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NEW YORK STATE
PUBLIC SERVICE COMMISSION

Case 07-M-0458: Proceeding on Motion of the Commission to Review Policies and Practices Intended to Foster the Development of Competitive Retail Energy Markets.

COMMENTS OF CONSTELLATION NEWENERGY, INC. AND CONSTELLATION ENERGY COMMODITIES GROUP, INC.

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Dated: June 21, 2007

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I. INTRODUCTION

These comments are filed by Constellation NewEnergy, Inc. ("CNE") and Constellation Energy Commodities Group, Inc. ("CCG") (hereinafter "Constellation") in response to the Commission's *Order on Review of Retail Access Policies and Notice Soliciting Comments* issued April 24, 2007.

CCG is a power marketer that sells energy and capacity and certain ancillary services at market-based rates.[1] CCG serves the full requirements power needs of distribution utilities, co-ops and municipalities that competitively source their load requirements. CCG also sells natural gas and other commodities at wholesale, both in the U.S. and abroad, and holds interests in exploration and production companies. CCG bids energy, capacity and ancillary services into the NYISO administered markets on behalf of generation-owning affiliates.

CNE is a leading national competitive retail energy supplier to commercial and industrial customers, serving more than 10,000 customers in 17 states and 2 Canadian provinces. These

[1] *See Constellation Power Source, Inc.*, 79 FERC ¶ 61,167 (1997) (FERC order initially granting CCG market-based rate authority).

10,000 customers represent approximately 15,500 megawatts of demand. The Company is committed to providing customized energy-related products and services to customers in the competitive electricity marketplace.

Since the introduction of customer choice in the New York electric industry in 1996, CNE has been an active participant in the New York retail market. CNE provides service to commercial and industrial customers in all New York State utility service territories, as well as in the service territory of the Long Island Power Authority ("LIPA").

CNE and CCG are active in wholesale and retail markets nationwide. Moreover, CNE and CCG have been active in virtually all of the regulatory proceedings before the Commission involving electric restructuring and have served as advocates for open markets that are designed to provide customers with an array of competitive options. As such, Constellation is well positioned to assist the Commission in examining the issues affecting competition, based on our broad range of experiences. Constellation believes strongly in the benefits of competitive markets and, further, believes that by transitioning to more fully competitive markets, the ultimate outcome is extremely positive and beneficial for consumers with regards to pricing efficiencies, innovation, and new products and services. In that regard, Constellation looks forward to the opportunity to work with the Commission as it analyzes the information it receives from this inquiry.

The Commission's *Notice* asks the parties to address the factors contributing to a "viable and sustainable competitive market" (Order at 4). While the details of individual practices and programs designed to support retail competition are critical, these comments seek to outline the broader market design characteristics that are needed to sustain competition and customer choice in a manner that continues to provide benefits to all consumers. Where appropriate, these

comments do highlight some individual practices and programs that Constellation believes are essential either on an interim or permanent basis.

During the last 20 years, a central focus of regulatory policy at the federal level and in many of the states has been the promotion and development of competition in the electric utility industry. Continuing to move forward with competitive electricity markets is not simply a policy choice, but rather an economic imperative. Technological, organizational, and regulatory innovation have all shown that the "natural monopoly" characteristics long associated with the electric utility industry are either no longer applicable (as with generation) or are confined to a rather narrow set of functions (e.g., local distribution) that do not prevent competition from being introduced into the other functions involved in the provision of electricity to customers. This "unbundling" of a previously regulated single "product" is probably one of the most important regulatory innovations during this time period, and one that has been successfully applied in other industries as well.

These regulatory policy efforts have succeeded in transitioning much of the U.S. electric utility industry away from traditional cost-of-service rate regulation and toward various forms of competitive markets. This recent experience with the introduction of competition has had its share of challenges, whether in terms of developing appropriate market designs, resolving jurisdictional conflicts, responding to specific crises, or addressing the impact of rapidly increasing and volatile fuel prices. As a result, the development of competitive electricity markets in many regions of the country – if not all regions – is still very much a "work in progress." Indeed, one of the most significant current challenges faced by regulators and policymakers with respect to the electric utility industry is how to ensure that competition is not

eroded, particularly in areas of the country with "hybrid" markets in which cost-of-service rate regulation co-exists with competitive markets.

