakes. When something is brought to their attention, they resolve the issue quite quickly.
 - ✓ It's low-maintenance in the pool we're in. Gas transportation is good for the customers. Very forthright in giving us the information that we need.
 - ✓ I like the fact that Con Edison posts the following month's pool make-up mid-month.
 - ✓ Prompt and friendly email responses.
 - ✓ I am usually able to get the answers I need in a reasonable period of time to responses on retailaccess@coned.com.
- **A number of ESCOs spoke highly of Con Edison's website.**
 - ✓ They're very helpful. Their website is easy to navigate. We hear from customers that the site is easy to navigate.
 - ✓ The website is very interactive. It makes it easy to schedule. The people are very easy to contact.
 - ✓ The website has a lot of press and people can easily contact ESCOs through the website.
 - ✓ It's easy to deal with. The computer system is great. Their contacts are very accommodating.
- **Some ESCOs complimented Con Edison on their proactive marketing strategy.**
 - ✓ They're very proactive. They want to help us. They're open to our input.
 - ✓ Con Edison is trying to create a competitive environment, and I appreciate that.
 - ✓ They create outreach opportunities.
 - ✓ They are proactive in helping the ESCOs. They appear to genuinely want to exit the merchant function.
- **A few ESCOs commented on Con Edison's communication with customers.**

- ✓ Con Edison does a really good job communicating "real time" prices to large customers.
- ✓ Customers feel secure. Those who do it are more knowledgeable.
- ✓ If Con Edison does marketing, the message gets out. The public knows about it.
- **Two ESCOs offered comments on specific components of Con Edison's energy choice program.**
 - ✓ The RAIS system is good.
 - ✓ It runs smoothly. We don't have any problems. EDI transactions are easy.

"How about any weaknesses? Is there anything in particular Con Edison needs to work on?"

Interviewers then asked ESCO respondents to describe weaknesses in Con Edison's electric and gas choice programs. Content analysis revealed several primary areas of dissatisfaction:

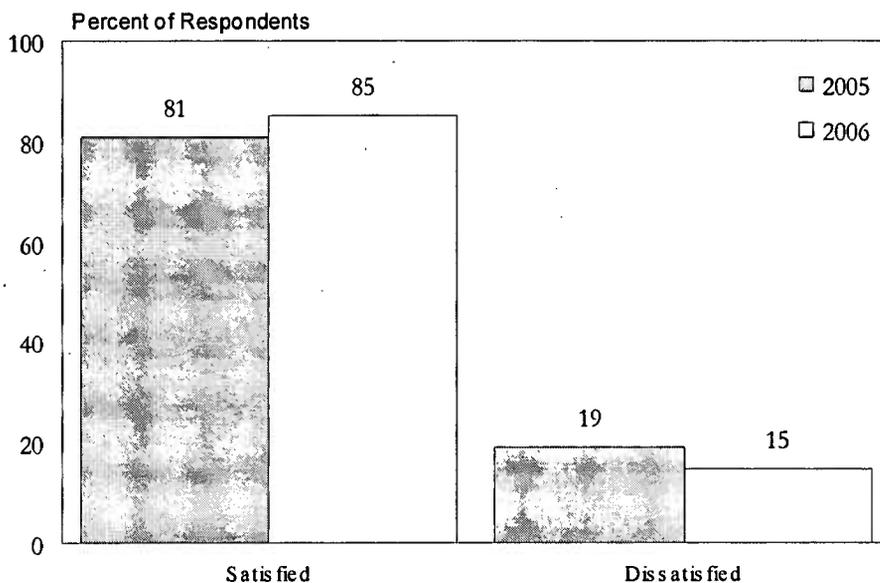
- **Some respondents spoke of issues related to Con Edison's interaction and communication with ESCOs.**
 - ✓ They don't cooperate with the ESCOs. They need more interaction with us. They need to get more resources to do this. They need to treat us like one of their customers, not some unnecessary evil. We also deal with Southern California Edison, and they refer to us as their "customers."
 - ✓ Retail choice operations. They need to be more responsive and timely.
 - ✓ They're not good at disseminating information. We have a lot of ad hoc issues, where we're making new offerings to our customers (like mandatory real-time pricing for large industrial customers), where there's a degree of hostility in our conversations with Con Edison, since some of their decisions weren't made about how they were going to get this information out to us. Rather than say, "That's in the works," they were very elusive. They were going to get the information out to us in a meeting, but they never held that meeting. We have contacts there that try to be very facilitative. It's just when we deal with someone new that we have these issues.
 - ✓ We would rather have a personal contact with Con Edison. Communication through email is not as friendly. Also, having a personal contact may help us get better attention.
 - ✓ When I have a problem, I have to send them an email and wait for a response from them. Their responses are usually very curt. They might just say, "Look at paragraph 13-C of this pamphlet." They aren't as helpful as they could be. As far as billing goes, they occasionally make mistakes with the meter. They'll send us information saying, "We actually used more than we told you." At least they're telling us, but I don't understand why this problem is occurring.
 - ✓ Sometimes it can be difficult to get hold of them.
- **A few ESCOs had comments and suggestions concerning specific operational aspects of Con Edison's program.**

- ✓ Improve imbalance trading to make it easier to do. They could improve on the Electronic Bulletin Board. Nominations and confirmations are on there, but they usually aren't updated until the end of the month. It would be a lot easier for me if the Bulletin Board was updated when our volume has been cut. Gloria Rodriguez calls me if our volume is getting cut, but she wouldn't have to do that if the Bulletin Board was updated on time.
 - ✓ It is extremely difficult to understand the information in the EDI files and the supplemental guidelines unless you are an advanced programmer.
 - ✓ Well, it doesn't matter anymore, but when you're trying to get started with them, it takes a long time to get certified for EDI.
 - ✓ Sometimes the posting of capacity release is late and too close to the end of the month. Their program for taking pipeline storage needs to be revised.
 - ✓ They need to continue to work on their winter bundled sales program. They should continue to expand that and offer additional capacity. Maybe not as much paperwork, like with CUBS.
 - ✓ Figuring out demand on a single bill. We are required to give a demand number that we don't know yet. When we do our own billing, we like to wait a day or so and do the demand accurately. Con Edison doesn't.
 - ✓ Sometimes it is challenging to get responses for the support group on time. Even though we provide electricity to a customer, sometimes Con Edison will continue to bill them for supply service.
- **A number of ESCOs described shortcomings related to acquiring customers and Con Edison's marketing strategy.**
 - ✓ It seems to me that they put a lot of effort into things that don't work well. This is reflected in their low migration statistics. Even O&R has thirty, forty, or fifty percent migration. Con Edison's is pitiful, like down in the single digits. They are not really listening to what the ESCOs want. They need to work on creating programs that don't discriminate against ESCOs that do their own billing.
 - ✓ Con Edison needs to become more proactive. They do a very bad job about advertising options. No one seems to really know that they have an opportunity to switch. Education process leaves much to be desired, especially since it has been ten years. I do like the people. It's the corporation.
 - ✓ They do not understand the views or goals of ESCOs. There is a lack of direct marketing programs that correlate to migration. They don't think outside of the box.
 - ✓ There's a lot of downtime in between their marketing efforts, so people haven't really switched. They've slipped in handling some customers; they've been giving them bad information. The turnaround is slow.
 - ✓ We've had a lot of cancelled rebills on the gas.
 - ✓ They need a better cash-out rate.

- **Two ESCOs voiced concerns about Con Edison representatives' communication with consumers.**
 - ✓ The representatives at Con Edison do not give good information. The consumers are confused, and only get more confused after talking to Con Edison.
 - ✓ Maybe the people on the phone. Sometimes Con Edison representatives will send people over to us with a problem that is really a Con Edison problem. The representatives don't have enough knowledge; maybe they need more training.
- **Two ESCOs had issues and questions concerning Con Edison's website.**
 - ✓ The Power *Your Way* website has five or six out of eighteen utilities with a check mark next to them. What do the check marks mean? How are check marks obtained? If I were a consumer and I saw a check mark I would go for the one with a check mark instead of one without.
 - ✓ They need to reinstate the referral program. Posting customer interest on the website added to the success of prospecting the customer.

"How satisfied are you with the quality of the communication between you and Con Edison?"

CRA also asked ESCOs to rate their satisfaction with communication between themselves and Con Edison. The findings revealed generally favorable perceptions in this area, with 85 percent noting that they were either very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of ESCOs who described themselves as **satisfied** with the quality of communication with Con Edison revealed the following themes:

- **Many ESCOs praised the accessibility and responsiveness of Con Edison representatives.**
 - ✓ I've noticed that they have a quick turnaround, even when we have very complicated questions or problems. When I send an email it goes to like five people, and I get a response within a day. It might just say that they're working on it, but at least it's a response and I can give that update to a customer.
 - ✓ All of my questions, being new, have been answered in a timely manner and precisely.
 - ✓ They're always very responsive.
 - ✓ It's very easy to contact them, even if it's after hours.
 - ✓ We almost always get through to a live person and they are usually very helpful.
 - ✓ It's very easy to get in touch with them.
 - ✓ They are always friendly and polite.
 - ✓ We communicate a lot through email and it's easier.
 - ✓ They get back to you quickly, but it could always be better.
 - ✓ Account managers like Pete Varrone, Tom Uhl, and Debbie Patterson are very willing to help.
 - ✓ There is a good relationship between Linda Williams and our office. She is able to respond to most customer service questions quickly and efficiently. When Linda is not available and immediate attention is needed, I am not sure who else is available and able to help. It would be nice to have a directory of the Con Edison employees in the Retail Access division, their duties and responsibilities, and contact information.

- **A number of ESCOs referred to Con Edison's proactive efforts to communicate information.**
 - ✓ They keep us up-to-date. They're available and helpful.
 - ✓ They are effective at communicating with us.
 - ✓ They are proactive in letting us know what's going on.
 - ✓ Again, they're pretty good at communicating what's going on; they keep us up to speed. They have given everybody the information that they need to rollout the program, so that we can do what we need to do to get it going.
 - ✓ They give us all of the information that we need.
 - ✓ They do a good job with periodic newsletters and keeping the ESCOs up-to-date.
 - ✓ They're fairly reliable.
 - ✓ They do a good job communicating with us.
 - ✓ Again, their personnel are very good. They communicate with us.

- **Several satisfied ESCOs took this opportunity to express concerns regarding Con Edison's responsiveness.**

- ✓ We need better contact. Everything needs to be in writing or we get no response.
- ✓ Some responses take a while to filter back. We don't know for sure if anyone is taking the time to read our emails and respond accurately to the issue.
- ✓ Occasionally it can be difficult to get hold of them. It seems like this happens during lunchtime. Everyone takes lunch at the same time, and there is this window where it's hard to contact anybody.
- ✓ It's such a big company that it makes it hard to establish a straight line of communication with one or two people.
- ✓ Some people are quicker to respond than others.
- ✓ I was trying to get my manager on the Con Edison newsletter distribution list and it did not happen right away. I emailed several times. Only upon his direct email was he able to get onto this email distribution list. The issue is fully resolved; it just took a while.
- ✓ They used to have a representative dedicated to us. We got sort of spoiled that way. Now we have to deal with a general mailbox. I don't have a person that I can pick up the phone and call. The representative assigned to us previously had over thirty years of experience. The people that we deal with now aren't as experienced.
- ✓ Like I said, I have to email them and wait for a response, which is usually very curt. I have to email them; I'm not supposed to call. They don't give detailed response to my questions.

Content analysis of the responses of ESCOs who described themselves as **dissatisfied** with the quality of communication with Con Edison revealed one primary theme, along with other comments:

- **Some dissatisfied ESCOs are concerned about the responsiveness of Con Edison.**

- ✓ It's not frequent or thorough enough. We need to explain in excruciating detail what we need, and then wait for a response. If it's not in excruciating detail, you need to wait again.
- ✓ We would much rather have a personal contact for specific issues.
- ✓ It's sporadic. For example, take the redacted version of the MSC. For a while, it was very important for us to have data from that. It's calculated monthly, but sometimes we went three or four months without getting that data. I don't really understand, since we're just on an email distribution list, how it could just "miss" us some months.

- **Other dissatisfied ESCOs noted:**

- ✓ Whenever there is a question as to what a representative said to a customer, there is always a "problem" with the recording, so we cannot hear what the representative actually said to the customer.
- ✓ They try hard, with the website and ESCO newsletters, but these things are just superficial. When they change something dramatic, they don't tell us. I'm sort of sandbagged by the newsletter. Since you're reading the newsletters, you think you'll know about some big changes. Then something dramatic will change, and you'll be caught

off guard because you didn't hear anything about it. I don't even get returned emails sometimes when I'm trying to get answers to my questions. They need to have better service for such a high volume customer. They're capable of doing this, but this is the result of bad management decisions.

How Do ESCOs Feel About The "Front-End" Components of Con Edison's Program?

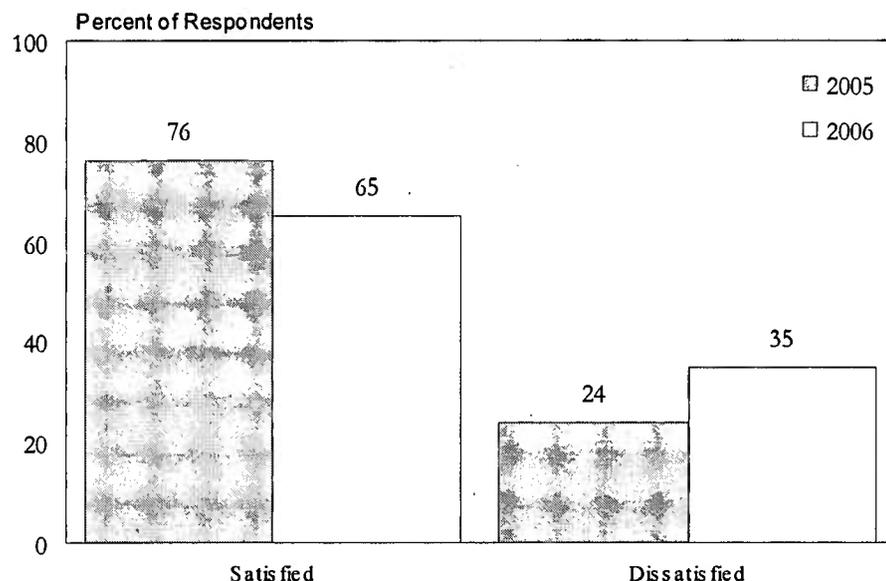
The survey explored ESCOs' perceptions of the components of Con Edison's electric and gas choice programs that directly involve and are visible to customers. These front-end components include:

- Communication with customers about energy choice.
- Con Edison's energy marketing campaign.
- The enhanced energy choice website with its lead generation capability.
- Enrollments and removals.
- Customer billing and payment processing.

