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GOVERNOR KATHY HOCHUL

GOVERNOR HOCHUL SIGNS LEGISLATION TO PROTECT CONSUMERS FROM SURPRISE PRICE INCREASES IN ENERGY BILLS

Legislation (A.703-A/S.683-A) Ensures Energy Service Companies Obtain Consent from Customers Prior to Any Price Increases

Underscores Commitment to Protect New Yorkers and Address Energy Affordability

Governor Kathy Hochul today signed legislation to protect consumers from surprise price increases to their energy bills. Legislation (A.703-A/S.683-A) requires energy service companies to obtain the consent of the customer before any material price increases, underscoring Governor Hochul's commitment to protecting New Yorkers and addressing energy affordability.

"Every New Yorker deserves affordable energy and I am proud to sign this legislation that puts consumers first," **Governor Hochul said.** "My administration continues to take action to make energy more affordable in New York State, and with this legislation we are taking a significant step toward protecting consumers from surprise price increases to their energy bills."

Legislation (A.703-A/S.683-A) is intended to protect ESCO customers from surprise price increases to their energy bills. It amends the General Business Law to declare a change in the price or type of price for an energy service 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 if there is to be a material change.

An ESCO is an entity eligible to sell electricity and/or natural gas to customers using the transmission or distribution system of a utility. Approximately 1.6 million customers, including 900,000 electric and 700,000 gas customers, receive their energy supply from an ESCO, as compared to the more 7.2 million electric customers and approximately 4 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 Public Service 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. This legislation helps provide additional PSC oversight of ESCO supply pricing to protect and educate customers.

There are 154 ESCOs currently operating in New York.

State Senator Leroy Comrie said, “New York State residents and small businesses have some of the highest energy bills in the nation. With these costs continuing to rise in recent years, the need for price transparency from energy service companies or ESCO’s, has only become that much greater. I am proud to have worked with my colleagues to pass this common sense consumer protection measure alongside Assemblymember Dinowitz, and commend Governor Hochul for recognizing the importance of energy affordability in our state.”

Assemblymember Jeffrey Dinowitz said, “New York State has allowed Energy Service Companies (ESCO) to sell electricity and natural gas to utility customers for over twenty years. Residential and small business energy customers typically receive offers from ESCOs to sell them electricity and natural gas directly with promised savings. However, whereas ESCOs may initially offer lower rates, customers later may be subject to paying higher rates, which would be more than what their local utility company would have charged. This new law requires ESCOs to receive expressed consent from their customer if they seek to change pricing or switch to or from fixed or variable pricing. Additionally, in any notice of contract renewability, ESCOs will also be required to disclose to their customer the current pricing, any proposed price changes, local utility prices, and information on how the customer can compare past bills with what they would have been charged had they received energy services from their local utility company. I want to thank Senator Leroy Comrie for partnering with me on this legislation and Governor Kathy Hochul for signing it into law to ensure ESCO customers receive full disclosure on pricing.”

Department of Public Service CEO Rory M. Christian said, “Governor Hochul continues to ensure the economic wellbeing of consumers remains first and foremost. This new law will ensure ESCO customers remain protected from sharp, unexpected price increases from the energy the consumer needs to run their homes and businesses.”

The Public Service 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 the New York Uniform Business Practices guidelines and with all applicable orders from the Public Service 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 at many multiples of the utilities’ supply prices, by requiring that future variable-rate contracts be no more than 5 percent higher than the prior 12 months’ average cost for the commodity. This new law 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.

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