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By Email for Electronic Filing
Honorable Kathleen H. Burgess
Secretary
State of New York Public
Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

**RE: Case 14-M-0224 Proceeding on Motion of the Commission to Enable Community
Choice Aggregation**

Dear Secretary Burgess:

In accordance with Ordering Clause 4 of the New York State Public Service Commission's ("Commission") *Order Authorizing Framework for Community Choice Aggregation Opt-Out Program*, in the above-referenced proceeding, Consolidated Edison Company of New York, Inc., Orange and Rockland Utilities, Inc., hereby submit a proposal to establish fees for Community Choice Aggregation data.

Please contact me if you have any questions.

Very truly yours,

/s/

Kerri Kirschbaum
Senior Attorney

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission to
Enable Community Choice Aggregation**

Case 14-M-0224

PETITION TO ESTABLISH PLATFORM SERVICE REVENUES

I. Introduction

Consolidated Edison Company of New York, Inc. (“Con Edison”) and Orange and Rockland Utilities, Inc. (“O&R”)(together, the “Companies”) submit this petition in accordance with Ordering Clause 4 of the New York State Public Service Commission’s (“Commission”) *Order Authorizing Framework for Community Choice Aggregation Opt-Out Program*, effective April 21, 2016 (“Order”).¹ In accordance with the Order, the Companies are proposing tariff changes, filed under separate cover, to implement fees for data services (“CCA Data Services”) requested by Community Choice Aggregation (“CCA”) Administrators. CCA Administrators are the lowest level of the village/town/city hierarchy of municipal government in an area (defined in the Order as a “municipality”) and/or a third party acting on their behalf. The Companies’ CCA Data Services, described below, will facilitate development and implementation of CCA programs in the Companies’ service territories. The Companies request approval that the proposed CCA Data Services fees are qualified for shareholder revenue sharing as Platform Service Revenues (“PSRs”) as defined in the Commission’s *Order Adopting a Ratemaking and*

¹ By letter dated June 6, 2016, the Secretary of the Commission extended the time for utilities to file such fees to August 5, 2016.

Utility Revenue Model Policy Framework (“REV Track 2 Order”), issued May 19, 2016.² These CCA Data Services fees will generate revenues associated with the operation or facilitation of distribution-level markets as outlined in the REV Track 2 Order.³ Moreover, the aggregated information being sought from the Companies will provide significant value to third parties (*i.e.*, CCA Administrators and ESCOs) by providing inputs necessary to enable aggregate pricing for the individual communities. The Companies’ proposed fee for aggregated data services includes electronic provision of the data, as well as access to resources to answer questions about the data. This is consistent with the fundamental principle of a competitive marketplace, *i.e.*, that entities benefiting from the Companies’ value-added services should pay for such services. Accordingly, the Company has structured this petition consistent with the Track 2 Order approval process for PSRs.

II. Description of the Product or Service

In the CCA Order, the Commission identified three types of data that CCA Administrators require to effectuate CCA programs:

1. Aggregated customer and consumption (usage) data,
2. Customer contact information, and
3. Detailed customer information for enrollment purposes.⁴

The Companies propose herein the terms under which they will provide each of these three CCA Data Services products consistent with the CCA Order.

² Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision* (“REV Proceeding”).

³ REV Track 2 Order, p. 47.

⁴ CCA Order, pp. 42-43.

A. Aggregated Usage Data

As directed in the CCA Order, a CCA Administrator may request aggregated data once it has signed a Data Security Agreement with the Companies and the Commission has approved the CCA Implementation and Data Protection Plans and certifications of local authorization.⁵ This aggregated usage data must be transferred within 20 days of a request from the CCA Administrator.

The Companies propose that the standard data elements will be aggregated by the lowest level of the village/town/city hierarchy of municipal government in an area, and will include the following for eligible service classes:

1. The number of eligible customers by service class;
2. The aggregated peak demand (kw) by month for the past 12 months by service class for demand-billed classes;
3. Aggregated energy (kWh) for electric by month for the past 12 months by service class, and
4. Aggregated gas consumption by month for the past 12 months by service class.

The above data elements will be provided for all customers in a given municipality or zip code that are eligible to participate in the CCA program on an opt-out basis (“Eligible Customers”). As required by the CCA Order, Eligible Customers include all customers listed in the Con Edison and O&R tables below, except those customers currently served by an Energy Services Company (“ESCO”) or subject to an account block or freeze on their account to prevent their transfer to an ESCO, or taking service under certain riders or other special rate treatment that renders opt-out treatment inappropriate, unless the CCA program design contemplates an

⁵ CCA Order, p. 43.

even narrower group of eligible customers. For example, the CCA Order permits a municipality to choose to exclude customers taking service under the Companies’ net metering rider or one of its Low Income Programs. This flexibility may require additional segmentation of Eligible Customers.