The remainder of this section examines findings regarding these elements of the program.

"How satisfied are you with the way Con Edison is communicating with customers about energy choice?"

Interviewers asked respondents how satisfied they are with the way Con Edison is communicating with customers about energy choice. Responses revealed that ESCOs have somewhat favorable perceptions of Con Edison's customer communications, with roughly two-thirds noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of ESCOs who described themselves as **satisfied** with the quality of Con Edison's communication with customers revealed that ESCOs recognize Con

Edison's efforts to promote awareness of the program but note a few concerns.

- **ESCOs are generally pleased with Con Edison's efforts to communicate the program to customers.**
 - ✓ They're diligent at sending out information to the customers.
 - ✓ They send out pamphlets telling people to go to an ESCO.
 - ✓ They sent out a mailer. They've been proactive in telling people about energy choice.
 - ✓ They hold a number of workshops for customers that seem to be very effective.
 - ✓ They are very good at updating information. They have their annual and semiannual meetings.
 - ✓ They send mailings. They sponsor programs for ESCOs to meet utility customers (unlike KeySpan).
 - ✓ Power *Your Way* is innovative and somewhat effective, so far.
 - ✓ They gave us information to share with customers in a timely and accurate manner.
 - ✓ They provide customers with a variety of choices. They let them know about all the ESCOs, not just a few of them.
 - ✓ They communicate about the program like a public service.
- **A few ESCOs who are satisfied with Con Edison's communications with electric and gas customers took the opportunity to voice concerns.**
 - ✓ To Con Edison's credit, the customers know a lot more than they did a year ago. They have done a good job of getting the word out. However, when a customer calls up, it seems like their own people don't seem to know what they're talking about. Customers will call us and say, "Well, Con Edison told me this..." and we'll say, "Well, that's wrong." Sometimes I feel like if you call Con Edison five different times, you'll get five different answers.
 - ✓ One way they could improve is by giving us more information about their buying practices, so we can be more in line with their prices.
 - ✓ I think that the communication is limited. Their radio ad is amateurish at best. I am glad to see that they are making an effort; however, if they are going to spend the money they should do an ad that doesn't sound like it was recorded in someone's garage.

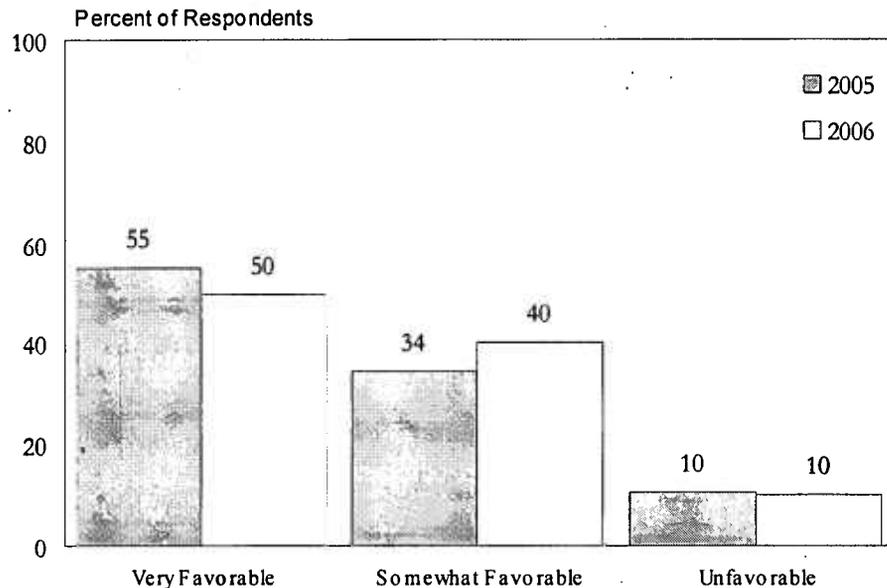
ESCOs who described themselves as **dissatisfied** with the quality of Con Edison's communication with customers offered the following responses:

- ✓ Most customers are confused and overwhelmed by all the companies to call and compare.
- ✓ Most customers are still unaware about the energy choice programs. There has been good response from previous marketing efforts to let the customers know about the program, but a more constant reminder needs to be made to keep this on the front burner in the customer minds. The energy choice program needs to be more prevalent on the Con Edison website. It is hard to navigate the site to get the required information online.

- ✓ Sometimes it feels like they're telling people not to use IDT. At least they aren't saying things like, "You know, you wouldn't have those high rates if you were with us," or things like that.
- ✓ They aren't doing enough for the home marketplace.
- ✓ Worry less about buying and messaging and focus more on direct marketing tactics that improve ESCO customer conversion and increase retention.
- ✓ There are a number of problems with slamming when an ESCO like us has an account with an expiration date on the contract, and the other provider gets the customer to change. If we have an active contract, Con Edison should automatically block these slams with their systems.
- ✓ They communicate regularly with their customers through bill inserts, but people don't pay any attention to those. When they do an advertising campaign, it gets the public's attention. In between the campaigns, however, there's very little going on.

"I'd like to explore your perceptions of the energy marketing campaign? How favorable are you to the campaign?"

Interviewers asked respondents how favorable they are towards Con Edison's energy choice campaign. Responses revealed that ESCOs hold highly favorable perceptions of the campaign, with nine-in-ten noting that they are either very or somewhat favorably disposed to it.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of ESCOs who described themselves as **favorable** towards the energy marketing campaign revealed that while ESCOs are pleased with Con Edison's ongoing efforts to promote energy choice, they do express a few concerns regarding the effectiveness of these efforts.

- **Several ESCOs expressed their approval of Con Edison's marketing efforts.**
 - ✓ It increases customers. Good advertising tool for us.
 - ✓ It helps promote deregulation.
 - ✓ The functions they sponsor are helpful in educating the public, as well as helping us gain new customers and contacts.
 - ✓ A good effort has been made by Charley Reed and his staff. O&R has the best program in the state. Con Edison is trying to replicate some of the programs that O&R uses.
 - ✓ They're not trying to be our competitors. They are trying to help us out.
 - ✓ Good exposure.
 - ✓ It seems to me they're putting a lot of effort into getting the word out.
 - ✓ Well, it's fairly aggressive. I get a regular update from them on their efforts.
 - ✓ Well, I'm responding as someone that lives in New York, not as an employee. I live in O&R territory, but I still see things coming out. I

see them advertising during the wintertime, educating customers. It's a smart move on their part.

- ✓ Active, good advertising.
- ✓ I don't attend the campaigns. We're satisfied with them, though.
- **Other ESCOs recognize Con Edison's efforts, but still feel more needs to be done.**
 - ✓ They need to make more of an effort. Maybe a panel feed to buy from them.
 - ✓ They do a good job. The education is substantial, but more is required.
 - ✓ I haven't seen a lot of results. We'll have to wait and see.
- **Two ESCOs noted that the campaign focuses on smaller customers.**
 - ✓ That campaign targets residential and very small commercial customers. We don't deal with that area.
 - ✓ It's more focused towards smaller customers, but it presents a fine level of information.

ESCOs who are **unfavorable** toward Con Edison's energy marketing campaign offered these concerns:

- ✓ There's a lack of migration. A lack of programs to migrate customers.
- ✓ They've put a lot of money into it. The problem is that they're offering all of these great things, but when you actually get into it the programs aren't working very well.

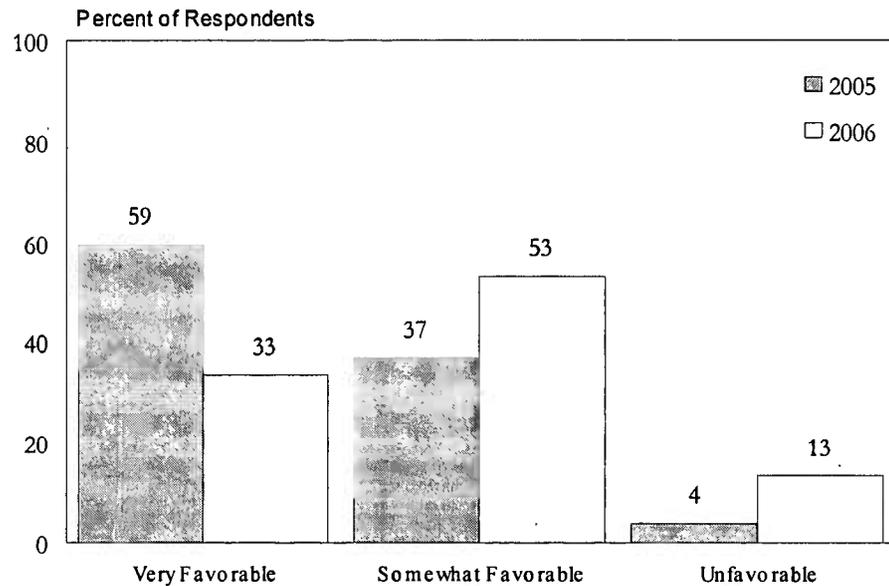
Interviewers also solicited ESCOs suggestions for the campaign.

Respondents offered the following:

- ✓ They should refer customers directly to an ESCO, on an equal basis, of course. Let's say they would refer 500,000 therms worth of users a year to each ESCO, or something like that.
- ✓ Do whatever you have been doing, but try to get larger customers.
- ✓ They could always do better. I would recommend more consumer education. Get out in the public and let people know how to conserve energy, why gas prices are what they are, etc.
- ✓ The only problem is that it's inconsistent. They only do it a few times a year. Do it more often.
- ✓ They should share what their campaign is going to be with the ESCOs. Maybe they could include a preview in the ESCO newsletter, so we know what's going to be happening.
- ✓ Develop a way to offer cooperative advertising opportunities and sponsorships.
- ✓ They should provide customer lists for direct marketing. Checkboxes on payment stubs for direct marketing tactics.
- ✓ I'd like to see their efforts used on programs that work: ESCO consolidated billing, communicating better with us. We can't participate in the ESCO referral program because of the way we bill. I've told Charley and Hollis Krieger this.

"What do you think of the enhanced energy choice website?"

Interviewers asked respondents how favorable they are towards the enhanced energy choice website. Responses revealed that ESCOs hold generally favorable perceptions of the website, with roughly 85 percent noting that they are very or somewhat favorable, although the strength of perceptions appears to have declined from 2005. Please note, however, that over half of the respondents did not provide a rating for this component of the energy choice program, suggesting that many ESCOs may not be familiar with the website.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the ESCO responses revealed two primary themes:

- **Several respondents indicated that the website was working well.**
 - ✓ It's okay and it's getting better.
 - ✓ It's very clear.
 - ✓ It seems like it's working.
 - ✓ The information is great and it is user-friendly.
 - ✓ Con Edison's site is pretty useful.
 - ✓ It allows interaction with ESCOs.
- **A few ESCOs noted things that they did not like about the website.**
 - ✓ You have to do more clicking, rather than before when you could go straight into your account. Not easy to navigate.
 - ✓ There is not really a place for each ESCO to market itself to try to appeal to a certain type of customer. An advantage is therefore given to the ESCOs towards the top of the list.
 - ✓ They didn't really change anything. It has the same features that already existed, but now I have to learn a whole new set of icons.

Additionally, two of the ESCOs wanted more information about the energy choice website.

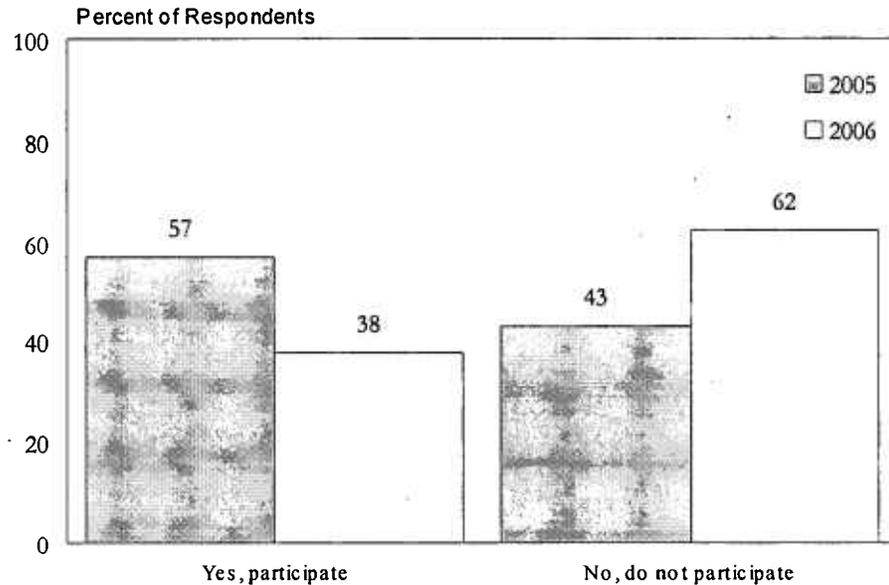
- ✓ I'd like to know what the check marks mean.
- ✓ Please inform me about this site. I do not know about the enhanced energy choice website.

Interviewers also solicited ESCOs' suggestions for the website. Respondents offered the following:

- ✓ Move from the lendingtree.com model where there is a disconnect from when the customer initiates connection and waits for a response. Maybe an orbitz.com model. Make payments, enrollments, and shop with an ESCO.
- ✓ Fine presentation of information, but I wish that they publicized Green Energy more. Maybe a logo on the home page.
- ✓ It should be more educational. They should have a glossary of terms, to help understand the various functions. If you want to have people go elsewhere you have to make them more intelligent. Describe and detail changes and include questions to ask suppliers.
- ✓ It looks like it's attempting to educate, but Energy Choice needs to be more prominent and advertised. It was difficult for me to find.
- ✓ There are so many things on the Con Edison website that I can't do. They need to expand their programs so that we can do more at the website. There isn't too much for me to go there for.
- ✓ There needs to be a way to understand the metering parameters. They should include more metering information on their website.
- ✓ Also, I think that they should post bills online. They don't itemize their bills, and I think they should.