Finally, the recent U.S. experience with competitive energy markets has shown that there is no single "formula" for successful competitive markets. However, recent experience has also shown that there are certain market design choices that work well, while other market design choices can have negative impacts, especially under adverse supply and demand conditions.

Specifically, Constellation's Comments below will address the following issues:

- **The Status of Competition.** Competition is alive and well in New York. There are over 75 ESCOs that are active in New York that eagerly compete to maximize benefits for customers.
- **The Need for Accurate and Timely Data and Information.** One of the underpinnings of a properly functioning market is the availability of accurate and timely data and information to all market participants. Policies that foster and ensure such measures enable customers to fully reap the benefits of competitive retail markets.
- **The Adoption of Programs and Removal of Barriers to Expand the Benefits of Competition and Customer Choice.** There are a number of policies, programs, and initiatives that the Commission should consider to allow for the continued development and expansion of the competitive retail market in New York.

Finally, while the Notice accurately cites the successful growth of competition, particularly among larger customers, there are a number of consumer benefits that have yet to be realized by all consumers. Remaining barriers to the further maturing of the competitive markets come in various forms both tangible and intangible. For example, surveys by utilities and independent groups continue to show a lack of understanding of competitive markets and customer choice by smaller customers. This lack of understanding about competitive markets and customer choice also applies to larger customers in certain utility territories where arcane

switching rules and rate structures persist. This lack of understanding needs to be actively addressed by the Commission and should be seen as a natural stage in the progression towards full competition. Other more tangible barriers include retail rates that obfuscate price signals for consumers such as with the use of aggregated class load curves in allocation of capacity costs in retail rates.

II. COMPETITION AND PUBLIC POLICY OBJECTIVES

Retail competition should not be viewed as an end goal as much as a means to achieving policy objectives. If properly structured, retail competition is a valuable and effective tool for meeting the State's and Commission's important public policy goals including the improved customer service, value added services, lower rates and reduced stranded cost risk to the consumer

A. Benefits of Competition

Competition in electricity markets has produced a broad range of price and other non-price benefits, including rates that are on average lower than those that would prevail under cost-of-service rate regulation, efficiency gains, enhanced demand response, renewable or "green" power generation, and increased investment. Retail competition also provides the opportunity for market participants to manage the risks associated with price volatility, as well as the means to reduce that volatility (e.g., through hedging and demand response). Following are some of the benefits of competition realized to date:

- **Increased investment in more efficient generation**: Electric market competition has been accompanied by a dramatic increase in the supply of new generation, including supply provided by entirely new market entrants. Approximately 89,000 MW of new generation capacity was added in regions with competitive wholesale markets during 1999-2003, of which 56 percent consisted of combined cycle

plants.[2] Thus, the addition of new capacity not only has had a direct benefit in terms of reducing costs and ensuring resource adequacy, but it also has occurred through the addition of significantly more efficient and cleaner generation technology, yielding a commensurate environmental benefit. Along with this new entry of more efficient generation, there has also been a reduction in the use of less efficient generation and in some areas of the country, the outright retirement of less efficient generation.

- **Energy cost savings**: The introduction of more efficient generation, and the increased access to such generation provided by competitive markets, has translated directly into energy cost savings for consumers. For example, it has been estimated that during 1999-2003, wholesale electricity customers within the Eastern Interconnection saved more than $15 billion in energy costs[3] relative to procurement under cost of service regulation. Similarly, the recent expansion of the PJM region is estimated to result in annual production costs savings of $70 million for PJM itself and $85 million for the remainder of the Eastern Interconnection.[4] Cambridge Energy Resource Associates found as much as $34 billion in residential customer savings since 1998.[5] In addition, several market specific studies have been conducted: the Texas Public Utilities Commission found Texans have experienced, at a minimum, over $1.5 billion in savings since its electric market restructured; the Associated Industries of Massachusetts found that the state saw $1.7 billion in savings as a result of competition since 1997; and the New York Public Service Commission has stated that New York has saved

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[2] *See Putting Competitive Power Markets to the Test The Benefits of Competition in America's Electric Grid: Cost Savings and Operating Efficiencies, Global Energy Decisions*, July 2005, at RS-5, ("Global Energy Report").