Con Edison Electric Opt-Out Service Classes
SC 1 Residential and Religious
SC 2 General Small
SC 8 Multiple Dwellings – Redistribution
SC 12 Multiple Dwelling – Space Heating
SC 13 Bulk Power – Housing Developments

Con Edison Gas Opt-Out Service Classes
SC 1 Residential and Religious Firm Sales Service
SC 2 General Firm Sales Service
SC 3 Residential and Religious Heating Firm Sales Service

O&R Electric Opt-Out Service Classes
SC 1 Residential Service
SC 2 General Secondary Service

O&R Gas Opt-Out Service Classes
SC 1 Residential and Space Heating
SC 2 General Service

Aggregated customer data will not be provided for any service classification having either too few customers or a single customer comprising a large portion of the load, which could inappropriately disclose information about an individual customer’s usage.

B. Customer Contact Information

A CCA Administrator can request customer-specific contact information for all Eligible Customers once the municipality (or municipalities) has demonstrated to the Company that the requisite contracts with ESCO(s) have been entered into and executed. Within five days of a request from a municipality or CCA Administrator, the Company will transfer the following specific customer information for eligible customers:

1. Customer name;
2. Mailing address;
3. Telephone number;
4. Account number;
5. Primary language if available, and
6. Any alternate name, address, or phone number if available.

C. Detailed Information for Enrollment Purposes

Detailed customer information can be requested for Eligible Customers who did not opt-out of the CCA program once the initial opt-out period has closed in accordance with the requirements of the CCA Order. The ESCO will obtain this information via the Electronic Data Interchange (“EDI”), which is New York State’s existing platform for exchanging customer-specific information between utilities and ESCOs for market administration purposes.

D. Additional Data Requests

In the event the CCA Administrator requests CCA Data Services after the initial CCA Data Services request, the Company will fulfill these requests on an as-needed basis for an additional fee. For example, this fee would apply per account for requests made subsequent to the commencement of the CCA program for updated customer contact information.

III. Criteria for Approval

The CCA Data Services outlined above can only be provided by a utility, and stem from the Companies' "monopoly function."⁶ For example, only a utility has access to all customers' retail choice status, block status, energy usage data, and customer information. The Companies are not aware of any third parties that are able to replicate the CCA Data Services proposed in this tariff filing. Without the Companies' CCA Data Services, CCA Administrators would be forced to obtain customer information through more costly and labor-intensive methods. These efforts required to obtain customer information will serve to constrain participation in CCA programs, increase transaction costs, and prevent the realization of potential customer benefits.

Moreover, in order for a CCA program to be viable, data and information need to be available in a timely manner. For a third party to compile the required aggregated energy usage data, for example, could be time consuming and result in stale data that could hinder the bidding process to select an ESCO to supply the CCA program.

⁶ REV Track 2 Order, p. 53.

As demonstrated above, the Companies' proposed CCA Data Services are an inherently monopoly function, and are therefore eligible for consideration as a PSR per the REV Track 2 Order.⁷

IV. Method to Be Employed to Price the Product or Service

The Company proposes a fee for CCA Data Services of \$3.00 per account for electric CCA Data Services or \$3.00 per account for gas CCA Data Services. The following fee schedule will be used to back-load the pricing such that the CCA Administrator or municipality pays 10 percent of the fee upfront, and the winning ESCO or the CCA Administrator pays the remaining 90 percent of the fee. This schedule is consistent with the Order's requirement to back-load the fee.⁸ The initial \$0.30 per account for electric CCA Data Services or \$0.30 per account for gas CCA Data Services will be paid by the CCA Administrator when the Company receives the initial request for CCA Data Services. As stated above, in order to request CCA Data Services, the CCA Administrator must have already signed a Data Security Agreement with the Company, and the CCA Implementation and Data Protection Plans and certifications of local authorization must have already been approved by the Commission. The remaining fee of \$2.70 per account for electric CCA Data Services or \$2.70 per account for gas CCA Data Services will be paid by the CCA Administrator or the ESCO after demonstrating that a contract has been executed between the municipality and the ESCO to provide energy supply to CCA participants.

For any additional requests beyond the initial request for CCA Data Services, the Companies will charge \$1.50 per account for electric CCA Data Services or \$1.50 per account

⁷ REV Track 2 Order, p. 48.