"Do you participate in the email lead generation process that's integrated into the website?"

To provide additional context around electric and gas ESCO perceptions of the energy choice website, interviewers asked respondents whether they had chosen to participate in the lead generation process that is integrated into the website. As shown, the level of participation appears to have declined from 2005.



Interviewers then asked respondents who **participate** to describe their experience with the process.

- **Most ESCOs who participate in the program noted that the process is working well and they are getting leads.**
 - ✓ It's okay. We have not monitored the sales, but it has been modestly successful.
 - ✓ It's working fairly well.
 - ✓ It's okay. We're getting leads, but there is low customer conversion rate. This is attributed to the fact that the person is ready for action, but they have to wait and then it is difficult to compare and contrast.
 - ✓ It's fine. I like it.
 - ✓ It's been a good marketing tool for us.
 - ✓ We've had a great experience. It brings a lot of consumers. Good exposure.
 - ✓ It's okay.
 - ✓ It works okay. We're satisfied with it.
 - ✓ It's been okay.
- **Others mentioned that they do not receive enough leads for large accounts.**
 - ✓ We would like to only receive leads from commercial accounts, but we are inundated with residential leads and we do not focus on this segment.

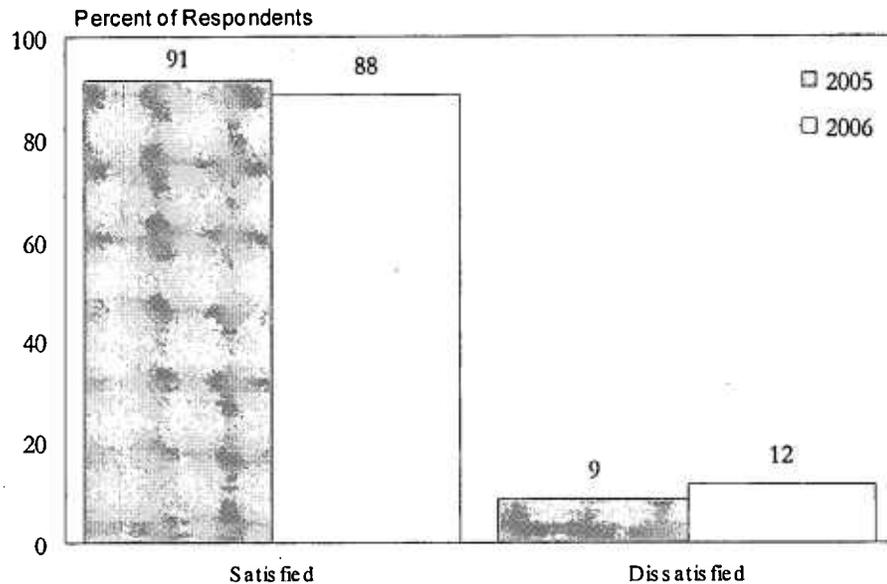
- ✓ Most of the leads that we get are way too small. Usually pretty useless.

Interviewers also asked respondents who **do not participate** to explain why they chose not to take part.

- **Some noted that they were not eligible to participate in the program.**
 - ✓ We might have tried, but weren't able to participate because we weren't doing Con Edison consolidated billing.
 - ✓ We are not eligible. We have all the information, but we need to work on getting eligible.
 - ✓ I'm not within the enrollment area.
- **Others mentioned that their company is not interested in the residential account leads generated by this process.**
 - ✓ We know about it. We just haven't wanted to get involved in that area (very small customers).
 - ✓ We're commercial only.
- **Some ESCOs noted that other contacts in their company may make use of the lead generation process.**
 - ✓ Matt Lanfear may be involved with it, but I'm not, personally.
 - ✓ Some other people with us in New York might participate, but I don't.
- **A few ESCOs were not aware of the program.**
 - ✓ I think this is what I mentioned earlier. We need to check into this.
 - ✓ I am in the Operations side of the business; I was not aware of such a program. I can forward more information to make sure the company as a whole is aware.
- **Other ESCOs mentioned additional reasons for not participating.**
 - ✓ We didn't like the way it was structured. You're locked into providing for a customer at a certain rate, which may or may not be profitable for the ESCO. Then, there's no guarantee that we can negotiate price with the customer after the initial enrollment expires. Also, it seemed like it was focused more on residential and retail customers, where we deal mostly with large commercial and industrial accounts.
 - ✓ It is our company policy to go door-to-door. We do not use telemarketing or emails.
 - ✓ We don't do the email service and stuff because it ties up our phone lines. We don't have time to spend with every little customer who's going to call up with a question about a fee or a tax on their bill. We're a niche company. Most of our customers are from our oil business, and they trust us because they've been with us.

"How satisfied are you with Con Edison's processing of customer enrollment and removals?"

Interviewers asked respondents how satisfied they are with Con Edison's processing of customer enrollments and removals. Responses revealed that ESCOs have highly favorable perceptions in this area, with nearly nine-in-ten noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of ESCOs who described themselves as **satisfied** with Con Edison's handling of enrollment and removals revealed the following themes:

- **Several ESCOs simply noted that this component of Con Edison's program works well and that they haven't had any problems.**
 - ✓ It's automatic and quick. Well done.
 - ✓ It's done on a timely basis. There are not too many delays.
 - ✓ The turnaround time is very good.
 - ✓ It seems to be running smoothly. The communication is there.
 - ✓ There's nothing bad about it.
 - ✓ To my knowledge, we have no issues with this part of the program.
 - ✓ We are able to get a response on enrollments and removals within one or two business days and a thorough explanation is given with any exceptions.
 - ✓ We've only just started working with them, but I haven't heard of any problems yet.
 - ✓ The electronic process seems to work.
 - ✓ I don't handle this area. But I think it's relatively easy to enroll customers. I haven't heard of any problems downstairs.
 - ✓ I'm disappointed sometimes, but overall it's fine.
 - ✓ It seems to be accurate. The RAIS site is very good.

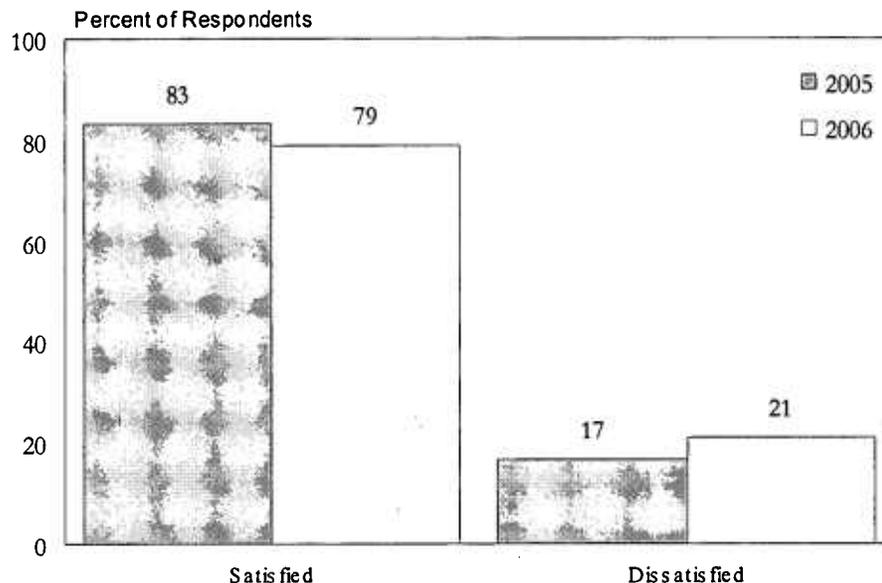
- **Other ESCOs specifically praised the EDI protocol.**
 - ✓ They don't give us troubles. They follow the EDI protocol. We send enrollment transmission, they give us confirmations, and everything is resolved within 48 hours. There are a few lost confirmations, though.
 - ✓ Using EDI enrollments and drops makes the communication clear and timely.
 - ✓ They do what they need to do consistently. They're very facilitative if we have problems. We use EDI; it goes through the confirmation process. If there's a problem (a customer gets enrolled, then de-enrolled right away), our guy gets involved and Con Edison is good at getting back to us with the information we need.
 - ✓ EDI communications are excellent. If an enhancement or drop is rejected, there is a clear reason.
- **A few satisfied ESCOs expressed concerns regarding the timeliness of enrollments and removals.**
 - ✓ It's not perfect. We'll send files in, and it might take three to four days for us to get a response. The timing is somewhat inconsistent; sometimes it will only take two days. It's just a minor inconvenience, not the end of the world.
 - ✓ It takes too long for removals.
- **Other satisfied ESCOs offered specific concerns.**
 - ✓ I see the end results and I see that they are doing an above average job, but it really depends more on the processing company than Con Edison.
 - ✓ If a customer isn't in your pool, and was supposed to be, they are very accommodating. They work with you, not against you.
 - ✓ Working with other ESCOs makes it a difficult program to police on their end.

ESCOs who described themselves as **dissatisfied** with Con Edison's handling of enrollments and removals commented:

- ✓ They need to improve the speed as to when files are processed. It has taken as long as three days to process a file.
- ✓ They should screen for slamming. They should make usage data, especially for interval customers, more readily available.
- ✓ When it's legitimate, it works out well. But the problem is with the slams that they also enroll and don't verify.

"How satisfied are you with the way Con Edison handles customer billing and payment processing?"

Interviewers asked respondents how satisfied they are with the way Con Edison handles customer billing and payment processing. Responses revealed that ESCOs have generally favorable perceptions in this area, with roughly four-in-five noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of ESCOs who described themselves as **satisfied** with Con Edison's handling of customer billing and payment processing revealed that while ESCOs tend to feel this component functions well, there is still room for improvement.

- **Several ESCOs mentioned that they had experienced problems with accuracy and timeliness, but they were still satisfied overall.**
 - ✓ They had a lot of issues at the end of last year, but we have seen improvement since then.
 - ✓ It's generally good. Invoice advice is quick. Sometimes there are incorrect invoices due to program bugs, but as long as we get our monthly check, we're happy.
 - ✓ We expect to be paid on time. We usually are, but there have been a few instances where we were paid late on the POR receivables.
 - ✓ Their customer billing is too inflexible. It does not allow ESCOs to give credit, and we have periodic issues with timeliness.
 - ✓ Billing procedures are way too late. It's better if we get it earlier.
 - ✓ It's very smooth. There are no errors. The only problem is the demand problem.
 - ✓ Even though we provide electricity to a customer, sometimes Con Edison will continue to bill them for supply service. So far everything else seems to be fine.

- **Some ESCOs noted that the process runs smoothly and is accurate.**
 - ✓ They apply payments promptly. It's fair. It runs smoothly.
 - ✓ They money comes in on time, and is accurate.
 - ✓ Cash-out billing is timely, detailed, and correct.
 - ✓ Collection is just easier. They collect the money and send it to us.
- **A few ESCOs commented that they had not experienced any problems with Con Edison's handling of customer billing and payment processing, but that they were not directly involved in that area.**
 - ✓ I'm up the management chain for that process, but I'm not directly involved with it. However, I'm not aware of any problem. The guy who does that hasn't reported any complaints.
 - ✓ I haven't heard any complaints, but I don't receive bills directly.
 - ✓ It's okay. I don't really deal with the area.
- **Other ESCOs offered additional comments.**
 - ✓ There's nothing for us to do anymore. They do all the consolidated billing.
 - ✓ The POR is very good.

ESCOs who described themselves as **dissatisfied** with Con Edison's handling of customer billing and payment processing offered the following responses:

- ✓ It is very confusing for new customers when they are receiving two or three bills in a month's time when they switch to an ESCO. Many of them don't understand the reason behind this and want to switch back to Con Edison because of this reason. Would it be possible to have a split gas bill in their normal cycle showing a partial month from both suppliers? Customers are also confused when they see their transportation charges itemized when they used to have transportation and supply charges consolidated from Con Edison. Many customers think this is a new charge on their invoice they did not have to pay before. There needs to be a better explanation on how their bills will look when they switch to an ESCO.
- ✓ We would love to do the billing for Con Edison.
- ✓ I do not like the waiver procedures and the quick trigger processing comparing an inaccurate rate.

How Do ESCOs Feel About The "Back-End" Components of Con Edison's Program?

Components of the "back-end" processes—those that do not directly involve or are not highly visible to the customer—are different depending on whether the ESCO provides gas or electricity. This section of the report presents the "back-end" findings both Electric ESCOs and Gas ESCOs.

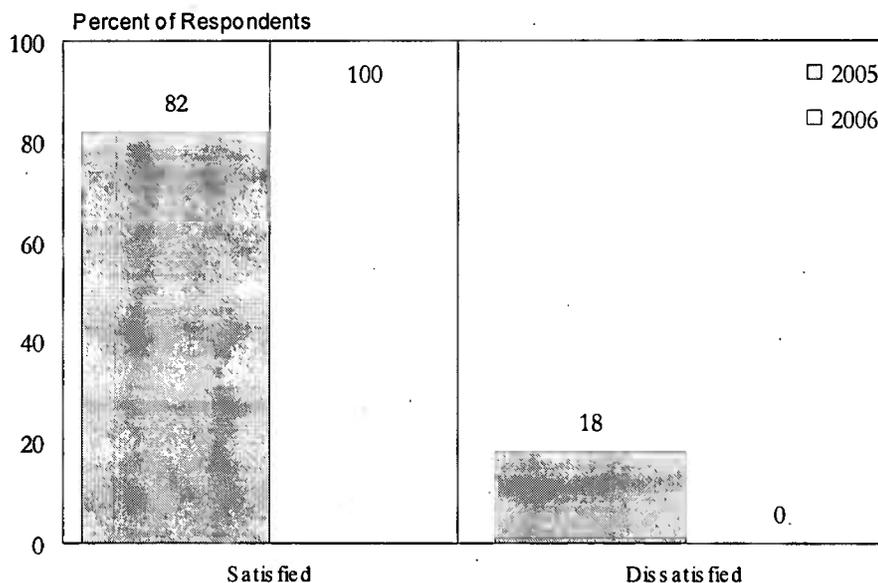
Electric ESCOs

The survey explored perceptions of the 22 respondents who supply electricity related to the following electric back-end components:

- Energy reconciliation
- ICAP

"How satisfied are you with the way Con Edison handles energy reconciliation?"