[3] *Id.* at ES-1

[4] *Id.* at RS-19

[5] *See Beyond the Crossroads, The Future Direction of Power Industry Restructuring*, Cambridge Energy Research Associates, October 2005, at I-1 ("CERA Report").

over $8 billion since competition began in 1996.[6] Finally, a study released in November of 2005 by the ISO/RTO Council found that regional transmission organizations ("RTOs") provide reductions in consumers' energy costs.[7]

- **Increased operating efficiencies**: The introduction of competition in electricity markets has been accompanied by significant improvements in operating efficiencies, not only as a result of new entry of more efficient generation, but also as a result of increased incentives to improve the operating efficiencies of existing generation. For example, outage rates for nuclear generating plants have declined 29 percent since 1999 within markets subject to wholesale competition,[8] while capacity factors have improved 17 percent since 1995 and operating expenses have declined 33 percent. The heat rates of coal plants have also improved by 6 percent between 1999 and 2003, with capacity factors increasing by 16 percent and operation and maintenance expenses declining by 13 percent, after adjusting for inflation.[9] These increases in operational efficiencies have not only placed downward pressure on prices but also allowed for significantly more generation to be available to meet customer demand.
- **Increased economic dispatch**: As the footprint of wholesale competitive markets has expanded, the removal of artificial barriers between many markets has allowed for significant improvements in the use of more efficient resources to serve load. This improvement has been achieved through more efficient dispatch of existing assets. In addition, while many of the cost savings have been obscured by the dramatic impact of rising fossil fuel prices, the elimination of transmission seams within the expanded PJM region has contributed directly to reducing

[6] *See*, Report to the 78th Texas Legislature, Scope of Competition in Electricity Markets in Texas, January 2003; AIM Foundation Report, *Electricity Industry Restructuring in Massachusetts: After the Revolution, the Evolution*, Winter 2003 (citing Massachusetts Division of Energy Resources data); William M. Flynn, Chairman, New York Public Service Commission, presentation before the National Energy Marketers Associate/National Energy Restructuring Conference, March, 31, 2004.

[7] *See*, ISO/RTO Council Report: *The Value of Independent Regional Grid Operators*, November, 2005.

[8] Global Energy Report at RS-10.

[9] *Id.* at RS-12 and RS-13

location marginal prices below the level they would have been in the absence of such a geographical expansion.[10]

- **Improved risk management:** As indicated above, the introduction of competitive markets has shifted the design, construction and operational risks associated with new investments from ratepayers to developers and allow for the use of a more varied mixture of physical and financial products to hedge, or mitigate, both the pricing and volume risk inherent in the electric industry. Further, ratepayer exposure to price risks has been mitigated in some markets by the procurement of generation to serve standard offer service customers through competitive procurements and the provision of risk management services by retail service providers.
- **Increased use of competitive procurements:** In addition to the immediately identifiable benefits listed above, the broader benefits of competitive markets are evident simply by observing the increasing extent to which they are being relied upon as a standard means of securing supply. Competitive procurements, for example, are becoming increasingly common, and they have been used not only for wholesale bilateral purchases, but also to procure full requirements standard offer service for retail customers (as in the Maine SOS and New Jersey BGS auctions). As structured, those competitive procurements are competitive and free from affiliate preferences and as such have also experienced a high rate of acceptance of bids from suppliers other than the affiliates of the incumbent utility. Thus, the increased use of competitive markets allows for the increased use of more efficient sources of supply, regardless of ownership.
- **More efficient achievement of other regulatory objectives:** Reliability, various environmental and social objectives (such as improved energy efficiency), universal service and assistance to low-income energy customers are examples of other important regulatory objectives. Competitive markets have the potential to achieve many of those other objectives in ways that are more efficient and effective than traditional regulatory approaches. One example is the market for

[10] *See, e.g.*, Global Energy Report at p. 3-1

emission credits, which have efficiently reduced emissions by providing electric generators (and other market participants) with monetary incentives to do so, and by allowing tradable emission credits. Similarly, locational marginal prices have been an effective competitive market innovation in pricing congestion, and signaling the need for additional investment in generation and transmission, rather than simply engaging in transmission curtailment.

In order to thrive, competitive energy service companies ("ESCOs") must be able to provide those services which their customers demand. Product and service innovation has been one of the key benefits of retail competition. Successful competitive ESCOs are constantly working to develop new products and services needed to differentiate themselves from their competitors and to meet the energy needs of their customers. Therefore, the number and types of products and services available in the competitive marketplace is constantly growing.

