

Customer Rates and Supply Options: Transition Time Again

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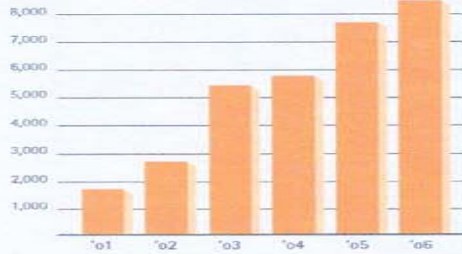
Illinois State University

Springfield, Illinois

November 1, 2007



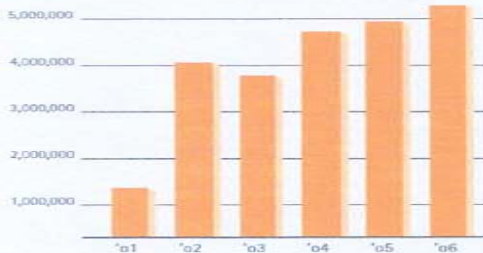
Revenue C\$billion



Employees



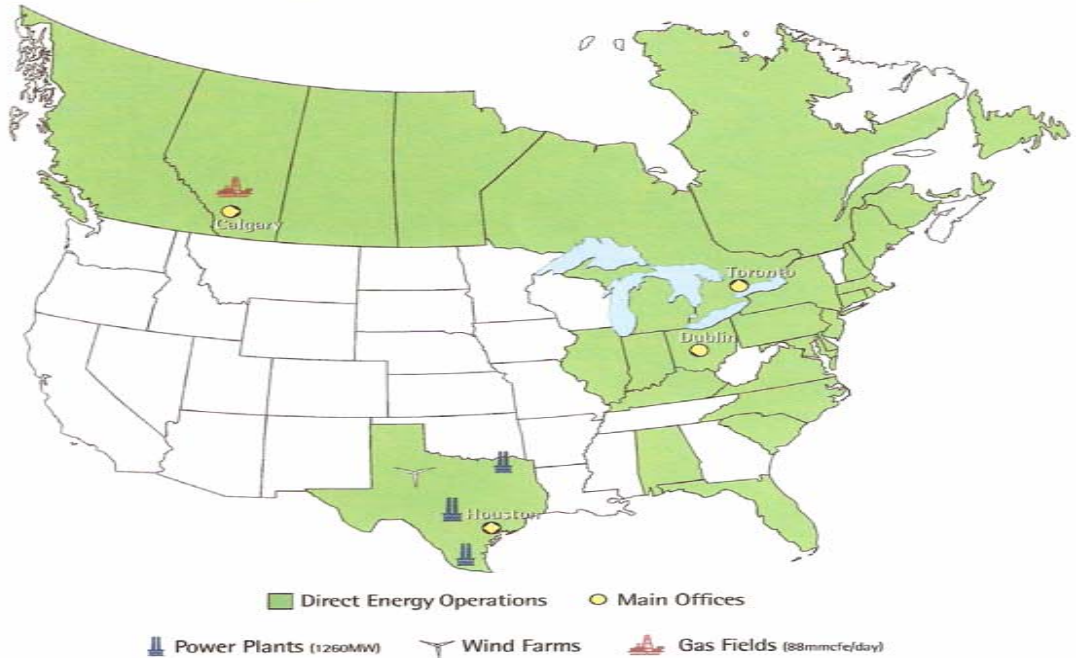
Customer Relationships



Company Profile

Direct Energy is one of North America's largest energy and energy-related services providers with over 5 million residential and commercial customer relationships. Direct Energy provides customers with choice and support in managing their energy costs through a portfolio of innovative products and services. A subsidiary of Centrica plc, one of the world's leading integrated energy companies, Direct Energy operates in Texas, the northeastern United States and across Canada.

Where We Operate



About our Parent – Centrica plc

Centrica plc was formed in February 1997 as a result of the demerger of British Gas plc into Centrica plc and BG plc. | 2006 Revenues: £16.4 billion | London Stock Exchange: CNA | 2006 Market Capitalization: £12.9 billion | 2006 Employees: Over 30,000 worldwide | 2006 Customers: More than 32 million customer relationships | S&P "A" Rating | FTSE 100 Index of companies | Ranked 646 on Forbes Global 2000 | Ranked 218 and 7th largest utility on the 2007 Fortune Global 500.

