

New York Public Service Commission
Collaborative Meeting Transcript Excerpts

March 28-29, 2016

Collaborative Meeting, March 28, 2016

Excerpt #1

@ 2:29:31

LuAnn Scherer

[I]t's no secret that the utility can do off-cycle adjustments. That's a big thing. I mean, if you can do true-ups for what happened in the third-quarter, you can do those true-ups in the fourth quarter. The ESCOs don't have the ability to do that."

Excerpt #2

@3:50:37

LuAnn Scherer

I think, Erin, the discussion was that the parties talked about how difficult it was to benchmark against the utility price because of the inequities, the timing issues, I'm not sure when we make a recommendation to the Commission, what our recommendation will be, I'm really hopeful that we can come up with something that we can all live with.

Ron Lucas

I just would like to . . . I don't want to beat a dead horse here, but you missed the presentation. I'd be glad to sit down with you and give you that part, but leaving the inequities aside (and there are inequities), it's a timing difference and we made that point that you can't compare a price that's set in June to after the fact a year later next June, you have to compare it at the prevailing conditions that are in effect when the price is set. So there is a timing issue that Luanne mentioned. So it's a little bit deeper than that and I'll be glad to sit with you to go over it, it's just not inequities, it's double the problems.

LuAnne Scherer:

So, one of the examples, Erin, that I know you're well aware of is the . . . during the polar vortex, NIMO was able to spread the cost of the impact of the polar vortex over a certain number of billing periods . . . over a six-month period. The ESCOs don't really have the ability to do that and I mean some would argue that NIMO shouldn't have been able to do it either.

Collaborative Meeting, March 28, 2016 (Cont.)

Excerpt #3

@ 3:34:01

Scott Weiner

What is an example of a value-added product that has no value?

LuAnn Scherer

Let's talk about airline miles, for example.

Scott Weiner

Okay, but to me . . . But, I'll take up that argument and I'll suggest that airline miles, or coffee cards, or any kind of gift card has value. And if that's what's going to behaviorally motivate somebody to pay attention to their energy bill and is going to allow them to enter into the realm because they're interested in earning those points, that's what interests them, then that has value. Now, my concern—I'm just sharing my point of view—my concern is how, number one, is there a way to effectively distinguish airline miles from a thermostat, and B, is there a way to effectively ensure that the value that is being assigned to each of those specific adders is appropriate and not overreaching?

Excerpt #4

@ 2:08:22

LuAnn Scherer

Yeah. We agree with that. And that's very helpful. What we're hoping to hear from other people is alternatives to that. You've all kind of convinced us that the utility comparison is not the way to do it. So Matt has put a proposal out there. The proposal is everybody identify their average price and then we come up with a benchmark.

Collaborative Meeting, March 29, 2016

Excerpt #1

@ 13:00:00

LuAnn Scherer

Thank you. Just on that note, we . . . our position . . . the Staff's position is that we were asked to come up with a mechanism for identifying a reference price for a variable with value-added (energy-related value added), a fixed, and a fixed with energy-related value-added. So, I get that it is going to be difficult, but I also know what I was told I had to do. So, again, we can talk about how it's going to be hard to do it or how they can't do it but our goal is to come up with a way of doing it and that's what we're really hoping to get from this group. And, I heard you that it's impossible and that it's difficult.

Excerpt #2

@1:42:00

LuAnn Scherer

So I think we're still developing what we think the whole process is going to look like going forward. Staff has already started working on a white paper related to performance bonds. So it is likely that a white paper on performance bonds . . . or it's possible that a white paper on performance bonds would be issued for comment. And we basically . . . what the white paper is going to look like is what Staff would recommend to the Commission based on all the information we've gathered through comments, . . . there was a series of processes in the low-income proceeding . . . there might have been on in the eligibility proceeding, so it would be a white paper on performance bonds that we would issue for comment. We are thinking possibly there would be a white paper on reference pricing. There might be a white paper on energy-related value-added. There might be a white paper on the renewable issue which we still have to get our arms around a little bit. I mean again, there's two products out there. We want to identify additional products . . . so we're thinking that we would put together a Staff proposal then issue it for comment for additional thinking before we go to the Commission with the recommendation. That's our best thinking now. Again, we're still focusing on the June - July timeframe, so we've got a lot of work to do between now and then. That's about the best I can offer at this point.

Collaborative Meeting, March 29, 2016 (Cont.)

Excerpt #3

@ 2:22:37

LuAnn Scherer

“So I think the Commission Order in the ESCO low-income track, the ESCOs were allowed to offer residential either a guaranteed savings product or an energy-related value-added product designed to lower the customer’s bill. That’s how I recall the wording. So I think that was very specific to the low-income track. I there possibly are other energy-related value-added products which may not lower the bill, and we’re struggling with this—defining it. You know, the Commission has also said that a fixed-rate product is a value-added product. So, because, you know, it’s price certainty for customers. And if you were one of the people that had a value-added, fixed-rate product during the polar vortex you did, to the extent that ESCOs honored their agreements, which there were several that didn’t. But to the extent that ESCOs honored their agreements, customers benefitted from lower prices.”

Excerpt #4

@ 3:10:

LuAnn Scherer

And, I’ll add to that. I mean the truth is we have some really good ESCOs out there that are providing energy-related value-added in the form of warranty programs or furnace repair programs or whatever we want to call them. To reiterate what Scott said, the reason we’re here right now is to resolve that issue because we realized that the February 23rd order, there was a gap and that is one of the significant gaps. So that’s why we’re here, what we’re talking about. It’ll all be rolled up into something we recommend to the Commission.

Collaborative Meeting, March 29, 2016 (Cont.)

Excerpt #5

@ 2:04:31:

LuAnn Scherer

We are working towards identifying additional products, and this is way outside my comfort zone because I'm not an attorney, but I feel confident that when this stay is lifted there will be a period within which the ESCOs will be able to continue to offer products without, that are not the two identified products . . . until we work through this.