



June 06, 2016

Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1340

Re: Cases 15-M-0127, 12-M-0476, 98-M-1343 - Notice Seeking Comments on
Resetting Retail Energy Markets for Mass Market Consumers

Dear Secretary Burgess:

NOCO Natural Gas, LLC and NOCO Electric, LLC (NOCO) supports the Commissions efforts to promote energy efficiency, renewable energy, least cost energy supply, fuel diversity, system adequacy and reliability, demand elasticity, and customer empowerment. NOCO also applauds the Commissions commitment to safeguard consumers and to take action against the few unscrupulous marketers that plague our industry. Some action is undoubtedly needed to rebuild consumer confidence and to ensure mass-market customers are adequately protected.

NOCO appreciates the opportunity to submit comment to and collaborate with the Commission. It is our hope that we can assist the Commission in effectively reshaping this industry and to ultimately effectuate progress towards meeting both short-term and long-term policy objectives. These comments are being submitted with a full reservation of rights and NOCO preserves any opportunity it may have under the law (including the Public Service Law) to pursue its legal rights to challenge the February 23 Order either administratively or in the Courts of New York State.

NOCO Energy Corp. is a third-generation family owned and locally operated company, with over 80 years of experience in the energy business. NOCO annually services the robust energy needs of over 50,000 energy customers across 12 states in the Northeast, US and in Eastern Quebec and Southern Ontario, Canada. This includes (but is not limited to) natural gas, electricity, propane, heating oil, lubricants, HVAC services, fleet fueling, used oil recovery, gasoline, and/or diesel. Having established a reputation for integrity and trust with our customers, NOCO has grown to be one of the largest private sector employers in Western New York with approximately 850 full-time and part-time associates in the area and over 1,000 employees company-wide.

Comments

Staff Whitepaper on Benchmark Reference Prices

NOCO supports the Staff in its efforts to include fixed price product offerings for “mass-market” customers but the whitepaper fails to provide sufficient detail in how a benchmark reference price will be calculated. The paper creates the illusion of accuracy by providing a number of variables included in the calculations but fails to address the primary factors that are difficult to quantify in a benchmark; mainly individual customer load shape, and the timing of when a fixed price was taken. Simply put, it is impossible for the benchmark to factor in these two things which are calculated by ESCOs prior to offering a fixed price for commercial customers. The variables that are addressed are often limited in their detail.

“Basis” is not specifically defined for the gas reference price, which is not only difficult to do but is arguably the riskiest component in the offered fixed price. Although Basis is better defined for Electric, the calculation is inadequate. It is proposed that basis differentials are updated annually based on historical information. Looking solely at the past is no way to accurately forecast prices for the future. Zone A has historically traded lower or on par with Zone B and Zone C.

This is no longer the case as Zone A is currently more expensive than the previously mentioned Zones. Current and future zone differentials are being completely overlooked in the whitepaper. More discussion is necessary prior to implementing a benchmark reference price regarding these two factors, as well as many other factors presented in the comment period.

ESCOs have created proprietary models and processes to offer competitive fixed price programs on an individual customer basis. We calculate hundreds of factors when presenting fixed pricing to specific commercial customers no matter their size. For this reason, and as we've mentioned in our previous comments, the Resetting Order should focus solely on residential customers which are more frequently offered "mass-market" rates.

Furthermore, the threshold defining a "mass-market" gas customer is simply too high. NOCO has continually monitored our natural gas and electric book of business to clearly define which of our customers are affected by the Resetting Order. We oftentimes offer both gas and electricity to our customers and target the same type of customer. Without providing too much proprietary information, nearly double the amount of our customers are considered "mass-market" for gas compared to electric. This is not because we target more small commercial gas customers, it is because the benchmark is far too high. There are many instances when we are serving a demand customer for electric, but that same customer is considered "mass-market" for gas service. This will be very confusing for customers and will also limit the programs offered to them.

The chart below originally filed by Mirabito Natural Gas, LLC (Filing No: 216, Matter 15-00530, Case 15-M-0127) demonstrates the comparable gas size (in mmbtus) of mass market electric customers as defined by the Order based on criteria from 3 separate utility service territories for non-demand electric customers. NOCO feels the below table represents a more logical threshold and should be utilized in determining the threshold to define gas "mass-market" customers.

Utility	Criteria for Demand Status	Max Metered Demand - kW	Load Factor	kWhs / Month	kWhs / Year	Annual btus	Annual mmbtus (DTs)
NYSEG	>5 kW Demand	5	100%	3,650	43,800	149,445,600	149
		5	60%	2,190	26,280	89,667,360	90
RGE	>12 kW Demand OR >3,000 kWh/Month in 4 Consecutive Months	12	100%	8,760	105,120	358,669,440	359
		12	60%	5,256	63,072	215,201,664	215
		N/A	100%	3,000	36,000	122,832,000	123
		N/A	60%	3,000	21,600	73,699,200	74
NGRID (NMPC)	>2,000 kWhs/Month in 4 Consecutive Months	N/A	100%	2,000	24,000	81,888,000	82
		N/A	60%	2,000	14,400	49,132,800	49

Based on the above table, a comparable “mass-market” natural gas customer would consume no more than 360 mmbtu annually. The proposed 750 mmbtu threshold set-forth in the Resetting Order is arbitrary and misclassifies many commercial customers as “mass-market”. Lowering the threshold will help focus the proposed benchmark rate on “mass-market” customers and exclude the many commercial customers that ESCOs contract and price on an individual account basis. It will also allow a much simpler discussion on benchmark pricing to continue.

Again, thank you for the opportunity to submit comment. We look forward to working with the Commission Staff to improve the Retail Market in New York State.

Respectfully,

Mickey Zablonksi
 General Manager
 NOCO Natural Gas, LLC
 NOCO Electric, LLC