As a means of encouraging participation by competitive ESCOs, as well as a means of providing additional benefits to consumers, it is important that competitive retail suppliers be able to differentiate their services, whether that differentiation occurs based on price, risk management, customer service, access to information, the source of energy (i.e., "green" power), or other non-price factors. Such differentiation requires that customers have access to sufficient and accurate information about the various alternatives available to them, and that competitive retail suppliers have access to similar information as incumbent utilities in order to identify ways of appropriately differentiating their services.

As competition continues to take hold, customers are becoming more and more sophisticated with regard to the types of products and services they request. Many customers are looking for product and pricing solutions that more closely match their individual budget needs and risk tolerances. Examples include blended product structures, which combine elements of

fixed and index pricing. Other customers prefer straight index pricing that moves directly in line with the market. Others are looking for "trigger price" contracts which execute when a specified target price is hit. In addition, the demand for green energy is growing as many customers are looking to source at least part of their load from renewable energy sources. In short, the number of options available to many customers in New York is significant and certainly much greater than available under the old regulated market conditions.

Another area of innovation is around energy information services and enterprise-wide energy cost management. As customers become more aware of their energy costs and risks, many are requesting much greater access to their usage and billing information, which will be further enabled by the Commission's advanced metering initiative. Suppliers are providing their customers with improved access to their energy information through on-line services such as those offered by CNE. For large customers with multi-site operations, this tool allows customers to perform a wide variety of sophisticated tracking, analysis and forecasting functions.

Finally, we believe that the Order initiating this proceeding has improperly characterized the functioning of the market. First, the Order characterizes programs and policies designed to benefit ratepayers as burdens on ratepayers or as "subsidization of competitors." (Order, p. 8) This fails to recognize the fundamental point that many programs such as utility-hosted information websites or educational events are primarily for the benefit of the ratepayer. These utility programs provide the same ratepayer benefits as a National Grid winter weatherization workshop or a NYSERDA energy incentives referral program. The "cost" or "burden" upon the distribution utilities to support customer choice is generally minimal, especially for medium and larger customers. It is also important to recognize that the benefit of competition accrues not just

to those customers who avail themselves of the right to choose, but to all customers because of the effect competition has on efficiency and the aggregate demand for electricity.

B. Achieving Public Policy Objectives

Recently announced policy initiatives including the Governor's "15 by 15" plan and New York City Mayor Michael Bloomberg's "PlaNYC 2030" have establish ambitious goals for reducing peak electric demand, increasing investment in energy efficiency and expanding green power programs. One of the first major steps in implementing these plans was the Commission's initiation of a new proceeding on investigate the possibility of creating new energy efficiency portfolio standards (Case 07-M-0548, *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Order Instituting Proceeding (issued May 16, 2007)). With the corresponding public goal of reducing electric prices, the option of ESCOs will be a crucial component in the delivery of those programs to customers. ESCOs will therefore play a critical role in using market mechanisms to achieving the lowest cost solutions as well as investing private capital, which imposes no additional burden on rate payers.

The over 75 ESCOs currently active in New York will eagerly compete to maximize benefits and seek new investment opportunities for their customers. The needs of customers vary depending on the nature of their business and their physical facilities as well as their preferences and tolerances for various risks. The precise mix of energy efficiency services and energy products therefore must be tailored to the needs of the individual customers. That historically has not been included within the provision of regulated services. Even utility Demand Side Management programs were never noted for their efficiencies in terms of return on investment, particularly for mid to large-sized customers. Competitive service providers, on the other hand, are better adapted to matching solutions to customer needs and maximizing

investment dollars. In fact, where no guaranteed rate of return exists, it is this very quality by which survival of an ESCO is determined. In other words, the forces of competition essentially assure that the needs of customers are met in the most efficient manner possible.

New York's experience with competition over the last decade has not only made it superbly positioned to utilize the market to achieve these public policy goals, it has also provided demonstrable evidence as to the success of market mechanisms in supporting innovation, reducing energy consumption and expanding green power. Some notable successes include the development of substantial renewable energy generation resources through the use of the Renewable Portfolio Standard. Success in technology innovations resulting from the work supported by the New York State Energy Research and Development Authority including the creation of one of the leading U.S. markets for building-scale cogeneration systems, cutting edge research programs into residential real-time pricing, and a range of advanced building technologies have made the City of New York a showcase for green building innovation.