Interviewers asked respondents how satisfied they are with how Con Edison handles reconciliation. Responses revealed that electric ESCOs who are familiar with energy reconciliation have highly favorable perceptions in this area, with all respondents noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Electric ESCOs who described themselves as **satisfied** with Con Edison's handling of energy reconciliation offered the following:

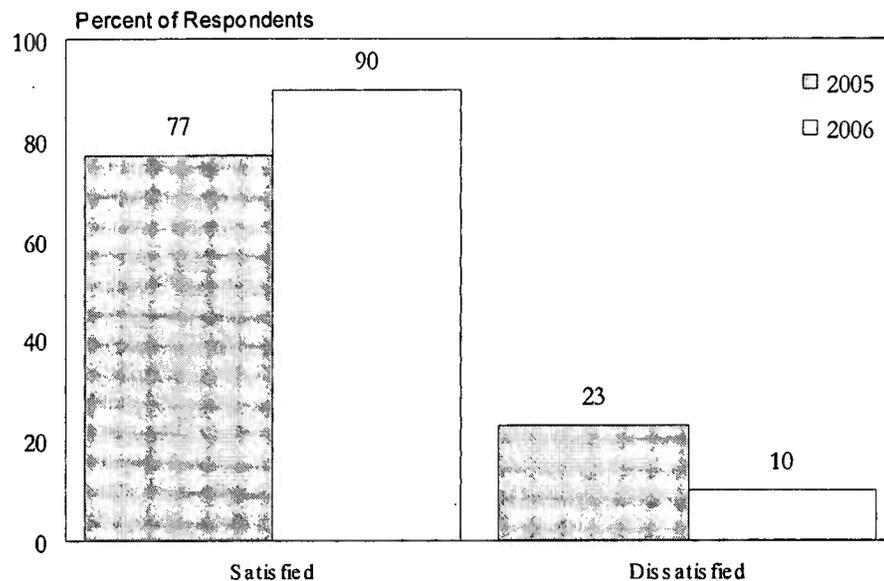
- ✓ They've explained it. It's a procedure and they follow it well.
- ✓ It is what it is. It's been in place for a while. There's nothing to complain about.
- ✓ The energy reconciliation is very complicated, but that's just the nature of the beast. When you know what your customer has actually used (the gross, which is what I need) it's four months down the road.

But you have to understand, that's how it is with all utilities, not just Con Edison. We've had problems with losses and unaccounted-for energy. Sometimes it will balloon to 10 percent, and that affects our profitability. Con Edison says, "We do the calculations, but don't save that data." That's just pompous. Why wouldn't you save that data, unless you just don't want to have to deal with it? It's a way for them to wash their hands clean. People saying, "That's not my job."

- ✓ No electric ESCOs described themselves as **dissatisfied** with Con Edison's energy reconciliation process.

"How satisfied are you with the way Con Edison handles ICAP?"

Interviewers asked respondents how satisfied they are with how Con Edison handles ICAP. Responses revealed that electric ESCOs have highly favorable perceptions in this area, with nine-in-ten of the ESCOs familiar with ICAP noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Electric ESCOs who described themselves as **satisfied** offered the following:

- **Some electric ESCOs expressed contentment with Con Edison's handling of ICAP and stated they had not experienced any problems.**
 - ✓ It's broken out on the bill pretty well. Easy to explain.
 - ✓ It's fine.
 - ✓ No problems yet, but we've just started working with them.
 - ✓ Again, it is what it is. There's not anything you can do much about.
 - ✓ I'm very happy with the allocation of ICAP. The issuing of ICAP makes sense. We've had a problem, though. The handling of ICAP dollars is not fairly allocated in the MSC structure. One thing I don't like is Con Edison's new mechanism. Con Edison used to have an

old mechanism for providing bulk meter read data through the Internet for individual accounts. Prior to EDI, we'd have a real estate firm, or a McDonald's, that we were trying to price. So even though you're pricing one account (McDonald's), you have to go back and look at the historical usage data for 200 accounts. Con Edison would give me a file that had all the data I could have gotten off of RAIS. However, EDI is missing the coincident peak number (or ICAP number) in the headers. This is a critical component for us. Now I need to go to RAIS and individually look up 200 accounts to get their ICAP numbers.

- **One satisfied electric ESCO was concerned about obtaining information from Con Edison.**

- ✓ It could be smoother. It's difficult to get information from Con Edison.

The electric ESCO who is **dissatisfied** with Con Edison's handling of ICAP commented:

- ✓ They need to reply to an email I wrote about a question I had about the ICAP. I will resend today.

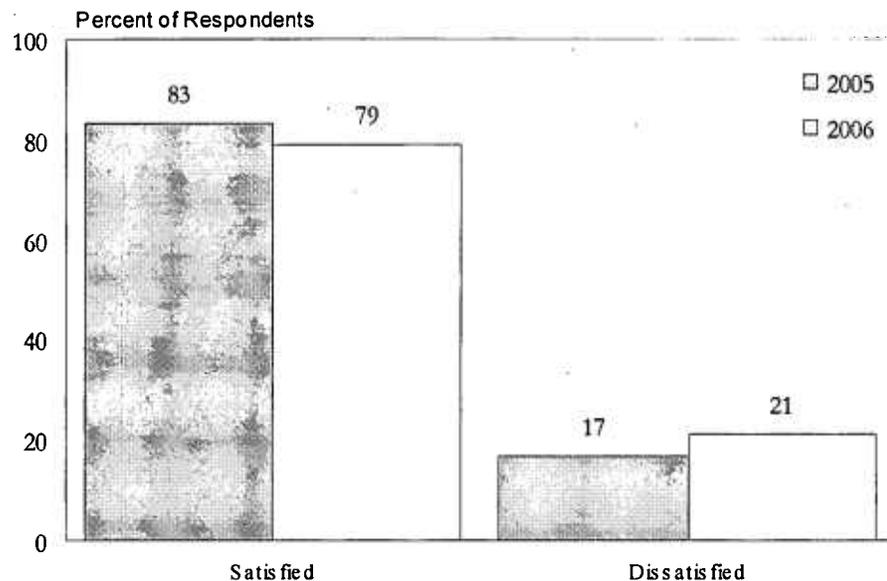
Gas ESCOs

The survey explored perceptions of the 25 respondents who supply gas related to the following gas back-end components:

- Nomination and confirmation procedures.
- Capacity Release program.
- Balancing services.
- Imbalance trading program.

“How satisfied are you with Con Edison’s nomination and confirmation procedures?”

Interviewers asked respondents how satisfied they are with Con Edison’s nomination and confirmation procedures. Responses revealed that gas ESCOs have generally favorable perceptions in this area, with roughly four-in-five noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of gas ESCOs who described themselves as **satisfied** with Con Edison’s nomination and confirmation procedures reveals:

- **Many gas ESCOs noted that the nomination and confirmation procedures work well.**
 - ✓ Open communication.
 - ✓ Nomination procedures are easily accessed, simply completed, and confirmed in a timely manner.
 - ✓ Rules are established and consistent, which makes it easier to do business for ESCOs.
 - ✓ It's easy. They haven't changed it.
 - ✓ TCIS is a good system.

- ✓ Their Electronic Bulletin Board is easy to access. The nomination process is simple, because we can check confirmations on the EBB.
- **A few gas ESCOs who described themselves as satisfied with Con Edison's nomination and confirmation procedures offered suggestions for further improvement.**
 - ✓ Con Edison's Electronic Bulletin Board makes it easy to enter nominations initially. However, after the initial nominations, you cannot re-nominate through the end of the month. Only for one day.
 - ✓ They don't always confirm on the weekends. Other than that, they are okay..
 - ✓ They don't confirm until later in the afternoon. I'd like it if it was earlier in the morning.

Gas ESCOs who are **dissatisfied** with Con Edison's nomination and confirmation procedures commented:

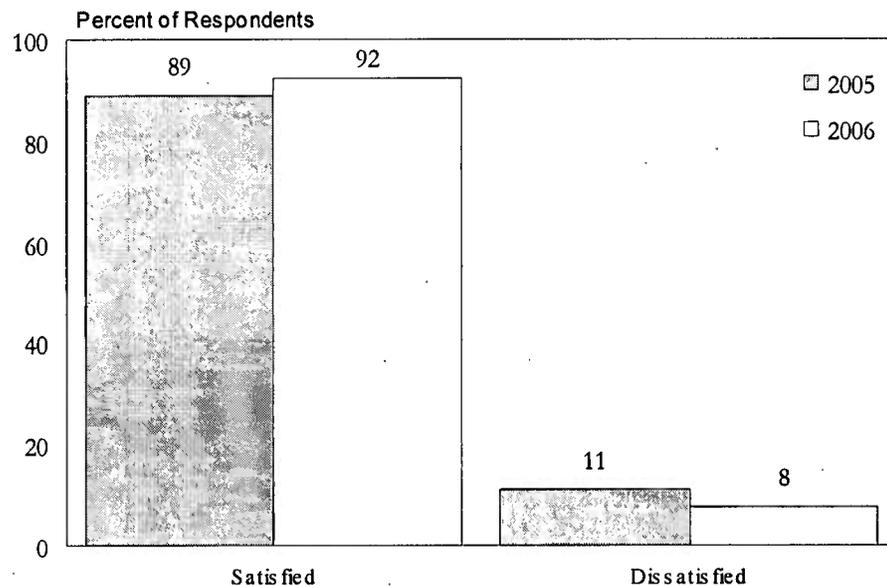
- ✓ They could update the Bulletin Board more regularly. Sometimes it isn't updated until the end of the month.
- ✓ They need more automated systems in place that give us more detailed information. The Electronic Bulletin Board doesn't let us add information after certain deadlines.
- ✓ The Electronic Bulletin Board should contain more timely information regarding the confirmation side of the nominations.

One gas ESCO that did not offer a rating offered the following comment:

- ✓ There are no intra-day nominations. The website doesn't handle it. The synthetic storage has been working out.

“How satisfied are you with the Capacity Release program that Con Edison offers?”

Interviewers asked respondents how satisfied they are with the Capacity Release program offered by Con Edison. Responses revealed that gas ESCOs have highly favorable perceptions in this area, with more than nine-in-ten noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of gas ESCOs who described themselves as **satisfied** with Con Edison’s Capacity Release program revealed that, in general, these ESCOs hold favorable perceptions of this component; however, several voiced concerns and offered suggestions for improvement.

- **Many gas ESCOs reported that the Capacity Release program works well.**

- ✓ The program is one of the best in the industry.
- ✓ We're okay with that.
- ✓ Again, the rules and the procedures are reasonable.
- ✓ Not too sure about this, but I haven't heard any complaints.
- ✓ They've made it available..
- ✓ It works fairly smoothly.
- ✓ I get the information in a timely, accurate manner. I can check discrepancies and can get back with the service department.
- ✓ With the exception of the storage balancing program, the capacity released is equal to peak day demand. I do not have to go out in the capacity release market to meet peak day demand.

- **A few gas ESCOs mentioned possible specific areas for improvement.**

- ✓ I like the CRP. I wish they provided more winter bundled sales/services.

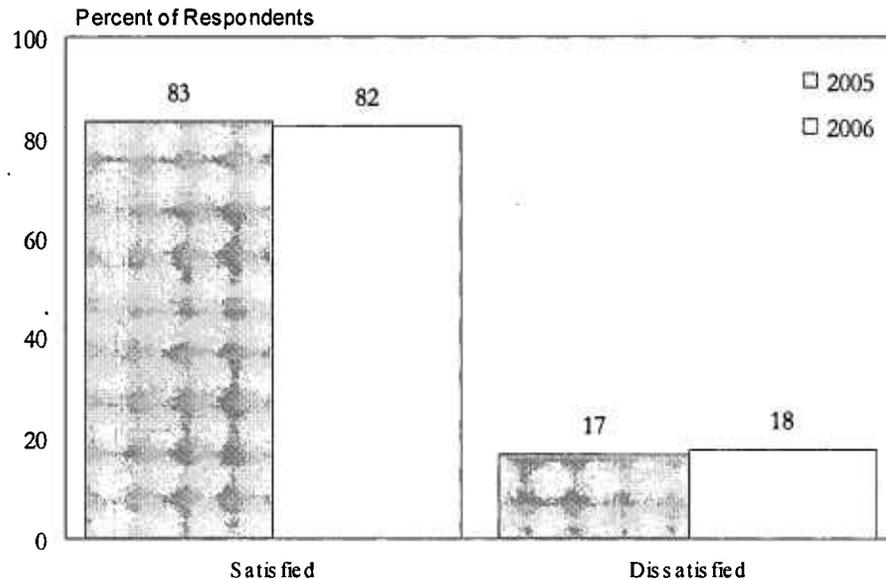
- ✓ Recent inquiry into partial capacity release was met with positive feedback.
- ✓ I wish it wasn't so burdensome in the summer. They need to make it more attractive to take on residential customers.

Only one gas ESCO is **dissatisfied** with Con Edison's Capacity Release program, saying:

- ✓ We can't manage our assets as well as we would have liked. They are progressive, compared to other utilities. But it still isn't as good as it should be.

"How satisfied are you with the balancing services that Con Edison offers?"

Interviewers asked respondents how satisfied they are with the balancing services Con Edison offers. Responses revealed that gas ESCOs have generally favorable perceptions in this area, with more than four-in-five noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of gas ESCOs who described themselves as **satisfied** with Con Edison's balancing services revealed:

- **A number of gas ESCOs reported that the balancing services work well and are easy to understand.**
 - ✓ It's going smoothly.
 - ✓ It's low-maintenance and simple. It's not difficult to understand.
 - ✓ I like their procedures.
 - ✓ It's all done in the billing. It's easy to pull out.
 - ✓ The rules and the procedures are reasonable.

- ✓ It gives us opportunities to minimize our balancing. We understand how it works.
 - ✓ It's satisfactory. There have been no real issues. The market rate adjustments tend to go to the low side.
 - ✓ They have given us the option of being in pools with different tolerance levels. We have the choice to be in a pool with thirty percent tolerance, ten percent tolerance, etc. It's better for us to change during the winter because there are more fluctuations. Also, we have the option to do imbalance trading.
- **Several satisfied gas ESCOs offered suggestions for improvement in this area.**
 - ✓ Make the account-by-account breakdown of the customer usage available in an electronic format (text file or Excel).
 - ✓ The cash-out rates should be fully based on the Transco IF Index and not a hybrid of this index and the Gas Daily Index. Otherwise, it is fine.
 - **One gas ESCO simply said:**
 - ✓ Same balancing services that they've always had. Nothing to get excited about.