Competition Evolution in New York Utilizing the Administrative Approach

- **Mid 80's – Evolution of Natural Gas Competition for large customers**
- **Mid 90's- Competitive Opportunities Proceeding / Electric Restructuring**
- **11/03/98 – Gas Policy Statement**
- **03/21/00 – Competitive Markets Collaborative Proceeding instituted**
 - **Purpose: to foster development of retail competitive markets**
- **03/29/01 – Unbundling Track of Competitive Markets**
 - **Purpose: to develop methodology for designing rates for competitive services**
 - **Looked at NYSEG and Con Ed first**
- **07/13/01 – Competitive Markets Recommended Decision issued**
- **03/24/03 – Unbundling Recommended Decision Issued**
- **11/01/03 – Office of Retail Market Development formed**
- **01/27/04 – Notice seeking updated comments on Competitive Markets topics issued**
- **08/25/04 – Commission issued Statement of Policy on Competitive Markets**
- **12/22/05 – Order Adopting ESCO Referral Program Guidelines**
- **03/02/06 – Staff Report Issued on the State of Competitive Energy Markets**

The NY Public Service Commission's Vision for the Future

- Policy Statement issued August 25, 2004 outlined the Commission's end state vision of electric and gas retail markets and contained the following:
- Vision
 - “The provision of safe, adequate, and reliable gas and electric service at just and reasonable prices is the primary goal. ***Competitive markets, where feasible, are the preferred means of promoting efficient services, and are well suited to deliver just and reasonable prices, while also providing customers with the benefit of greater choice, value, and innovation.*** Regulatory involvement will be tailored to reflect the competitiveness of the market”

The NY Public Service Commission's Path to their Vision for the Future

- August 25, 2004 Policy Statement outlined the Commission's end state vision of retail markets. The Commission directed the utilities to file Retail Access Plans for approval, incorporating the following Commission recommendations:
 - Eliminate barriers to market entry by ESCOs
 - Utility purchase of ESCO accounts receivable
 - Statewide use of Marketer Referral Programs
 - Large Scale Retail Auctions / Outsourcing
 - Market Match / Market Expo / Energy Fairs
 - Affinity Group Aggregation
 - Coordinated Utility/ESCO/PSC Education and Marketing Campaign
 - Utility Portfolio Management and Pricing
 - Monitoring the Market for Anti-Competitive Behavior

- Process methods for program implementation:
 - Utility Retail Access Plan filings followed by a collaborative process
 - Rate case proceedings

Retail Access in NY is Continuing to Make Steady Progress

- **Approximately 1.44 million customers are purchasing their energy supply from suppliers of which 1.1 million are residential.**
- **Nearly 100% of the state's largest gas customer load and 73% of the large commercial and industrial electricity load being supplied by suppliers. 44% of the total electrical load is being served by suppliers.**
- **Success in the small customer market, highlighted by Orange and Rockland's territory which has achieved migration levels of approximately 27% for electric and 37% for natural gas residential and small business customers.**
- **Supplier Community is growing...There are approximately 100 approved suppliers, with 76 suppliers providing electricity and/or gas to customers.**
- **There are at least seven suppliers serving electricity and eight suppliers serving gas to residential customers in every major service territory in NY. Most service territories have many more.**
- **Pricing offers available include fixed, capped, indexed, seasonal, variable (hourly), and blended**
- **Value added services are beginning to be provided by suppliers (e.g., green power, bundled electric/gas/oil service, energy efficiency, demand reduction, appliance service contracts)**

Retail Access in NY is Continuing to Make Steady Progress (Electric)

As of June 2007, a total of 857,345 customer accounts, representing the following percentage of electric customers, have migrated to a supplier:

- 58% of large commercial / industrial customers (73% of load)
- 22% of small commercial / industrial customers (51% of load)
- 12% of residential customers (13% of load)
- 13% of total customers (44% of load)

An additional 55,000 customers are purchasing “green power” through green power providers, representing 55,290 mWhs.

