



Public Service Commission

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PSC Actions Protect Utility Customers

PSC Acts to Protect ESCO Customers from Surprise Bill Increases

Utilities to Maintain Bill Discounts for 1 Million Utility Customers Who Were at Risk of Being Unenrolled from Energy Affordability Programs

Actions Underscore Commitment to Protect New Yorkers and Address Energy Affordability

ALBANY — In keeping with legislation signed by Governor Kathy Hochul to protect consumers from surprise price increases to their energy bills, the New York State Public Service Commission (Commission) today amended the New York Uniform Business Practices (UBP) rules and the Standard Renewal Notice to be consistent with provisions of New York’s General Business Law that created a bill of rights for energy service company (ESCO) consumers. In a separate action, the Commission directed New York’s major utilities to extend the one-month pause on disenrolling customers from their respective energy affordability programs (EAPs) by a year through November 2026.

“Governor Hochul continues to ensure the economic wellbeing of consumers remains first and foremost,” **said Commission Chair Rory M. Christian.** “These new amendments will ensure ESCO customers remain protected from sharp, unexpected price increases from the energy the consumer needs to run their homes and businesses. Further, as recognized by the utilities, the EAPs faced a confluence of unprecedented and unforeseeable events due to the federal government shutdown. To avoid the disenrollment of a potentially large number of customers who would otherwise be enrolled in each utility’s EAP, the Commission directed the utilities to pause any disenrollment.”

ESCO Customer Protections

The Commission, the utility regulator in New York, has long been critical of certain ESCOs, particularly regarding prices. Every ESCO in New York must comply with UBP guidelines and with all applicable orders from the Commission to maintain its eligibility to operate in New York. Among other requirements, ESCOs must file annual compliance reports by January 31 each year. Failure to comply with the rules could result in losing the ability to operate in New York.

In 2019, the Commission forbade ESCOs from placing customers into variable-rate supply contracts that were significantly more expensive than the utilities’ supply prices by requiring that future variable-rate contracts guarantee a savings compared to the local distribution utility.

The Commission further required that fixed rate products be priced at no more than 5 percent higher than the prior 12 months' average commodity cost charged by the local distribution utility.

The 2023 law and the new amendments approved today will further reinforce consumer protections related to affordable prices and requires ESCOs to increase the transparency of the process under which an ESCO contract with a customer changes.

The legislation signed by Governor Hochul amended the General Business Law to declare a change in the price or product type made to an energy service contract to be a "material" change which would require the consent of the customer. The bill also includes a provision that the energy provider shall disclose information about the current price of services, any proposed price changes, distribution prices, and where the customer may view their past bills at the time of renewal.

An ESCO is an entity eligible to sell electricity and/or natural gas to customers using the transmission or distribution system of a utility. Some 998,641 customers, including 738,400 electric and 260,100 gas customers, receive their energy supply from an ESCO, as compared to the more 7.3 million electric customers and approximately 5.1 million natural gas customers who receive their supply from a traditional utility.

Utility supply and ESCO supply pricing does fluctuate with global commodity prices, and the Commission regularly reports on supply price forecasts prior to winter heating and summer cooling seasons, and the Commission also requires utilities to have robust communication with their customers about price forecasts. There are 151 ESCOs currently operating in New York.

Enrollment in Energy Affordability Programs

The State-funded EAPs provide customers with direct discounts on utility bills. The size of discount varies by utility and is designed to ensure that eligible households do not pay more than six percent of their household income on energy utilities. Bill credits are automatically applied to customer bills when households receive a benefit from the federally funded Home Energy Assistance Program (HEAP).

Because access to state-supported energy affordability programs are largely contingent on enrollment in the federal LIHEAP program that was disrupted by the government shutdown and remains under threat, the Commission took this critical step to extend the pause and protect more than 1 million New York households from being automatically unenrolled from key state energy assistance programs in the event that the federal programs are disrupted.

On Monday, Governor Hochul announced protections and resources for New Yorkers who will struggle with higher home heating costs due to the loss of federal funding to HEAP — which serves around 1.5 million low-income New York households.

A delay in federal benefits and concurrent loss of EAP bill discounts would make utility services far more expensive for those customers during the coming winter heating season. The loss of EAP benefits by so many customers at the time when their need for heat is the greatest would undoubtedly undermine public health, safety, and general welfare, thus justifying emergency action by New York State. Temperatures in many parts of the state have plunged below freezing, highlighting the need for heating assistance for families and households statewide.

At the Governor's direction, during the federal government shutdown DPS recently issued a directive requiring New York's major utility companies to ensure that any New Yorkers enrolled in EAP will continue to receive their discount through this month, despite the lack of federal funds for the

separate HEAP program. Without the Governor's action, thousands of those households would have automatically lost their November EAP discount, since enrollment in EAP is tied to enrollment in HEAP for many households across the state.

More than 1.5 million New York households currently receive HEAP assistance, and more than 1 million New York households receive EAP assistance.

The Governor also this week urged New Yorkers to go to the State's EAP website to check their eligibility and learn how to enroll in the state program as soon as possible. Through the state's website, eligible New Yorkers can follow the steps to enroll in the State EAP discount program based on their utility service territory. The State's website also includes guidance on how New Yorkers struggling with higher heating costs can work with their energy provider to defer payments. It also includes details on how New York State's laws are holding energy providers accountable and protecting consumers, as well as other key information.

Additional protections exist in New York to protect consumers during the winter heating season. New York State has robust disconnection protections in place for residential utility customers through the New York State Home Energy Fair Practices Act (HEFPA). HEFPA includes special protections and shut off procedures for circumstances where customer health and safety may be threatened by lack of service. Between November 1 and April 15, utility service providers must make a special effort to communicate with customers to determine whether terminating heat-related service will result in serious impairment to health or safety.

New York offers a robust set of programs and policies to support eligible New Yorkers facing energy-related emergencies this winter. HEFPA provides special protections for consumers with medical emergencies; or who are elderly, blind or disabled; and to all consumers who may encounter health or safety issues due to a shut-off during the cold weather period between November 1 and April 15.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 98-M-1343 (UBP) or 14-M-0565 (EAP) in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.