

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service.

Case No. 12-E-0201

Case No. 12-G-0202

**ESCO PRICING TOOLS AND CONSUMER COMMUNICATIONS
COLLABORATIVE REPORT**

BACKGROUND

This collaborative report (the “Report”) is submitted on behalf of Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or “Company”) and the various participants (referred to collectively as the “Collaborative Parties”) in the Energy Service Company (“ESCO”) Pricing Tools and Consumer Communications Collaborative (the “Collaborative”). The Collaborative is being conducted in accordance with the Public Service Commission’s (the “Commission’s”) *Order Approving Electric and Gas Rate Plans in Accord with Joint Proposal* (issued and effective March 15, 2013) in Cases 12-E-0201 and 12-G-0202 (the “Order”). The Order directs the Company to convene a collaborative within 60 days of its issuance. Pursuant to the joint proposal approved by the Order (the “Joint Proposal”), the purpose of the Collaborative is “to develop the materials (including the bill calculator and other materials that may be discussed in the collaborative) to be provided to residential ESCO customers concerning the amount the customer would have been billed if they had purchased commodity from the Company.” (Joint Proposal at p. 56.)

During negotiations leading to the Joint Proposal, the Commission instituted a generic proceeding to consider numerous issues related to the operation of retail energy markets.¹ Among the issues to be addressed in the generic proceeding, the Commission included ESCO bill comparison tools, and acknowledged the overlap with National Grid's planned Collaborative. (Order at p. 26.)

As set forth in the Joint Proposal, it was agreed that the Company would develop a web-based historical bill calculator (the "Online Comparison Tool") to enable ESCO customers to compare their actual billings with what they would have been billed had they been full-requirements customers of the Company. (Order at pp. 14-15.) It was also agreed that the Collaborative would address two initiatives: the provision of bill comparisons on customer bills (the "On-Bill Comparison") and the provision of comparisons to customers that contact the Company because they are having difficulty making their payments ("Customer Letters"). (Order at p. 15.) The Order further directed that the "collaborative will also discuss what bill comparison tools could be provided to residential non-ESCO customers." (Order at p. 56.) Finally, the Order directs the Company to file a report providing the results of the Collaborative within 90 days of the issuance of the Order. (Order at p. 49.)

Discussions on the proposed Collaborative began in December 2012. The Collaborative Parties include the Company, Department of Public Service Staff ("Staff"), the Utility Intervention Unit ("UIU") of the Department of State, various ESCOs, the New York State Energy Marketers Coalition and the Retail Energy Supply Association ("RESA"). The first formal meeting of the Collaborative was conducted on March 12, 2013. Subsequent Collaborative meetings were conducted on April 10, 2013, May 2, 2013 and May 17, 2013. The

¹ Case 12-M-0476 - Residential and Small Non-residential Retail Energy Markets in New York State, *Order Instituting Proceeding and Seeking Comments Regarding the Operation of the Retail Energy Markets in New York State* (issued October 19, 2012) ("Generic Proceeding").

Collaborative Parties have exchanged drafts of various materials developed in the course of the Collaborative, including the proposed ESCO Comparison Tool Disclaimer (the “Disclaimer”), along with proposed mock-ups of the Online Comparison Tool, On-Bill Comparison and Customer Correspondence. The most recent versions of the Disclaimer, proposed mock-ups of the Online Comparison Tool, On-Bill Comparison and Customer Correspondence are attached as Exhibits 1 and 2.

INTRODUCTION

In response to recommendations from Staff’s Retail Access Panel, PULP and UIU, the Company was asked to develop proposals to enhance the delivery of historical utility billing information for residential ESCO consolidated bill customers in three ways: (1) via a web-based online historical utility bill calculator; (2) printed on monthly consolidated bills; and (3) printed on certain notices and correspondence to residential consolidated billing customers. In accordance with the requirements of the Home Energy Fair Practices Act (“HEFPA”), the Company currently gathers and stores historical utility billing information for residential customers. In response to Staff, PULP and UIU proposals, the Company proposed to use that historical billing data to show what an ESCO charged for commodity supply service and what the Company would have charged for the equivalent service. The Collaborative Parties specifically considered each of the three proposed tools, the Company developed and presented proposed mock-ups of its proposed solution for each type of communication, and there was considerable dialogue among the participants in the Collaborative on how and whether the various tools could be implemented.