Similar successes are also seen with the New York Independent System Operator's demand response programs. These programs, supported by market prices and driven by competitive demand response providers, have delivered roughly 500 MW (or 4 percent) in peak demand reduction just in Zone J and made New York one of the leading markets for demand response in the country. All of the above referenced programs are market-based programs that have provided clear and measurable benefits to rate payers in New York.

As the Commission pursues a range of strategies for implementing the State's public policy goals, the current market based mechanisms in use or under development, such as with the Regional Greenhouse Gas Initiative, should form the building blocks of that strategy. These market mechanisms may be modified and expanded to accommodate all of the State's objectives.

To create new rate-based approaches, if even feasible, would be a very costly endeavor that would likely result in substantial adverse ratepayer impacts. Constellation therefore suggests that these implementation strategies should be developed in close coordination with competitive retail suppliers and should augment the existing market mechanisms that are currently in place.

III. Data and Information

One of the underpinnings of a properly functioning market is the availability of accurate and timely data and information. This applies to a range of data and information from billing information to supply options, price signals, and advanced metering technologies. The struggle to provide data and information to customers and other market participants is often bounded by privacy and proprietary concerns and is often stymied by technologic limitations. When data and information flows do not function properly market efficiencies erode and participants are rendered unable to make informed decisions regarding investments, energy usage, and source of supply. Adherence to several key principles of data and information management, adoption of some new programs, and enhancements to existing ones, will generally improve competitive retail markets for consumers.

Electronic Data Interchange ("EDI") is a perfect example of an adaptation to retail competition that has produced a program that benefits utilities, ESCOs, and customers equally. Without EDI, ESCOs and utilities would be burdened with increased billing costs and decreased accuracy of billing. The EDI system is very dependent on a number of software and hardware technologies, and thus, will need to be continually updated and improved as new technologies are introduced into the market. Constellation believes the ongoing EDI activities under Case 98-M-0667 serve this purpose and should continue.

A second major data availability issue, which is closely related to making price signals available, is the expansion of advanced metering. The Commission has taken important steps to begin to address this issue. (Cases 94-E-0952 and 02-M-0514, *Order Relating to Electric and Gas Metering Services*, issued August 1, 2006). In its Mandatory Metering Order, the Commission required utilities to submit plans for deploying advanced metering systems:

> An advanced metering infrastructure and use of new intelligent technology provide the foundation for electric utilities and consumers to make informed choices about energy suppliers and usage on the basis of price and time-of-use of energy. Use of advanced electric metering systems enables electric utilities and consumers to manage the need for additional supplies to satisfy growing demand, to avoid use of high priced fuels, and to moderate pricing volatility associated with use of expensive generation in times of peak demand.

Id. at pp. 1-2. (Footnote omitted)

The Commission also has identified the obvious salient point: it is the data, not the meter that counts:

> In our recent orders relating to hourly pricing rate structures, we directed the State's electric utilities to extend mandatory hourly pricing programs to additional numbers of New York's largest non-residential customers, resulting in provision of hourly pricing to customers using about 15 percent of the State's total peak demand for electricity overall. We explained that hourly pricing allows customers to respond to price signals and reduce demand and is a necessary response to rising energy prices resulting from increased fuel prices and supply disruptions.
>
> In the Hourly Pricing Order, we note that complete and timely access to hourly load data and retail prices is essential for hourly pricing customers to identify and evaluate shifting usage and demand reduction opportunities and that issues relating to access to load data are under consideration in these proceedings. The need for the State to use every opportunity to balance its energy demand with available supplies requires evaluation of the costs and benefits of extending the opportunity for demand reduction to all customer classes. In the absence of time-differentiated pricing information, average energy pricing insulates customers from a full understanding of the relationship between actual energy costs and retail prices.

Id. at pp. 12-13.

Constellation agrees with the Commission that availability of real time data - "complete and timely access to hourly load data and retail prices" - is absolutely essential for the continued

vitality of the competitive market as well as achieving the State's energy efficiency and demand reduction goals. Given access to that data, ESCOs can help their customers with a broad range of custom designed services. Constellation has found that customers are highly motivated to use those services. When these customers utilize energy efficiency and demand response programs and services, they not only benefit themselves but all energy consumers through increased efficiency, lower prices, and reduced emissions. It is a public good derived from the exercise of customer choice.

The extraordinary promise of the Commission's crucial meter data initiative will only be realized through a persistent emphasis on the details. Effective data gathering, management and communication are the keys to a successful program. The most elaborate advanced metering system in the world will be useless if the data is not properly managed and maintained. As the Commission put it, "complete and timely access" to data is critical to a functional and sustainable market.