Gas ESCOs, who described themselves as **dissatisfied** with the balancing services Con Edison provides, offered the following responses:

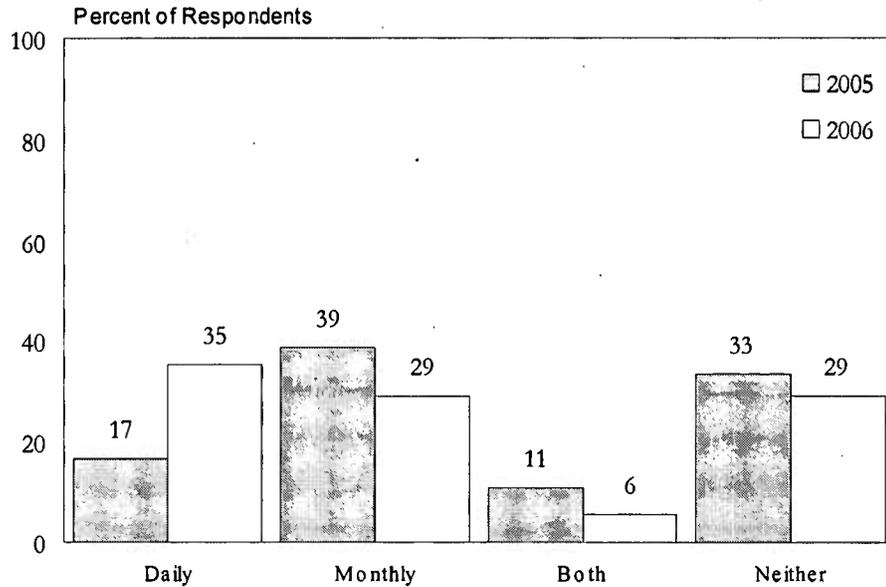
- ✓ There are things that we should be able to do with our assets that we can't do. We'd like to use and manage our assets there.
- ✓ The cash-out price isn't fairly calculated. They discount after a certain percentage; I don't think it's fair. We shouldn't be penalized for any imbalance. It should be a fair market rate.
- ✓ Does not use storage for balancing.

One gas ESCO did not provide a rating but offered the following response:

- ✓ They want us to take on residential customers. But then I get a bloated charge for unused capacity. You've got to help me out if you want me to take on more residential customers.

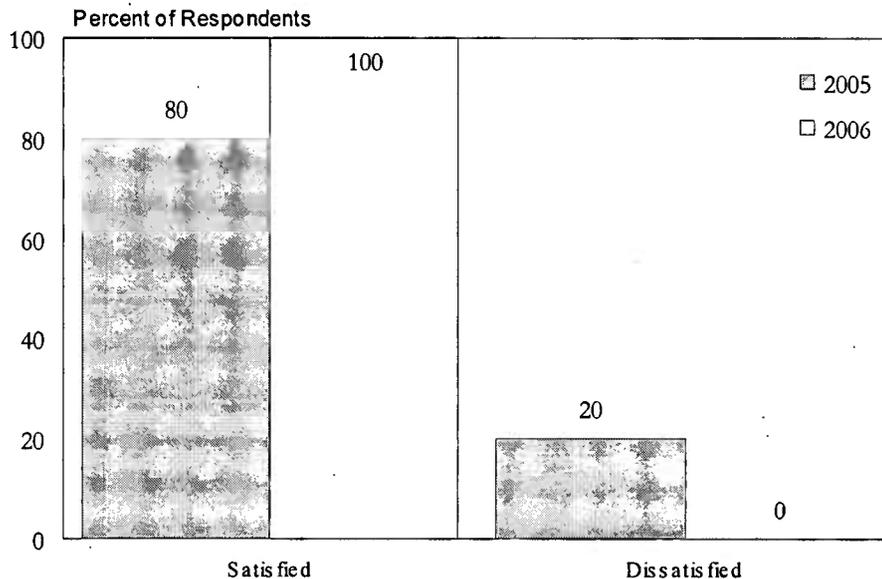
"Do you currently use the daily or monthly imbalance trading program offered by Con Edison?"

Interviewers asked respondents if they participated in Con Edison's imbalance trading program, and if so, whether they use daily or monthly imbalance trading. Responses indicate that a number of gas ESCOs either do not use, or are not familiar with, the program. Of those familiar with the program, roughly seven-in-ten use either the daily or monthly program, or both.



"How satisfied are you with the imbalance trading program?"

Interviewers then asked respondents who use the imbalance trading program how satisfied they are with the program. Responses revealed that the gas ESCOs who participate in the program have highly favorable perceptions of this area, with all ESCOs noting that they are very or somewhat satisfied.



Interviewers then asked respondents to elaborate on the reasoning behind their responses. Content analysis of the responses of gas ESCOs who described themselves as **satisfied** with the way Con Edison handles their daily imbalance program revealed:

- **Several gas ESCOs reported that the imbalance trading program is accurate and works well.**
 - ✓ The rules and the procedures are reasonable.
 - ✓ Con Edison provides a good platform for trading through TCIS.
 - ✓ It's pretty accurate. Even the estimates are very accurate. It's updated daily.
 - ✓ Everything is automated.
 - ✓ No issues.
- **Other gas ESCOs offered suggestions for improvement in this area.**
 - ✓ It's there. The only negative is if we're short gas, even within our tolerance level, we can't trade with another ESCO. We couldn't give it to other ESCOs. We only have the option to trade if we're positive.
 - ✓ Sometimes it's hard to figure out who are the contacts that can trade.
 - ✓ The fines could be a little lower.

No gas ESCOs who participate in Con Edison's imbalance trading program described themselves as **dissatisfied** with the program.

ESCO Information

Con Edison provided the following information for demographic comparisons:

- **ESCO size** (enrollments), with seventeen of the ESCOs interviewed serving fewer than 1,000 customers in Con Edison's service territory, and fifteen ESCOs serving 1,000 or more customers.
- **Products supplied**, with eight ESCOs interviewed providing electricity only, fourteen providing gas only, and ten providing both electricity and gas.
- **Type of customer served**, with twenty-four of the ESCOs serving residential customers, thirty serving commercial customers, and nine serving interruptible gas customers. (Please note that many serve more than one type of customer.)
- The team compared the responses and comments within each group to determine differences in perceptions. Due to the small sample size, it is not possible to confidently generalize or draw conclusions about the differences between the perceptions of the various groups. On an informal level, however, the research team hypothesizes, based on its review of the data, that there may be several substantive differences.

The research team observed the following differences based on *ESCO size* (i.e., the number of customers in Con Edison's service territory):

- Respondents that serve more than 1,000 customers in Con Edison's service territory appear to be more likely than ESCOs serving fewer customers to compare Con Edison favorably to other utilities, and are more likely to participate in the email lead generation process. Respondents who serve fewer than 1,000 customers appear to be more likely than those who serve more customers to report favorably about Con Edison's website.

The research team observed the following difference based on *products supplied*:

- ESCOs that provide gas appear to be more likely to report overall satisfaction with Con Edison and their handling of energy choice than those that only provide electricity.

The research team observed the following differences based on *customer type*:

- ESCOs that serve residential customers appear to be more likely to participate in the email lead generation process than those that serve commercial accounts. They are also more likely to compare Con Edison favorably to other utilities.

CRA's General Observations

Taken as a whole, the findings in this report reflect favorably on Con Edison and its energy choice program. To help Con Edison target its improvement efforts, many of the findings and respondent comments presented throughout this report suggest actions that may further enhance the energy choice program. Moreover, at Con Edison's request, CRA is providing, under separate cover, a listing of the problems or issues identified by ESCOs, so that Con Edison can attempt to directly and immediately address them.

As an additional supplement, CRA has reviewed the findings and arrived at several general observations.

1. The relationships between Con Edison employees and ESCOs appear to be the energy choice program's most valuable asset. Many respondents commended the communication efforts of their contacts at Con Edison. This is an asset that Con Edison can leverage when working with ESCOs. However, concerns about a lack of responsiveness on the part of Con Edison suggest that some communication gaps remain between several other ESCOs and Con Edison. This suggests that Con Edison should focus on consistent communication with all of the ESCOs they work with, particularly the newer and smaller ESCOs.
2. ESCOs who serve a smaller number of customers tend to compare Con Edison less favorably to other utilities that they have worked with. These ESCOs are also less likely to participate in the email lead generation process. These findings underline the challenges inherent in bringing new ESCOs into the program and getting them "plugged in" to responsive contacts and new programs, and suggest that Con Edison should work on improving relationships with the smaller ESCOs.
3. Most ESCOs commend Con Edison for its extensive marketing campaign, but continue to express concerns about the effectiveness and consistency of these efforts. Because ESCOs rely heavily on Con Edison to increase customer enrollment in energy choice, they scrutinize marketing efforts very closely. Con Edison should continue their efforts to involve ESCOs as they plan their marketing strategy and solicit their input throughout the process.
4. In 2006, fewer ESCOs reported that they take part in the lead generation process that is integrated into Con Edison's website. Con Edison may wish to explore the reasons behind this to determine whether it is possible to increase participation.

Appendix A: Key ESCO Issues

Key ESCO Issues

This report details many issues raised by ESCOs, some reflecting favorably on the energy choice program, and some raising concerns about various aspects of the program. To help focus improvement efforts, this appendix presents two issues mentioned by multiple ESCOs during the interviews:

- Responsiveness to ESCOs' questions
- Effectively influencing customers to switch energy providers

Appendix B: ESCO Participation

ESCO Participation The research team scheduled and completed in-depth telephone interviews with 36 ESCO employees representing 32 of the 34 ESCOs who supply energy in Con Edison's service area.

Company	Type	Participation
Accent Energy	Electric/Gas	One respondent
Amerada Hess	Electric/Gas	One respondent
Colonial Energy	Gas	One respondent
Columbia Utilities	Gas	One respondent
Con Edison Solutions	Electric	Three respondents
Constellation NewEnergy	Electric	One respondent
Direct Energy	Electric	Two respondents
Econnergy	Electric/Gas	One respondent
Energy Savings of NY	Electric/Gas	One respondent
FFC Energy LLC	Gas	One respondent
Glacial Energy	Electric	One respondent
Great Eastern Energy	Gas	One respondent
Hudson Energy Services	Electric/Gas	Two respondents
IDT Energy	Electric/Gas	One respondent
Intelligent Energy	Gas	One respondent
KeySpan Energy	Electric	One respondent
Liberty Power Corp.	Electric	<i>No response after multiple calls/email messages</i>
Metro Energy Group	Gas	One respondent
Metromedia Energy	Gas	One respondent
Mitchell Supreme d/b/a NATGASCO	Gas	One respondent
MXEnergy	Electric/Gas	One respondent
Olympic Energy	Gas	One respondent
Pepco Energy Services	Electric/Gas	One respondent
Plymouth Rock Energy, LLC	Gas	One respondent
Robison Energy LLC	Electric/Gas	One respondent
Select Energy – NY	Electric/Gas	One respondent
Sempra Energy Solutions	Electric	One respondent
Strategic Energy	Electric	One respondent
Stuyvesant Energy	Gas	One respondent
Suez Energy Resources	Electric	One respondent
Tiger Natural Gas	Gas	<i>No response after multiple calls/email messages</i>
UGI Energy Services	Gas	One respondent
US Gas & Electric	Gas	One respondent
Utility Resources	Gas	One respondent



**Customer Awareness and Understanding of
Con Edison's Energy Choice Program
Spring 2006**
A CRA Research Report

Prepared for
Con Edison
New York, NY

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Executive Summary

As a progressive energy company, Con Edison is committed to making its Power *Your Way* program one of the best in the nation. Toward that end, Con Edison asked CRA, Inc. to help it explore customer awareness and understanding of its energy choice program in order to develop targeted improvement efforts. This report presents and graphically illustrates the findings of the sixth administration of the study. Beginning in 2005, the survey included electric consumers, permitting comparisons of 2006 findings to 2005 findings where applicable.

The research was conducted in May, 2006 through telephone interviews with 405 Con Edison customers.

Summary of Findings

The Power *Your Way* Awareness and Understanding study resulted in a variety of detailed findings, the most significant of which are highlighted below.

Awareness |

- Roughly 51 percent of all respondents are aware of energy choice.
- Among those aware of energy choice, many learned about the program through a mailing or bill insert. A small, but significant number heard about energy choice from other energy suppliers.
- Only 16 percent of respondents specifically report awareness of Con Edison's slogan, "Power *Your Way*."
- When asked what they had heard about the program, customers mentioned that they were aware that they have options, that they recall the source of information, that customers might be able to save money by using other suppliers, or that they already purchase energy from another supplier.
- Roughly 47 percent of respondents are aware of the opportunity to purchase Green Power. However, 30 percent are not aware of their options related to renewable energy.

Understanding |

- Across the nine items used to measure understanding, customers revealed the highest level of understanding (77 percent) of the fact that when they choose another energy supplier, Con Edison will continue to deliver energy to their home.
- Across the nine items, customers are least likely to report that they understand that Con Edison no longer produces power and is now focused on delivering energy to customers.
- In 2006, customers are more likely than in 2005 to understand that if they switch, Con Edison will continue to deliver their energy and to

respond to emergencies as they do now, that they will receive the same level of customer service, and that Con Edison supports energy choice.

Procedural Issues |

- Roughly 47 percent of customers reported that they would know where to look for information if they chose to shop for another supplier, a significant increase from the 2005 finding.
- More than 70 percent of customers reported that they prefer to hear about Power *Your Way* through the mail.
- Roughly 59 percent of respondents have Internet access, reinforcing the potential usefulness of the Power *Your Way* website. Approximately 85 percent of those individuals have an Internet connection that is broadband or high speed, increasing the opportunities for different applications on the website.

Participation in Power *Your Way* |

- Customers who purchase their gas from an ESCO are more likely than Con Edison customers to be aware of their opportunity to purchase gas from other suppliers, and to understand that Con Edison no longer produces power and is focusing on delivering energy. Customers who purchase their gas from an ESCO are also more likely than Con Edison customers to believe that purchasing from another supplier will not jeopardize the reliability of their service, that Con Edison will still respond to emergencies the way they do now, and that they will still receive the same level of customer service that they do now.
- Customers who purchase their electricity from an ESCO are more likely than Con Edison customers to be aware of their opportunity to purchase Green Power.