DISCUSSION

In the Order, the Commission noted that availability of price information is essential to the functioning of robust consumer markets and that development of a bill calculator [the Online Comparison Tool] will help to promote better-informed decisions by customers. (Order at p. 25.) The Commission also recognized that while the Staff, the UIU and the Company had made clear that they support additional measures (*i.e.*, the On Bill Comparison and Customer Correspondence), other parties, including RESA and NYSEMC, had expressed reservations about the feasibility of such tools. *Id.* In light of these concerns, the Commission stated that “the generic proceeding will be the forum for broader discussion and for any implementation order that may be necessary on the Commission’s part, pertaining to issues beyond the online bill calculator. (Order at p. 26.) For this reason, there was limited dialogue and no consensus reached on these tools as part of the Collaborative. Rather, the Collaborative Parties agree that the On-Bill Tool and customer correspondence tools will be considered as part of the Generic Proceeding.

With regard to the Online Comparison Tool, the Order specifically authorizes the Company to implement an online bill calculator without the need of further action by the Commission provided the Collaborative produces a consensus on how this measure is to be developed. (Order at pp. 26-27.) The Collaborative Parties’ consensus on the Online Comparison Tool and proposed implementation timeframe is described below. To capture work performed to date, including the On-Bill Comparison and Customer Correspondence, a summary and description of each is provided along with the most recent mock-ups of what the tools might look like.

(1) Online Historical Bill Calculator

The Company worked with the Collaborative Parties to develop the Online Comparison Tool as a new function to generate and display a comparative bill chart online. When it goes live, the Online Comparison Tool will be located in the "My Account" section of the Company's website. This section requires customers to sign on with an online account ID and password. The Online Comparison Tool will be available for any active residential account and will display 12 months of bill history for both gas and electric services with the following data elements: Bill Date, Service Type, Supplier Name, Total ESCO Bill, Total Comparable National Grid Bill, and Difference. In months where National Grid provided supply, the chart will show National Grid as supplier, and "N/A" in all amount fields for that month. In months where National Grid provides delivery service only (the 2-bill scenario where the ESCO bills separately for commodity), the chart would show the supplier in the supplier name, "Unknown" in the Total ESCO Bill, and "N/A" in the remaining amount fields. On the Online Comparison Tool page, the Company provides a high level description of the tool and a link to the Disclaimer, which was developed in conjunction with the Collaborative Parties to offer a more detailed, plain-language and competition-neutral explanation of the comparison.

The Collaborative Parties had numerous comments and there was considerable dialogue in the Collaborative regarding the wording and structure of the Disclaimer. In the end, the Collaborative Parties reached general consensus on both the language of the Disclaimer and content and format of the Online Comparison Tool. Accordingly, the Company intends to deploy the Online Comparison Tool as soon as practicable following submittal of this Report.

(2) Printed Monthly Consolidated Bills

The Company also proposed to add a new section to the residential bill format to display a comparative bill chart for the current billing period and the most recent 12 months of data (*i.e.*, the On-Bill Comparison). This new section and chart would only display for a given (gas/electric) service if there was at least one month of ESCO consolidated (1-bill) billing in the last 12 months. On a particular bill, this chart may show only a gas comparison, only an electric comparison, both gas and electric comparisons or the section may not print at all. Unlike the Online Comparison Tool that shows 12 months of bills, the On-bill Comparison would show only the current bill and aggregated data for the last 12 months' bills. If any month in the 12-month period was National Grid supply, nothing would be accumulated in the amount fields for that month. If any month in that 12-month period was delivery service only (2-bill), nothing would be accumulated in the amount fields for that month.

The Company provided a mock-up of the proposed On-Bill Comparison during the April 10, 2013 Collaborative meeting. During the Collaborative, the Company noted its willingness and progress to date with developing an On-Bill Comparison tool. UIU urged the parties to consider implementing the On-Bill Comparison, asserting that it would provide a higher-degree of visibility for ESCO price comparison data than other tools, particularly in light of the fact that a certain percentage of the Company's customers may not have the inclination or ability to access the internet to view a bill comparison. RESA, NYSEMC and various ESCOs expressed a number of concerns with the proposed On-Bill comparison. Specifically, they expressed concern that an On-Bill Comparison would essentially be viewed as a monthly comparison tool - which might not provide enough information for a customer to make an informed decision about the pricing, especially for fixed price service, value-added products and green/renewable service. They also expressed concern about the limited space on the bill, which they assert would make it

difficult to present a meaningful disclaimer describing the limitations in the On-Bill Comparison. Finally, RESA and NYSEMC pointed to their comments in the generic retail access proceeding for a more detailed discussion of their concerns with on-bill comparison tools.

Pursuant to the Order, further consideration of the On-Bill Comparison will be addressed in the Generic Proceeding.

(3) Customer Correspondence

In response to Staff Recommendations, the Company had also proposed to add a new section to the residential Termination Notice format and deferred payment agreement (“DPA”) default letter that would display an ESCO bill comparison much like that on a normal bill statement (current and aggregated last 12 months). This new section and chart would be prepared and displayed in a manner similar to the On-Bill Comparison.