Number and Percent of Migrated Customer Accounts by Utility

	<u>Number</u>	<u>Total %</u>	<u>Residential %</u>
Orange & Rockland	60,000	27	27
RG&E	71,000	20	17
Con Edison	426,000	14	13
NYSEG	109,000	13	10
National Grid / NMPC	187,000	11	9
CHG&E	5,000	2	1

Retail Access in NY is Continuing to Make Steady Progress (Gas)

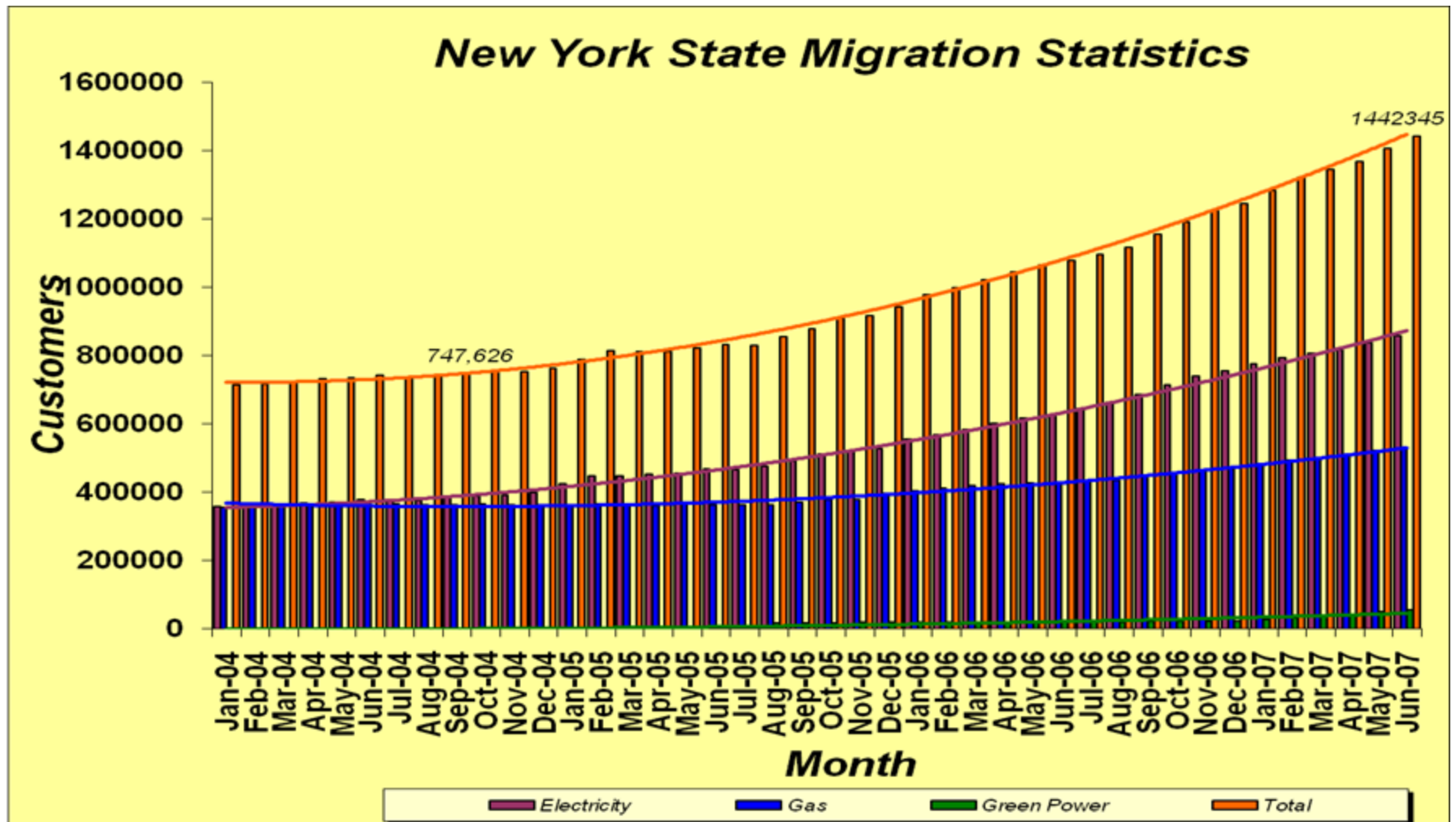
As of May 2007, a total of 521,000 customer accounts, representing the following percentage of gas customers have migrated to a supplier:

- 45% of large non-residential customers (92% of load)
- 20% of all non-residential customers (44% of load)
- 10% of residential customers (16% of load)
- 11% of total customers (58% of load)

Number and Percent of Migrated Customer Accounts by Utility

	<u>Number</u>	<u>Total %</u>	<u>Residential %</u>
O&R	46,000	37	36
Corning	3,500	24	24
RG&E	44,000	15	14
National Grid / NMPC	88,000	15	14
NFG	83,000	16	15
Con Edison	119,000	11	11
CHG&E	6,300	9	8
KeySpan (NY)	84,000	7	7
NYSEG	18,000	7	6
KeySpan (LI)	30,000	6	4

Retail Access in NY Given the August 25, 2004 NYS Public Service Commission Statement of Policy

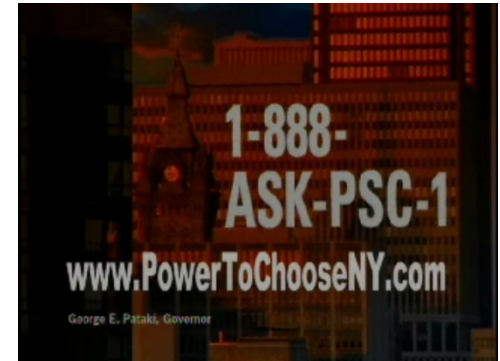


New York State Public Service Commission and Utility Consumer Education Efforts - Competition and Green Power

Choose your supplier,
then choose your show.

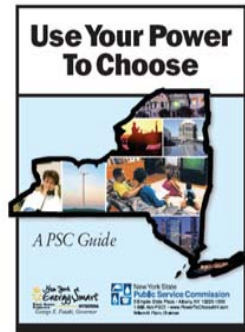


Sign up for PowerSwitch, get 7% off your energy supply costs, and get a pair of movie tickets – **FREE**.



A bright idea from Con Edison

POWER **YOUR** WAY



Compare choices... **New York State Public Service Commission**

Your Energy... Your Phone... Your Choice.

- Use energy wisely and save.
- Electricity, natural gas and telecommunications suppliers now compete to serve you.
- Competition means new products and services, and better value for your dollar.

1-888-Ask-PSC1 • www.AskPSC.com





New York State
Public Service Commission
1-888-Ask-PSC1 - www.AskPSC.com
Three Empire State Plaza, Albany, NY 12223
Patricia L. Acampora, Chairwoman

[Home](#) | [Contact Us](#) | [AskPSC](#) | [ESCOs](#)

Residential Gas Offers for GLENMONT, NY

12077

[Update](#)

Prices can vary significantly from month to month due to market conditions and weather. In addition, new offers are constantly being added to the list of options. Many of these offers include value added services, such as fixed prices (the rate per kwh, ccf, or therm is the same each month), green power (electricity generated from renewable resources such as wind, solar, or hydro), furnace repair service, or telephone service bundled with your energy bill. Check the comments column for information on these value added services. If you do not see an offer that interests you, try again next month. [Click here for full Disclaimer](#)

[View Supplier/ESCO Contact Information](#)
[Energy Efficiency Providers](#)
[Alternative Energy Providers](#)

If this is not your utility, select the correct one.