Introduction

As a progressive energy company, Con Edison is committed to making its *Power Your Way* program one of the best in the nation. Toward that end, Con Edison asked CRA, Inc. to help it explore customer awareness and understanding of its energy choice program in order to develop targeted improvement efforts. This report presents and graphically illustrates the findings of the sixth administration of the study. Beginning in 2005, the survey included electric consumers, permitting comparisons of 2006 findings to 2005 findings where applicable.

The research was conducted in May, 2006 through telephone interviews with 405 Con Edison customers.

Report Structure

The remainder of this report presents the research findings in five sections:

- **Awareness of Power *Your Way***
- **Understanding of Power *Your Way***
- **Procedural Issues**
- **Participation in Power *Your Way***
- **Conclusions and Recommendations**

Awareness of Power Your Way

Are electric and gas customers aware that they can choose to purchase electricity or gas from a company other than Con Edison? If so, how did they learn about it? The study findings indicate that:

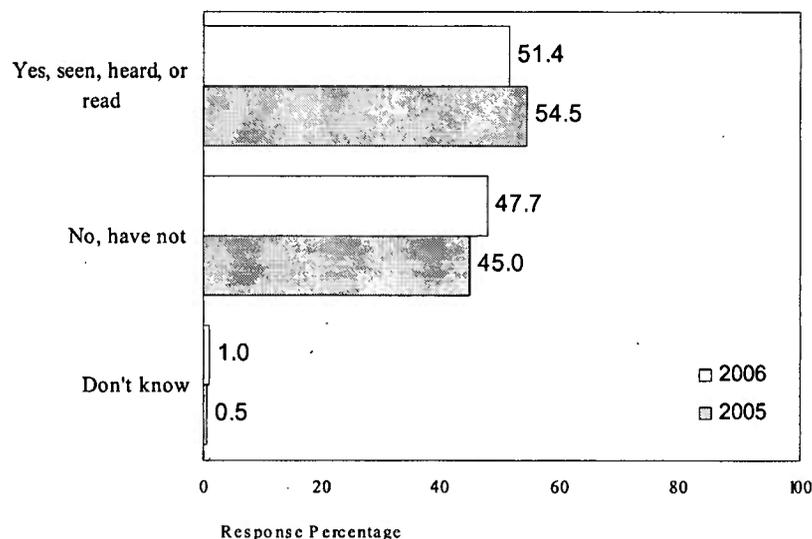
- Roughly 51 percent of all respondents are aware of the energy choice program.
- Among those aware of energy choice, many learned about the program through a mailing or a bill insert.
- In describing what they've heard about the program, customers are most likely to note that they heard about their option to select an energy supplier other than Con Edison.
- Only 16 percent of respondents specifically report awareness of Con Edison's slogan, "Power Your Way."
- Roughly 47 percent of respondents are aware of their options related to Green Power.

The remainder of this section details these findings.

Customer Awareness of Energy Choice

The survey first asked respondents, "Have you seen or heard anything informing you that you now have an opportunity to choose your energy supplier and are able to buy your electricity and natural gas from a company other than Con Edison?" As the graph below illustrates, only 51 percent of electricity and gas customers are aware of the program, while nearly 48 percent have not heard about it. Similar to 2005, these findings suggest that there is room to improve consumer awareness of energy choice among the overall customer group.

Have you seen, heard, or read anything informing you that you can choose to buy energy from a company other than Con Edison?



Source of Awareness of Energy Choice

Interviewers then asked respondents who are aware of the program to describe how they learned about their ability to choose an energy supplier. The research team categorized and coded customers' open-ended responses in order to ascertain which communication sources respondents mentioned most often.

Listed below are the sources cited by at least five percent of those familiar with *Power Your Way*.

Please tell me how you learned about your ability to choose your energy supplier.

- Roughly **22 percent** recalled receiving information in the **mail**, but did not offer further specifics.
- Roughly **19 percent** indicated that they had learned about *Power Your Way* from a **bill insert**.
- Roughly **15 percent** learned about the program through **other energy suppliers**.
- Roughly **10 percent** of customers heard about the program from **television**.
- Roughly **9 percent** learned about the program from **phone calls**.
- Roughly **9 percent** of respondents indicated that they had heard about the program directly from **Con Edison**.
- Roughly **6 percent** of customers read about their ability to choose in a **newspaper**.
- Roughly **5 percent** learned about the program through **advertising**, such as billboards and radio advertisements.

What Customers Have Heard

To provide context around what customers have heard about the *Power Your Way* program, the research team performed content analysis of the open-ended responses to this question. The analysis revealed four primary themes, detailed below:

Many customers (roughly one-in-four) said that they knew that they had options for their energy supplier. Comments included:

- ✓ There are people talking about how you can get energy from other companies.
- ✓ Someone came to my door and told me I could change gas and electric companies if I wanted to.

- ✓ I heard that there were choices of companies to get your gas and electricity.

A large number of respondents (roughly one-in-four) simply remembered the source from which they received their information. Comments included:

- ✓ It says so on my bill or the piece of paper that comes with my bill.
- ✓ Heard it from a neighbor.
- ✓ I was sent a card but I can't recall what is on it.

A notable number of customers (roughly one-in-eight) know that they may be able to get their energy at a cheaper rate through other suppliers.

Comments included:

- ✓ By using a new company, I would get cheaper electricity.
- ✓ Heard from a friend that there are other companies out there that are cheaper than Con Edison.
- ✓ A door-to-door sales representative told me about it. The electricity cost will be a little lower.

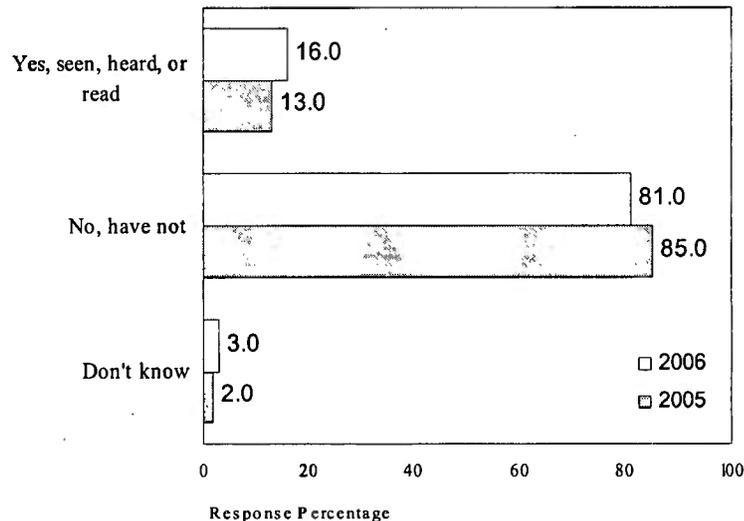
Several customers (roughly five percent) mentioned that they already purchase energy from another supplier. Comments included:

- ✓ Already moved from Con Edison.
- ✓ Already switched to a new one.
- ✓ We received a phone call on this in September. We took advantage of it.

Customer Awareness of "Power Your Way"

To gain additional information about customer attention to *Power Your Way* promotions, the survey asked respondents, "Have you seen or heard the slogan, 'Power Your Way'?" As the graph below illustrates, only 16 percent of electricity and gas customers report awareness of Con Edison's slogan, while the majority have not heard it.

Have you seen or heard the slogan, "Power Your Way?"



Source of Awareness of "Power Your Way"

Interviewers then asked respondents aware of the slogan where they had seen or heard it. The research team categorized and coded customers' open-ended responses in order to ascertain which sources respondents most often mentioned.

Listed below are the sources cited by at least ten percent of those familiar with the slogan:

Please tell me where you saw or heard about "Power Your Way."

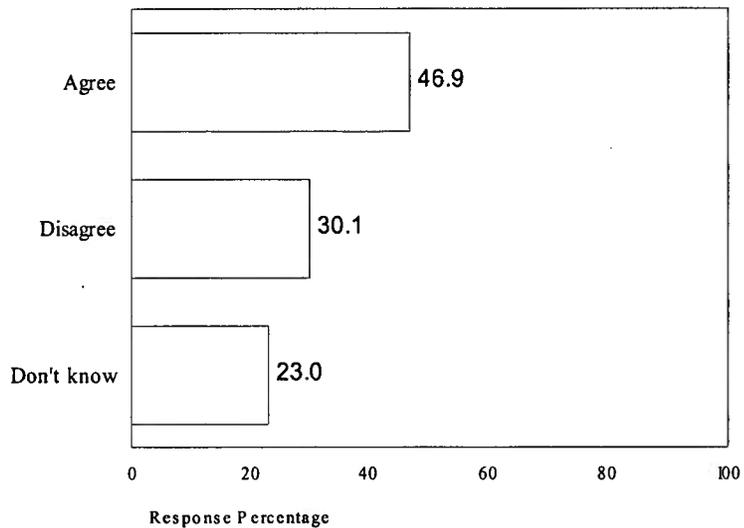
- **20 percent** saw the slogan on **television**.
- Roughly **12 percent** indicated that they saw the slogan in a **mailing**.
- Roughly **11 percent** noted that they saw the slogan in **their bill insert**.
- Another **11 percent** indicated that they saw the slogan in a **printed advertisement**, such as on a billboard or subway poster.

Green Power

To explore customer awareness of Green Power, interviewers asked respondents if they are aware of the opportunity to purchase this type of power (power generated from renewable sources such as wind, solar, biomass, and hydro). The graph below depicts their responses.

Roughly 47 percent of customers agree that they are aware of the opportunity to purchase Green Power. Thirty percent disagree and 23 percent are unsure.

I am aware of my opportunity to purchase Green Power (power generated from renewable sources such as wind, solar, biomass, and hydro).



Understanding of Power Your Way

In order to assess customer understanding of the Power *Your Way* program, the survey offered a series of statements regarding specific aspects of the program and asked respondents to indicate whether they agree or disagree with each statement. The survey also elicited respondents' preference for receiving information about energy choices in the future.

The findings suggest that:

- Customers demonstrated the highest level of understanding regarding the fact that Con Edison will continue to deliver their energy when they choose another energy supplier.
- Customers are least likely to report that they know that Con Edison no longer produces power and is now focused on delivering energy to its customers.
- In 2006, customers are more likely than in 2005 to understand that if they switch, Con Edison will continue to deliver their energy and to respond to emergencies as they do now, that customers will receive the same level of customer service, and that Con Edison supports energy choice.

The remainder of this section details these findings.

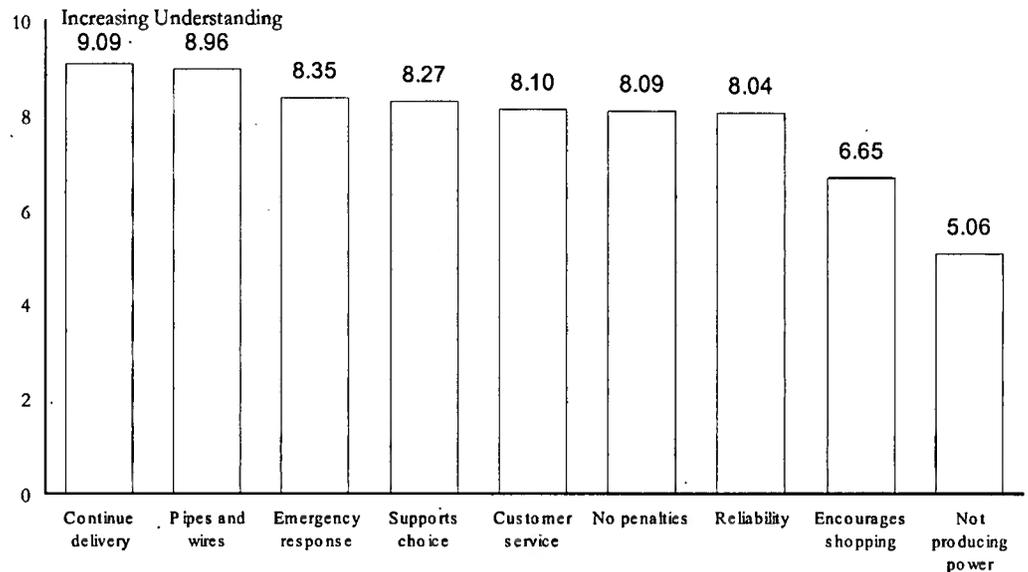
**“Understanding”
Indices**

To provide an overall picture of customer understanding, the research team calculated two indices—based on the nine survey items (shown in the graph below) used to measure beliefs about Con Edison’s *Power Your Way* program. Please note: in 2006, the research team added several new items; therefore, comparisons to 2005 findings are not possible.

Index 1. To calculate the first index, the team assigned a value of “10” to each “agree” response and a value of “0” to each “disagree” response across each item. *(The team excluded from the calculation respondents who answered “don’t know.”)* The team then calculated an average across each item, and averaged those scores to produce an overall index score.

The resulting index rating is a moderate **7.84**. The graph below illustrates the average index ratings across the nine items that make up the index. As shown, the resulting scores for customers’ understanding that Con Edison will continue to deliver their energy and that they continue to maintain the delivery “pipes and wires” are highly favorable, while scores for customers’ understanding that Con Edison encourages customers to shop for energy and that Con Edison no longer produces power are not as favorable.

