STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 15-M-0127 **In the Matter of Eligibility Criteria for Energy Service Companies.**

Case 12-M-0476 **Proceeding on Motion of the Commission to Assess Certain Aspects of the Residential and Small Non-Residential Retail Energy Markets in New York State.**

Case 98-M-1343 **In the Matter of Retail Access Business Rules**

SUPPLEMENTAL COMMENTS OF MAJOR ENERGY SERVICES, LLC AND MAJOR ENERGY ELECTRIC, LLC.

Major Energy Services, LLC, and Major Energy Electric, LLC (together, the "Major Energy") support the Commission's efforts to promote energy efficiency, renewable energy, low-cost energy supply, market reliability and customer protection in the retail energy markets. Major Energy appreciates the opportunity to submit these confidential Supplemental Comments on the Commission's Notice Seeking Comments ("Notice") on the Staff Whitepapers on "Benchmark Reference Prices" ("Benchmark Price Whitepaper) dated May 4, 2016 in the above-referenced proceedings.[1]

With regard to energy commodity pricing, the Commission used zones A, G and J as traded on ICE, however Zones B, C, D and E are priced off their twelve (12) month historical Day Ahead ("DA") basis compared to Zone A and use that percentage to compute the price. The Commission used the same type of formula to compute Zones F, H and I, but based it on Zone J. In reality, the Zones are not priced solely on a percentage

[1] These confidential Supplemental Comments are submitted with a full reservation of rights asserted in the previously submitted initial comments filed by Major Energy in conjunction with Family Energy filed June 6, 2016 in these proceedings.

based on the twelve (12) month comparative historical DA basis. In fact, below, we have provided an example of what the Commission price would have been compared to what our trader provided to us on June 2, 2016, and the prices are very different.

Accordingly, the Commission must reconsider how it can require a benchmark price.

[redacted]

With regard to capacity commodity pricing, the Commission calculates capacity prices based on the twelve (12) month NYC futures ICE trading price and Rest of State ("ROS") futures ICE trading price. However, Lower Hudson Valley ("LHV") is not traded on ICE and therefore must be compared to NYC over the previous twelve (12) months' spot auction settle price and use that percentage to compute the price.

First, what the Commission must articulate a reason that LHV should use the Spot auction when there are two other auctions available. The strip and monthly auction could be more accurate and/or more favorable. In reality, many ESCOs do not and/or cannot trade based on ICE pricing when they hedge twelve (12) month contracts. Capacity is typically traded by traders for strips of winter and summer and is not always reflective of the ICE market. LHV is almost never reflective of the prices that the Commission is using in their calculation. Attached is the pricing received on June 2, 2016 from a broker.

[redacted]

[redacted]

[redacted] As you can see, the prices are again, very different.

Accordingly, the Commission must reconsider how it can require a benchmark price.

With regard to the class coincident peak load factor, every utility created one Peak Load Factor across all zones and across all residential service classes. However, Zone A Peak Load Factor is not the same as the Zone B Peak Load Factor as the weather is different in each respective zone, and the commonly used electric heating methods are different. In addition, some utilities have more than one (1) residential service class and this has an effect on the Profile.

The calculated factor looks at the total service class by utility, while ESCOs pay the actual ICAP tag for each customer. Therefore some ESCOs will benefit while others will have significant financial losses if they were forced to use this "average" factor for their specific customers. Please see the attached spreadsheet to see how it would have affected Major Energy on June 2, 2016 (CONFIDENTIAL).

One of the benefits of small commercial customers using an ESCO to buy supply is that we can price it based on its true load shape and ICAP tag versus the utility Peak Load Factor. In addition, Capacity Tag changes each year, how is this risk being calculated?

With regard to ancillary, losses and profit, below is a chart of Major Energy Ancillary Costs from the NYISO per kwh (without losses). If we calculate losses as 7% plus the Ancillary price, that would be [redacted] The 130% of the DAM multiplier that the Commission allows us to add is around [redacted], depending on Zone and energy price. With [redacted] on average for ancillary and losses leaves us with [redacted] per MW for weather adjustment and any changes in losses in Ancillary (rt market changes etc.), which is very little wiggle room.

In addition, there is no calculation for the future green energy requirements, the Commission provided risk premium is very little when you add up all the costs of running a business and employing New Yorkers & GRT, POR, EDI provider and utility fees aren't included in this calculation.

[redacted]

Conclusion

Major Energy appreciates the opportunity to submit these supplemental Comments and further assist the Commission in its efforts address the needs of the retail energy markets. Major Energy reserves the right to submit additional Reply Comments in response to the Notice Seeking Comments.

Dated: June 6, 2016

Respectfully submitted,

On behalf of Major Energy Services, LLC and Major Energy Electric, LLC

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CC: All Parties (by electronic filing).

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