In addition to these letters, Staff had also recommended and the Company had agreed to send one-time letters with bill comparison data to all consolidated billing ESCO residential customers participating in low-income assistance programs and all residential ESCO customers on DPAs.

Pursuant to the Order, further consideration of Customer Correspondence tools for communicating ESCO pricing information will be addressed in the Generic Proceeding.

ESTIMATED COSTS

As set forth in the Joint Proposal, the Company estimated the total cost to provide the tools and communications described in the above proposals would not exceed \$298,000. (Joint Proposal at p. 56) Even though the Collaborative has resulted in some changes to the

Company's proposed Online Comparison Tool, including incorporating hotlinks for ESCOs and a link for the disclaimer, these changes have not affected the Company's original estimate of cost.

SUMMARY

In accordance with the Order, the Company has convened a Collaborative, worked with the Collaborative Parties to develop supporting materials and the Online Comparison Tool, and hereby submits its report on the status of the Collaborative. The Collaborative Parties have reached consensus on the Online Comparison Tool and thus the Company plans to implement the tool as soon as practicable following submittal of this Report. The Company intends to provide outreach and education to customers on the new Online Comparison Tool via on-bill messages, customer newsletters, and other forms of media. Though other tools were discussed as part of the Collaborative (*i.e.*, On Bill Comparison and Customer Correspondence), consensus was not reached on these tools. In accordance with the Order, the Collaborative Parties agreed to consider these tools further in the Generic Proceeding.

Respectfully Submitted,
**Niagara Mohawk Power Corporation d/b/a
National Grid**

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EXHIBIT 1

PROPOSED ESCO COMPARISON TOOL – DISCLAIMER

This bill comparison screen is developed by National Grid as a tool to compare a bill that includes marketer charges that you receive from your energy services company (ESCO) with a bill that National Grid would have issued for the same service if National Grid were the energy supplier.

Your energy bill contains two parts: delivery charges and supply charges. National Grid always provides your delivery service, and the delivery charges are the amount you pay National Grid for this delivery service. Your supply service (the kilowatt hours of electricity or therms of natural gas you use) may be provided by an ESCO, and the supply charges are the amount you pay to the ESCO for this service.

- Most residential customers who receive supply service from an ESCO receive a single bill from National Grid for both supply and delivery charges. This tool will provide the ESCO vs. National Grid comparison for these customers. The tool is able to access up to 12 months of cost comparison data.
- A comparison of a bill that includes marketer charges with a utility bill in any single period may be affected by the utility's monthly adjustments for prior periods, one-time charges or very short-term changes in energy and natural gas prices. It is therefore recommended that comparisons be made over a longer period of time and, if possible, over an entire year.
- If the supply service purchased from an ESCO includes a value-added feature such as a price that is fixed for a period of time, green energy, an energy equipment repair package or airline miles, the costs of this value-added feature may be reflected in the charges from your ESCO. The supply service provided by National Grid, however, does not include such value added services. Keep this in mind when interpreting the results of this bill comparison.
- National Grid's energy and natural gas prices vary from month to month in response to market forces. Some ESCOs offer a supply service at a fixed price per unit (kilowatt hour of electricity or therm of gas) for the duration of a contract. A fixed price contract may be an attractive choice for consumers who want to lock in a certain price. Fixed price contracts, however, do not and cannot guarantee that the customer will save money, in any given month or over a longer comparison period. In some months, the contract's fixed price could be lower than the variable price offered for supply service by National Grid. In other months, the contract's fixed price may be higher than the National Grid price. Please keep that in mind when interpreting the results of this bill comparison.
- Some ESCOs guarantee savings. Generally, the savings are guaranteed over a twelve-month period. If you have an agreement that guarantees savings, but the results of the bill comparison do not reflect a savings over what you would have paid National Grid, you may wish to contact your ESCO to discuss.

PROPOSED ESCO COMPARISON TOOL – DISCLAIMER

- The bill comparison tool may only be used to compare your ESCO's supply rates against National Grid's supply rates. The tool does not have the ability to compare what your ESCO charged against what other ESCOs might have charged.
- Please be aware that New York State sales tax may be treated differently for utilities and ESCOs, which can cause variations in bill comparison results.
- The bill comparison results from this tool are not intended to be an endorsement of National Grid's supply service or the supply service of any particular ESCO.
- Customers should be aware that past performance is not necessarily indicative of future results.
- National Grid is not affiliated with any ESCO and we are unable to discuss ESCO pricing, policies, contracts or agreements. If you have questions about your supply service or the resulting supply charges you should contact your ESCO.

EXHIBIT 2

ILLUSTRATIONS OF THE PROPOSED ONLINE COMPARISON TOOL, ON-BILL COMPARISON, AND CUSTOMER CORRESPONDENCE

[PowerPoint Presentation Follows]