2006 Index 1 = 7.84
Agree = 10
Disagree = 0
Don’t Know = excluded

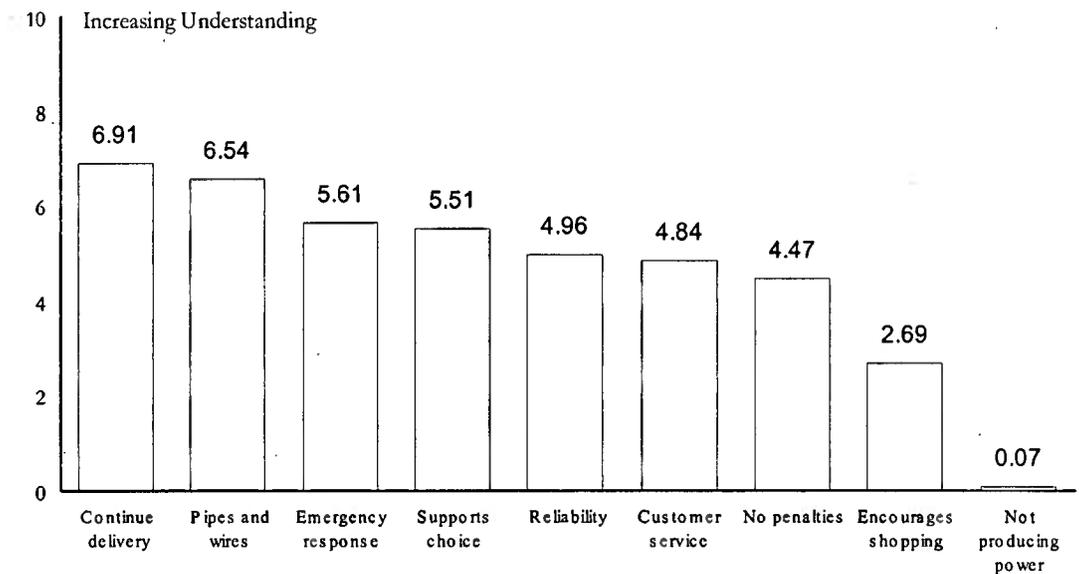


Index 2. The research team calculated a second index by assigning a value of “10” to each “agree” response, a value of “-10” to each “disagree” response, and a value of “0” to each “don’t know” response across each of the nine items. What is the rationale for this second index?

- It includes all responses, including “don’t know” responses.
- It reflects the fact that it is typically more difficult to change an opinion than to promote an opinion where none previously existed. In other words, it is easier to educate customers who “don’t know” the desired belief than to change the minds of customers who hold an incorrect perception.

The resulting index rating is **4.62**, indicating considerable room to enhance customers’ understanding of the program. Of particular concern: customers’ understanding that Con Edison is now focused on delivering energy instead of producing power and that Con Edison encourages customers to shop for other energy suppliers.

2006 Index 2 = 4.62
 Agree = 10
 Disagree = -10
 Don't Know = 0



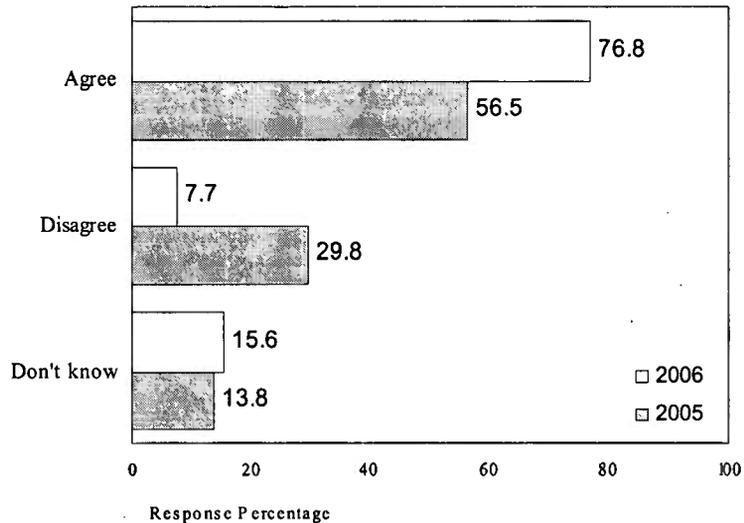
Components of Understanding

This section details the findings for each of the nine survey items used to calculate the overall “understanding” indices. The items are presented in descending order of agreement. In 2006, the research team added several new items; comparisons to the 2005 findings are presented where possible.

Roughly 77 percent of respondents agree that when they switch to another energy supplier, Con Edison will continue to deliver energy to their home. Approximately 8 percent of customers disagree. These findings represent a significant improvement from the 2005 findings.

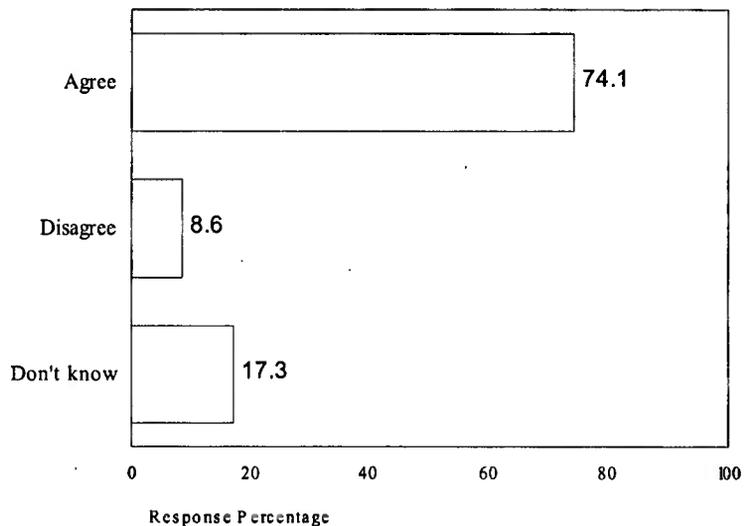
When I choose to purchase my electricity or gas from an energy supplier, Con Edison will continue to deliver that energy to my home.

SIGNIFICANT INCREASE



Roughly 74 of respondents agree that even though Con Edison no longer generates electricity, they will continue to maintain the delivery “pipes and wires” in the future. Roughly 9 percent disagree, and 17 percent are not sure.

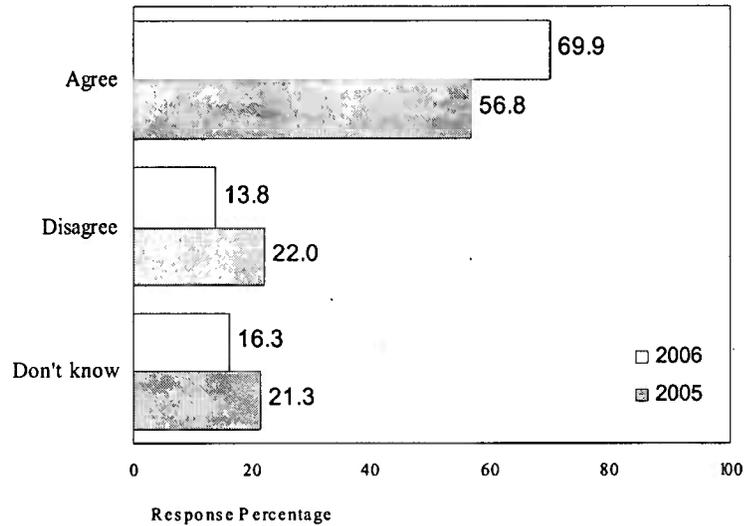
Even though Con Edison no longer generates electricity, it will continue to deliver my electricity and natural gas and maintain the delivery “pipes and wires” in the future.



As shown, approximately 70 percent of respondents agree that even if they switch to another energy supplier, Con Edison will still respond to emergencies just as they do now, while 14 percent disagree with this statement. These findings represent a significant improvement from the 2005 findings.

When I purchase my electricity or natural gas from an energy supplier, Con Edison will still respond to an electric service or natural gas emergency just as they do now.

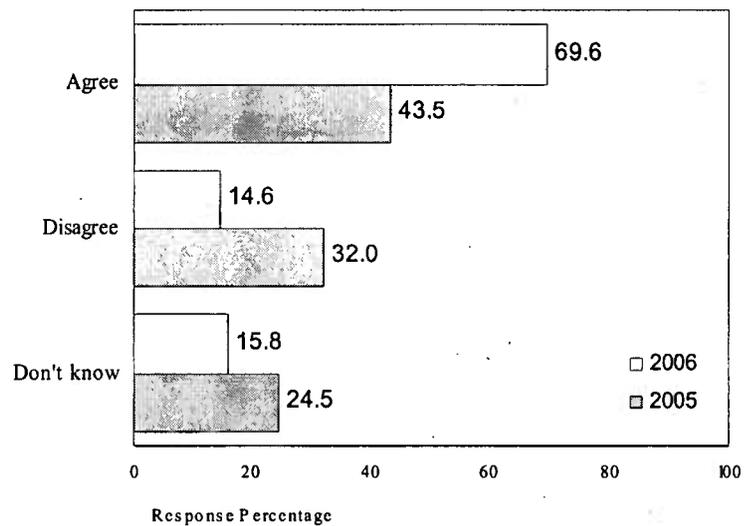
SIGNIFICANT INCREASE



Roughly 70 percent of respondents agree that Con Edison supports customer choice of energy suppliers. As shown, roughly 15 percent of respondents disagree, while about 16 percent are unsure. These findings represent a significant improvement from the 2005 findings.

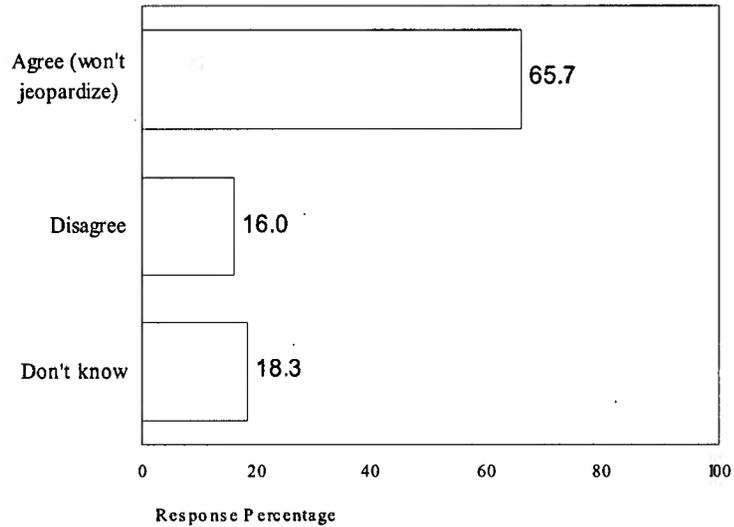
Con Edison supports customer choice of energy suppliers.

SIGNIFICANT INCREASE



Nearly two-thirds of respondents agree that purchasing from an energy supplier will not jeopardize the reliability of their service, while 16 percent disagree with this statement.

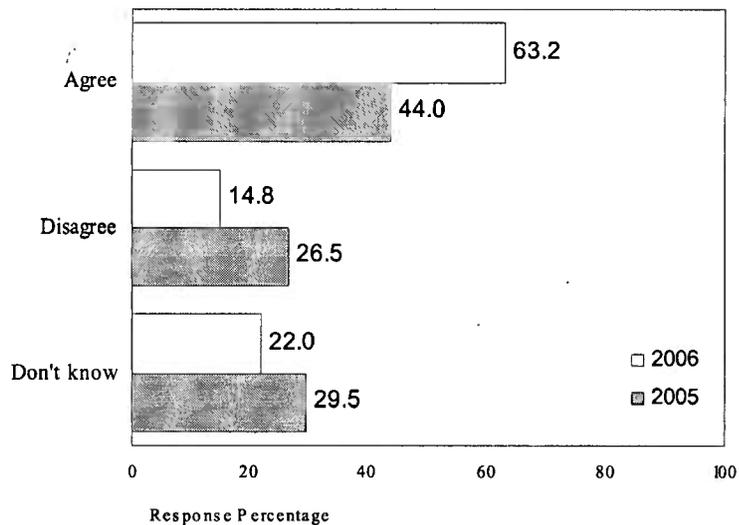
Purchasing electricity or natural gas from an energy supplier will NOT jeopardize the reliability of my service.



As shown below, 63 percent of respondents agree that when they purchase energy from another supplier, they will receive the same level of customer service when they call Con Edison. Roughly 15 percent of customers disagree with this statement, while roughly 22 percent are unsure. These findings represent a significant improvement from the 2005 findings.

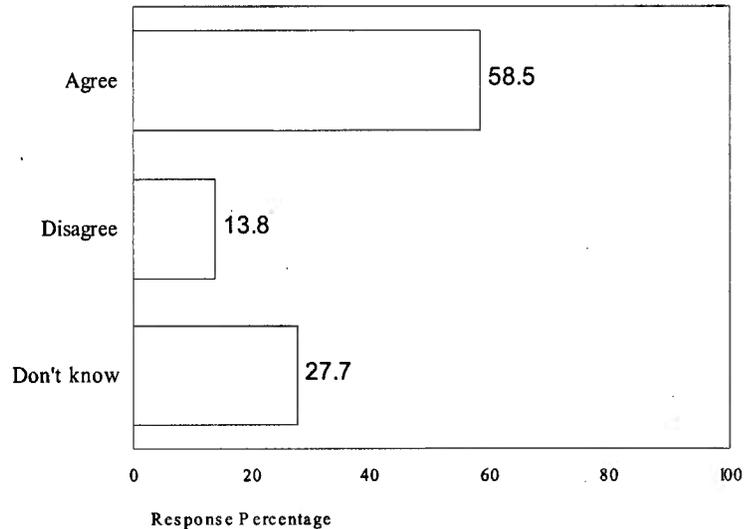
When I purchase my electricity or natural gas from an energy supplier, I will receive the same level of customer service when I call Con Edison that I receive now.

SIGNIFICANT INCREASE



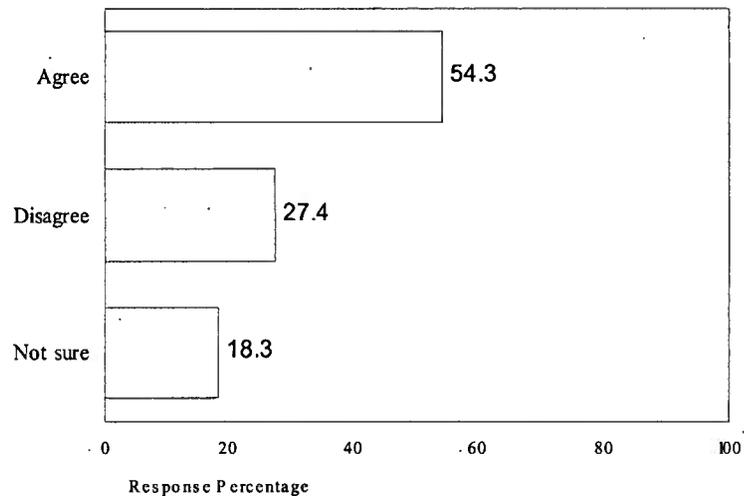
Roughly 59 percent of respondents agree that Con Edison has no restrictions or penalties for changing energy suppliers, while 14 percent disagree with this statement and nearly 28 percent are unsure.

Con Edison has no restrictions or penalties for changing energy suppliers.