National Grid (formerly Niagara Mohawk)

[Update](#)

Estimates are based on monthly Gas bills for a typical home in your ZIP Code. Gas offers can be fixed or variable. A variable rate may change month to month. The fixed rate is guaranteed for the term of the contract. [Go to bottom to compare using your bills](#)

Electricity **Natural Gas**

Sign Up	Supplier Offer	Current Month Cost	Min. Term (Mo.)	Comments	Rates
Sort	Sort	Sort	Sort		Sort
	National Grid (formerly Niagara Mohawk) Utility Rate	\$120	1	This is the basis for comparison. October 2007. View Historical Rates. The ESCO's in bold have signed the Statement of Principles	\$0.8494/therm
	AGWAY Energy Services, LLC Agway Variable Rate Plan	\$110	1	Participates in the New Choices program. Variable rate. Introductory rate for first month includes Home Heating repair service program on your primary furnace/boiler 24/7 support. Prices are subject to change.	\$0.7490/therm
	AGWAY Energy Services, LLC ESCO Referral Program	\$114	1	7% off National Grid Supply cost. Referral Program.	\$0.7915/therm
	Direct Energy Direct Fixed Plan	\$116	12	First 2 Months - 7% discount off National Grid's natural gas supply cost, Next 10 months - \$-1.174.	\$0.7915/therm
	Direct Energy Direct New Choices Rate	\$114	1	First 2 Months - 7% discount off National Grid's natural gas supply cost, Next 10 months - \$-1.174.	\$0.7915/therm
	Dominion Retail Dominion Fixed Rate Plan	\$130	12		\$0.9500/therm
	Dominion Retail ESCO Referral Program	\$114	1	7% off National Grid Supply cost. Referral Program.	\$0.7915/therm
Details	Econnergy Energy Company, Inc. Econnergy 6 Month Fixed	\$142	6	Econnergy Fixed Rate - Your rate will remain exactly the same throughout your fixed rate service term. Planning and budgeting couldn't be easier. Call us at 1-800-805-8586 for details.	\$1.0700/therm
Details	Econnergy Energy Company, Inc. Econnergy Fixed Rate	\$140	12	Econnergy Fixed Rate - Your rate will remain exactly the same throughout your fixed rate service term. Planning	\$1.0500/therm

<http://www.energyguide.com/finder/showoffersUni.asp?ZIP=12077&InEligibleURL=/finder/finderredirect.asp&strUtilName=...> 10/16/2007

Electric and Gas Rate and Value Added Services Options Available in National Grid Service Territory (Albany, NY area)

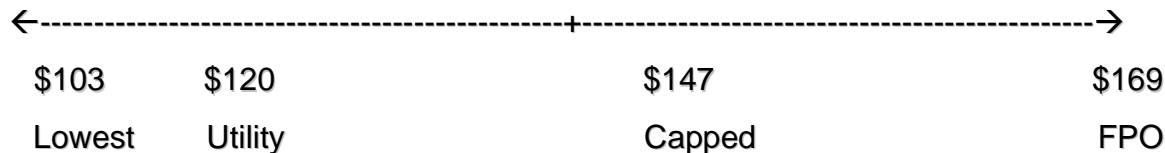
- Electricity choices (one utility monthly variable option and thirty-eight supplier options)
 - Fixed Price Offers
 - 4 month to 25 month term (7)
 - 7% discount for first 2 months out of 12 month term (1)
 - Variable Price Offers
 - Month to month (1)
 - Month to month with 10% off largest bill within twelve months (1)
 - Month to month with energy efficiency services (1)
 - Guaranteed annual savings of 2% to 7% (6)
 - ESCO/Supplier/Customer Referral Program
 - 7% savings for two months from supplier (10)
 - Green Power
 - Green power provider options through utility (6)
 - Blended, 50% to 100%, through suppliers (5)