⁸ CCA Order, p. 45.

for gas CCA Data Services. This fee will be payable by either the CCA Administrator or the ESCO.

The CCA Data Services required by CCA Administrators and ESCOs is scarce data that is extracted from larger data sets based on specific filtering criteria and, as such, has value in the CCA market and also in the broader retail access market. Providing this valuable data in the form of CCA Data Services is one of many activities the Companies plan to undertake to facilitate the REV marketplace. The Commission has stated, that “Regulated utilities should be allowed to earn revenues from activities whose principal effect is to facilitate the growth and operation of markets.”⁹ Accordingly, the Companies’ proposed fees, which are designed to reflect the value of the services being provided, are inherently consistent with this standard.

The CCA Order requires the Companies to provide an explanation as to how the proposed fees are reasonably related to the value of the data and the cost to the utility of providing the data.¹⁰ To estimate the value of its proposed CCA Data Services in the absence of a functioning market for utility data services, the Company developed its fee proposal by estimating the customer acquisition costs that an ESCO avoids by partnering with a CCA Administrator to supply participating CCA customers. The ESCO that is awarded a CCA contract is able to enroll a large number of customers while avoiding many of these customer acquisition costs, such as sales staff and collateral for door-to-door or telemarketing campaigns, third-party verification for customer enrollment, and advertising or promotional campaigns. Although ESCOs are understandably close-mouthed regarding their average customer acquisition costs, the Company estimated the value of the data based on publicly available

⁹ REV Track 2 Order, p. 49.

¹⁰ CCA Order, p. 45.

information. Based on publicly available data, the Companies determined that average ESCO acquisition costs can range from \$75.00 to \$150.00 per customer.¹¹ The Company's proposed fee of \$3.00 per account for an electric CCA Data Request or gas CCA Data Request therefore represents a small fraction of the ESCO's avoided customer acquisition costs.

With respect to the CCA Order's requirement to address the utility's cost of producing the data, the Companies considered the ongoing costs that they will incur to provide data services and facilitate growth of the CCA market. Indeed, Con Edison has experience with the costs associated with providing similar data to Sustainable Westchester as part of its CCA pilot approved in the Commission's *Order Granting Petition in Part*, issued February 24, 2015, in Case 14-M-0564. These costs include, but are not limited to, development of system applications that can enable customized queries of data repositories based on the design of a CCA program; labor to work with CCA Administrators to define specific queries, run reports, clean the results for completeness and accuracy, and then analyze the results to address customer privacy; labor to respond to general questions and requests from CCA Administrators, ESCOs, and distributed energy resource ("DER") providers where applicable; and labor to work with ESCOs to validate EDI transactions. Additionally, the Company is exploring potential near-term investments to automate the provision of CCA data as directed in the REV Track 2 Order.¹² To the extent that the Companies determine that such automation is necessary and cost-effective, they anticipate that further costs will be incurred to implement automation for CCA Data Services.

¹¹ Electrical Potential: Reducing Customer Acquisition Cost and Increasing Lifetime Value in Solar and Competitive Energy, Woodlawn Associates Management Consulting, Josh Lutton and Iain Drummond February 28, 2013. <https://woodlawnassociates.com/wp-content/uploads/WA-Electrical-Potential.pdf>

¹² REV Track 2 Order, p. 151.

Given the high-value proposition that CCA Data Services offer to the ESCO, and the fact that the Companies have ongoing costs associated with providing these services, the Companies believe that the proposed fee of \$3.00 is reasonable.

V. Allocation of Revenues

The Commission directed in the REV Track 2 Order that 80 percent of PSRs should be allocated to customers and the remaining 20 percent to shareholders for services that stem directly from a monopoly function. Given the nature of data required to provide CCA Data Services and the systems that are needed to collect and store the data, the Company considers the 80/20 allocation in the REV Track 2 Order to be appropriate for its CCA Data Services revenues.

VI. Deferral Accounting and Reporting to Monitor Activity

The Companies propose to track any incremental costs they incur in providing their proposed CCA Data Services and investing in automating the aggregated data process, and defer these costs as a regulatory asset for future recovery. Similarly, revenues collected from the CCA Data Services fees will be tracked and allocated to customers and the Companies based on the aforementioned 80/20 split. Revenues allocated to customers will be deferred as a regulatory liability and returned to customers in the Companies next electric and gas rate cases.

VII. Conclusion

The Companies request that the Commission approve the PSRs for CCA Data Services detailed above as well as the Companies' accompanying electric and gas tariff provisions that were filed today apart from this filing.