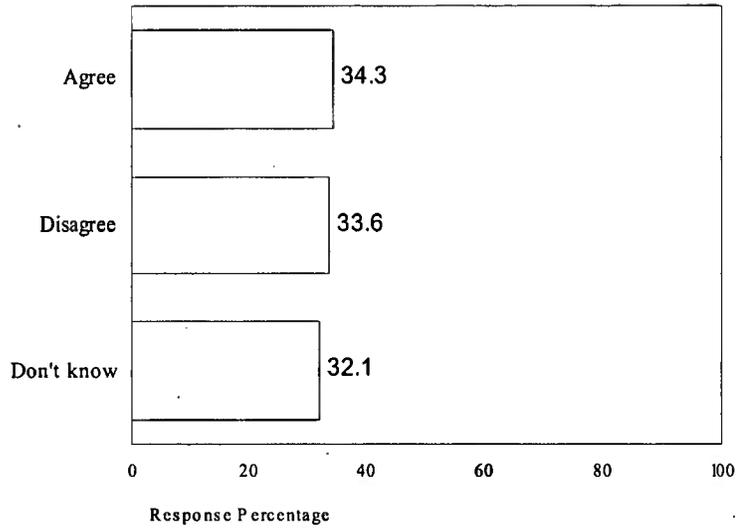
As shown below, 54 percent of respondents agree that Con Edison encourages customers to shop for energy suppliers, while roughly 27 percent disagree and 18 percent are unsure.

Con Edison encourages customers to shop for electricity and natural gas suppliers.



As shown, only 34 percent of respondents agree that Con Edison no longer produces power and is now focused on delivering energy, while another 34 percent disagree with this statement and 32 percent are unsure.

Con Edison no longer produces power and is now focused on delivering energy to its customers.



Procedural Issues

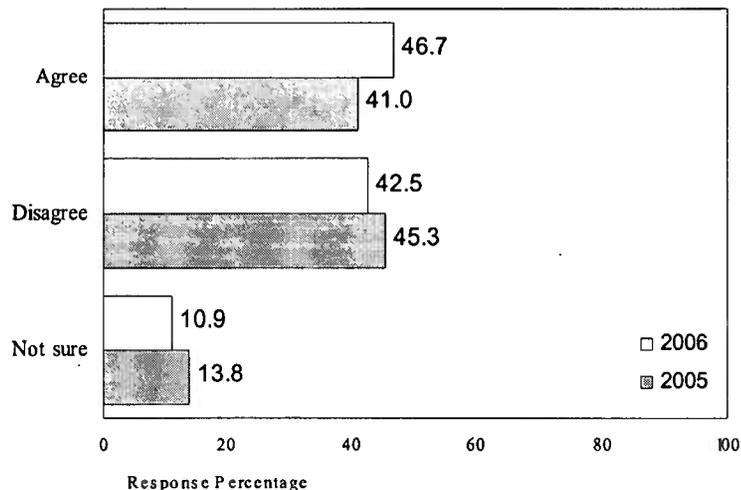
In order to provide context around the procedural aspects of participation in the Power *Your Way* program, the survey asked several questions concerning customers' ability to gather information about the program and preferences for receiving this type of information.

Ability to Locate Power Your Way Information

First, to assess consumers' procedural ability to participate in the Power *Your Way* program, the research team asked respondents whether or not they would know where to find information about their options if they chose to shop for an energy supplier. As illustrated below, roughly 47 percent of electric and gas customers agreed that, if they chose to shop for an energy supplier, they would know where to look for information. Roughly 43 percent of respondents would not know where to look, while an additional 11 percent aren't sure whether they would be able to find the information. These findings represent a significant improvement from the 2005 findings.

If I wanted to shop for an energy supplier, I'd know where to look for information.

SIGNIFICANT INCREASE



**Preferred Sources for
Information about
Energy Competition**

To advise Con Edison in its future communications about Power *Your* Way, the survey asked respondents how they would prefer to receive information about energy options. The research team categorized and coded customers' open-ended responses in order to ascertain which communications were most frequently cited.

Listed below are the sources preferred by at least five percent of customers:

How would you prefer to receive information about your energy choices in the future?

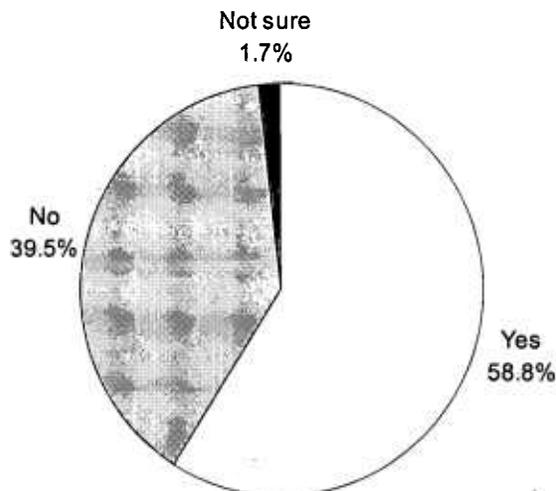
- Roughly **71 percent** of customers reported that they would prefer to hear about Power *Your* Way through the **mail**. While these customers offered no additional specifics, the magnitude of this response revealed an ongoing customer preference for written communications.
- Another **10 percent** of customer specified that they preferred to receive information through the **Internet or via email**.
- Roughly **7 percent** of customers specified that they preferred to receive information in a **bill insert**.

Another source mentioned by at least 10 respondents includes phone calls. On the other hand, 6 percent of respondents said they are *not* interested in receiving information about the Power *Your* Way program.

Internet Access

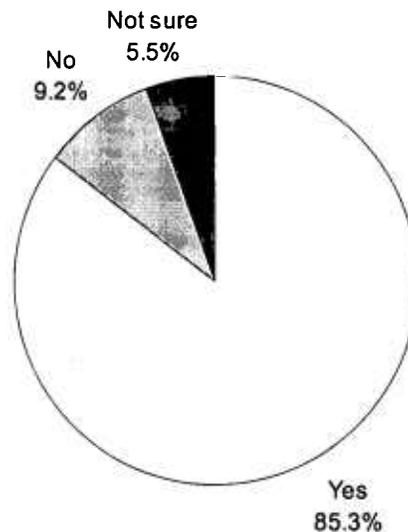
In order to better understand the potential for the Power *Your Way* website to effectively reach and inform customers, the survey asked respondents about their ability to access the Internet.

Do you have access to the Internet?



As shown above, almost 59 percent of respondents indicated that they do have Internet access, while nearly 40 percent do not. Interviewers followed up with those who have Internet access by asking them if their Internet connection is broadband or high speed. In response to this question, 85 percent indicated that their Internet connection is broadband or high speed, while only 9 percent indicated that it was not.

Is your Internet connection broadband or high speed?



Participation in Power Your Way

The survey asked customers about their participation in both Electric and Gas Power *Your Way*. Using the resulting data, the research team conducted multivariate analyses to identify whether awareness and understanding differ based upon involvement in the Power *Your Way* program.

In 2006, 23 percent of respondents indicated that they purchase their gas from a supplier other than Con Edison, a significant increase from 2005. Roughly 20 percent of respondents indicated that they purchase electricity from a supplier other than Con Edison, a significant increase from 2005. Statistical analysis revealed the following:

- ✓ Not surprisingly, customers who purchase their gas from an ESCO are more likely than Con Edison customers to be aware of their ability to purchase energy from other suppliers.
- ✓ Customers who purchase their gas from an ESCO are more likely than Con Edison customers to be aware that Con Edison no longer produces power and is focused on delivering energy to its customers.
- ✓ Customers who purchase their gas from an ESCO are more likely than Con Edison customers to believe that purchasing energy from another supplier will not jeopardize the reliability of their service.
- ✓ Customers who purchase their gas from an ESCO are more likely than Con Edison customers to believe that when they purchase from another supplier, Con Edison will still respond to emergencies the way they do now.
- ✓ Customers who purchase their gas from an ESCO are more likely than Con Edison customers to believe that when they purchase energy from another supplier, they will still receive the same level of customer service when they call Con Edison as they received when they purchased energy from Con Edison.
- ✓ Customers who purchase their electricity from an ESCO are more likely than Con Edison customers to be aware of the opportunity to purchase Green Power.

Conclusions and Recommendations

Con Edison commissioned this research effort to provide insights that will guide strategic decisions and actions. Toward that end, the CRA research team has reviewed the findings and generated several conclusions and recommendations.

1. CRA has conducted awareness and understanding studies for a large variety of organizations across a diverse range of communication campaigns and survey populations. Across those studies, CRA has identified 80 to 85 percent as the typical “saturation point”—the level at which efforts to further create awareness reach the point of diminishing returns. In this study, only 51 percent of respondents—including both gas and electric customers—are aware of their option to purchase these commodities from a supplier other than Con Edison, suggesting that Con Edison’s efforts to promote awareness have not yet reached the “saturation point.”
2. Although awareness and understanding are not yet at “best-in-class” levels, the significant increases from the 2005 findings indicate that understanding related to a number of items is moving in the right direction. Specifically, customers are more likely than in 2005 to understand that if they switch, Con Edison will continue to deliver their energy and to respond to emergencies as they do now, that customers will receive the same level of customer service as they formerly received, and that Con Edison supports energy choice.
3. The items receiving the highest level of customer agreement are “Even if I switch to a new energy supplier, Con Edison will continue to deliver energy to my home,” and “Con Edison will continue to deliver energy and maintain pipes and wires in the future.” In its efforts to promote further participation in the program, Con Edison may wish to emphasize and reinforce these beliefs to mitigate concerns that may arise in other areas.
4. The lowest-rated item is “Con Edison no longer produces power and is now focused on delivering energy to its customers.” Con Edison may wish to emphasize the fact that it is out of the energy production business to encourage customers to consider energy alternatives.
5. Less than half of respondents would know where to look for information if they choose to shop for a supplier. Con Edison should continue efforts to make it as easy as possible for consumers to find information about this option.

6. Nearly half of respondents are aware of the opportunity to purchase Green Power. Promoting this aspect of the program may encourage environmentally-conscious customers to consider switching.
7. While more than 70 percent of customers prefer to receive information about Power *Your Way* through mail-based sources, only 22 percent of these customers recall receiving information about the program in the mail. This underlines the difficulties inherent in ensuring customer attention to information received in the mail.
8. Roughly 59 percent of respondents indicate they have access to the Internet. This finding validates Con Edison's investment in the Power *Your Way* website and the Con Edison Kids' website, and suggests that continued efforts with this medium are warranted.

Summary of Con Edison's Plans to Address Concerns Raised by Electric and Gas ESCOs During the 2006 ESCO Survey

Before presenting the 2006 Action Plan below, Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") completed all of the items mentioned in the 2005 ESCO Action Plan; and (ii) that this year's ESCO survey reflected favorably on Con Edison and its energy choice program, *Power Your Way*.

At the end of this year's ESCO survey, CRA, Inc. ("CRA"), the entity that conducted the 2006 survey, presented four (4) general observations after analyzing this year's ESCO survey results.

- First - The relationship between Con Edison employees and the ESCOs appears to be the energy choice program's most valuable asset. Many survey respondents commended the communication efforts of the Con Edison employees with whom they interacted. This is an asset that Con Edison can leverage when working with the ESCOs. However, concerns about a lack of responsiveness on the part of Con Edison suggest that some communication gaps remain between several ESCOs and Con Edison. Thus, Con Edison should focus on maintaining consistent communication with all of the ESCOs that do business in its service territory particularly the newer and smaller ESCOs (those with fewer than 1,000 customers).
- Second - ESCOs who serve a smaller number of customers tended to rate Con Edison less favorably than other utilities that they have worked with. These ESCOs are also less likely to participate in Market Match. These findings underline the challenges inherent in bringing new suppliers into the program and suggest that Con Edison should work on improving relationships with these ESCOs.
- Third - Most ESCOs commended Con Edison for its extensive marketing campaign, but a few continued to express concerns about the effectiveness and consistency of these efforts. Because ESCOs rely heavily on Con Edison to promote energy choice, they scrutinize the Company's marketing efforts very closely. Con Edison should continue its efforts to obtain feedback from the ESCOs as it plans its future marketing strategy.
- Lastly - In 2006, fewer ESCOs than in 2005 reported that they take participate in Market Match, the lead generation that is integrated into Con Edison's website. Con Edison may wish to explore the reasons behind this to determine whether it is possible to increase participation.

ACTION PLAN

Con Edison intends to address the matters mentioned in CRA's observations by continuing to improve our communications with ESCOs, providing more guidance on Company programs in order to better assist new ESCOs, and addressing ESCOs' concerns about the Company's promotional efforts and ESCO participation in Market Match. Implementation of these steps will further strengthen the solid partnerships that have already been developed with the ESCOs.

Communications

In the 2005 report, CRA recommended that Con Edison explore ways to increase responsiveness to ESCO inquiries. As part of our Action Plan, we indicated that the Company would add an e-mail management system that would prioritize incoming emails from ESCOs and help provide timely responses. In early 2006, Con Edison implemented an email management system for incoming ESCO inquiries. Overall, the level of positive responses from the ESCOs in the 2006 survey regarding their interaction with Company employees indicated that the effort to increase timeliness of responses has been successful.

Since the survey indicated that some ESCOs continued to have concerns about Con Edison's communications with ESCOs, and response timeliness has been improved, the Company will focus on improving the quality and consistency of its responses.

ESCOs Serving a Small Customer Base and Market Match Participation

These ESCOs tend to have limited staff and seem to be more dependent on Con Edison. In addition, they often do not respond to program announcements or take advantage of marketing opportunities listed in the ESCO Newsletters. Many of them specifically commented on Market Match in their survey responses. We will address this with a special announcement, explaining the program details and request either a positive or negative response from each ESCO to ensure that each is aware of the program. If the response is negative, we will ask the ESCO to provide feedback in order to increase participation in the future.

Addressing ESCO Concerns Regarding Promotional Efforts

For the next several months, Con Edison will focus its marketing efforts on promoting our new *PowerMove* program. As part of this, we have agreed to allow several ESCOs to include the *Power Your Way* logo in their promotional literature, and one ESCO has launched its own marketing campaign advising customers to choose them when enrolling in *PowerMove*. We will continue to communicate with the ESCOs as we

develop promotional ads and prepare to purchase ad space. In addition, the Company will also look for opportunities to work with the ESCOs on their marketing initiatives.

July 28, 2006