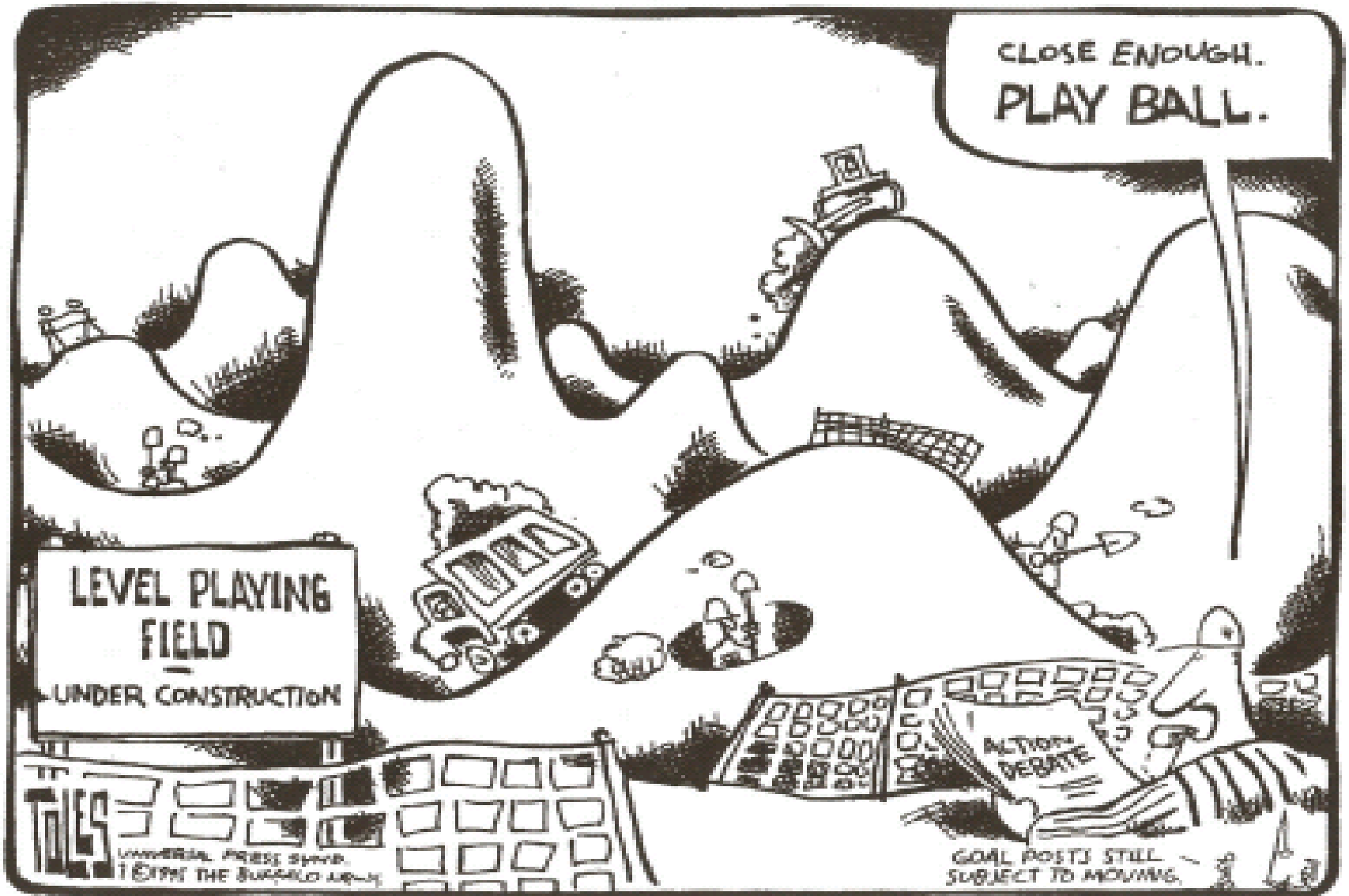
Current Monthly Cost (based on 600 kWh's per month)				
←----->				
\$81	\$85	\$93	\$100	\$112
Lowest Supplier	Utility	100% Renewable	100% Wind Only	FPO From Supplier

Electric and Gas Rate and Value Added Services Options Available in National Grid Service Territory (Albany, NY area)

- Natural Gas choices (one utility monthly variable option and forty supplier options)
 - Fixed Price Offers
 - 3 month to 36 month term (17)
 - 7% discount for first 2 months out of 12 month term (1)
 - Variable Price Offers
 - Month to month (1)
 - Month to month with 10% off largest bill within twelve months (1)
 - Month to month with energy efficiency services (1)
 - Guaranteed annual savings of 2% to 7% (6)
 - ESCO/Supplier/Customer Referral Program
 - 7% savings for two months from supplier (10)
 - Senior Citizen
 - Month to month (1)
 - Fixed price offer (2)

Current Monthly Cost (based on 150 therm's per month)





TOM TOLES