Beyond EDI and metering, there are four (4) programs related to the provision of information by the utility to consumers and ESCOs that Constellation has found of value. First, utilities should take advantage of the opportunity when a customer seeks to initiate service to make the customer aware of their supply options. Second, information available online regarding competitive options as well as automated referral systems provides a low-cost, high-value means of educating customers. Third, the full array of routine communications to the utility's customers should continue to be used to inform them regarding their choices and options that are available not just from the utilities but also from ESCOs. Fourth, Constellation has found that a single point of contact, or ombudsman within the utility, is highly useful for addressing questions regarding customer choice. Consolidated Edison, for example, maintains a

very effective retail access department that has a strong record of resolving customer issues related to retail choice.

IV. Other Recommendations

The following are recommendations for the adoption of certain policies, programs, and initiatives that Constellation believes will aid in the continued development and expansion of the competitive retail market in New York.

Dedicated Retail Competition Staff: Constellation has found that a major component of the success of retail competition in New York has been a result of having staff designated both within utilities and the Department of Public Service. These dedicated resources should continue to be made available within each distribution utility and within the Department of Public Service for benefit of all ratepayers.

Retail Access Reports: The reporting and tracking that is done by utilities and the Commission serves an essential function in that it provides invaluable aggregate market data that could not be obtained from any other source. In particular, data related to market size within each class, switching rates, and megawatts served by competitive providers are all areas of data that are needed to properly design retail programs. This tracking should continue indefinitely in the same way data is gathered by the Commission for green power sales and by the New York Independent System Operator for its demand response programs.

Uniform Business Practices (UBP): The UBP provides a common set of rules and standards governing many of the transactions between utilities, ESCOs and customers. The UBP is an invaluable program that should be continually maintained and improved. In particular, the Commission should focus special attention on improving UBP policies related to slamming.

Constellation and our customers continue to encounter problems with slamming, which undermines consumer confidence in retail competition.

Resolution of Billing Problems: Another remaining barrier relates to access to accurate billing data and resolution of billing problems. The rules and guidelines contained in the UBP and within individual utility tariffs provide minimal requirements for utilities to provide accurate and timely billing information to ESCOs. This is also the case with the resolution of billing problems particularly in regard to cancel-rebills issued by utilities to ESCOs. Customers should have greater protections. Constellation would welcome the opportunity to work further with the utilities and the Commission in improving the standards in this area.

Consistent Customer Class Definitions: To date, CNE has primarily served what the utilities and the Commission have defined as medium to large sized commercial and industrial customers. These customer classes have never been clearly and consistently defined by the Commission or the utilities. This is important because different policies and programs have been adopted by the Commission based upon these size designations as they are perceived to indicate the sophistication of understanding about the competitive market. As retail competition has expanded along with the proliferation of green power and demand response programs, smaller use customers have increasingly exhibited characteristics of medium and large commercial customers both in market understanding and a desire for customized energy products and services. It is clear that smaller use customers are keenly interested in the energy efficiency, demand response and "green" power services that until recently were assumed to be of concern to only very large customers.[11]

[11] A typical example of this issue may be seen with full service supermarkets that typically have demands in the range of 250 to 500 kW and pay electric bills in the range of $25,000 per month or more. A good size fast food restaurant may reach demands of 50 kW. Constellation has found that these customers are interested not only in price risk management services, but also facility energy efficiency, demand response and "green" power products. There are also, of course, "chain" businesses where each individual location is relatively small but the group as a whole may be large. All these businesses, properly educated and served, can be valuable energy efficiency resources.

V. CONCLUSION

Retail competition has been a success in New York although it remains in a transition phase and further work is needed by the Commission to ensure that ratepayers realize all of its potential benefits. In particular, Constellation believes that retail competition will prove to be a solid platform on which the Commission can pursue its ambitious agenda related to increased investment in energy efficiency, demand response and "green" power. Customers will have in their ESCO a highly motivated and devoted partner to help them navigate the complexities of the opportunities provided by these laudable policy initiatives. Constellation looks forward to working with the Commission and other parties in resolving the issues outlined in these comments as well as identifying creative means of harnessing the competitive market to achieve the Commission's policy goals.

Respectfully submitted,

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Dated: June 21, 2007