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January 5, 2015

By FCM and Electronic Mail
Mr. John D. McMahon
Chief Executive Officer
Long Island Power Authority
333 Earle Ovington Blvd
Uniondale, N. Y. 11553

Re: LI Choice Program

Dear Mr. McMahon:

Enclosed please find for your consideration the *Petition of The Retail Energy Supply Association Concerning the LI Choice Program.*

I look forward to discussing with you the issues raised in this filing at your earliest convenience.

Thank you for your consideration of this matter.

Respectfully submitted,

Retail Energy Supply Association

By: *Usher Fogel, Counsel*
Usher Fogel, Counsel

Cc: Jon Mostel, Esq. (by electronic mail)
Justin Bell, Esq. (by electronic mail)
Members of the LIPA Board of Trustees (by electronic mail)
Members of the NYS Public Service Commission (by electronic mail)

LONG ISLAND POWER AUTHORITY

PETITION OF THE RETAIL ENERGY SUPPLY ASSOCIATION CONCERNING THE LI CHOICE PROGRAM

I. INTRODUCTION

The Retail Energy Supply Association ("RESA")[1] hereby petitions and requests that the Long Island Power Authority ("LIPA") institute a public examination and review of the existing LI Choice Program ("LIC" or "Program") with the goal of identifying and implementing revisions and enhancements to the Program that will provide consumers with a meaningful and robust retail energy market and competitive choice.

RESA is a trade association of energy service companies ("ESCOs") engaged in the provision and sale of electricity and natural gas at retail to residential and commercial customers throughout all of the service territories in the State of New York, on Long Island, and in other state jurisdictions nationwide.

[1] RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC; Consolidated Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent only those of RESA as an organization and not necessarily the views of each particular RESA member.

II. PRELMINARY STATEMENT

As will be described in greater detail below, RESA requests that LIPA institute an expedited investigation and examination of the operational steps and constructive policy actions LIPA should implement to restructure and reinvigorate its moribund Program. This Program was originally designed and intended to introduce competitive choice in the provision of electric commodity service in Long Island, including the ability for customers to choose both between competitive suppliers and different product offerings. In practice however, the Program offers little in the way of choices for Long Island consumers and lags far behind the successes that have been achieved in the rest of the State resulting from policies of the NYS Public Service Commission ("Commission").

Unlike the rest of New York State, meaningful competitive choice for all consumers on Long Island does not presently exist. Allowing choice and competition to flourish will, in our view, provide important benefits to consumers, enhance the development of the Retail Energy Vision ("REV) adopted by the Commission, and improve the efficiency of LIPA's operations and the provision of electric commodity service to consumers, just as it has with the other electric utilities of New York State subject to the Commission's jurisdiction.

In connection with LIPA's electric commodity cost pricing mechanism, the following enhancements should be evaluated for integration into the Program:

- Revise the current commodity pricing structure to allow for reflection of current commodity costs and eliminate the use of credits and outdated costs and calculations
- Full inclusion of all cost components of commodity supply;
- Cost allocation, and

- Capacity access.

With respect to the LIPA's retail access infrastructure, the following market enabling measures should be evaluated for integration into the Program:

- Consumer Outreach & Education;
- Retail Billing Options;
- Purchase of Receivables Billing Option,
- Timely Access to Customer Usage Information, and
- Electronic Data Interchange.

In view of the inextricable link between functioning competitive markets and realization of the new energy vision, LIPA must consider the instant Petition in the context of and within the same time frame envisioned for the actual roll out and implementation of REV and Utility 2.0.

III. HISTORICAL OVERVIEW

The Program was originally designed and intended to introduce competitive choice in the provision of electric commodity service in Long Island, including the ability for customers to choose both between competitive suppliers and different product offerings. In practice however, the Program offers little in the way of choices for Long Island consumers and lags far behind the successes that have been achieved in the rest of the State resulting from Commission policies.

LIPA implemented the Program with the aim of offering retail access over three phases. Initially, as of August 1999, 400 MW of load was made available for competitive choice. Thereafter, in May 2000, another 800 MW was released for competition and in February 2002, retail access was at least formally opened to all customers on the LIPA system. In addition, LIPA issued corresponding tariff changes, developed various agreements with ESCOs and established

operating standards for ESCOs and participating customers. Although the Program at least on paper has been in existence for more than 15 years, in reality the Program has remained moribund without any material impact in the LIPA service territory due to a variety of flaws.

Currently, based on the LIPA website there are only seven ESCOs authorized to operate in LIPA and it is our understanding that there has been a relatively insignificant level of migration of load to independent ESCOs. And with respect to small customers, retail access is basically non-existent. Thus, in more than 15 years there has been virtually no progress in bringing retail access to the LIPA consumer.

In contrast, during the same period under the Commission's policy initiatives, retail access has grown markedly throughout the rest of the State. Currently, there are 214 ESCOs deemed eligible to provide electricity in New York State.[2] And as of June 2014, approximately 56.1% of the total electric load throughout the State outside of LIPA has migrated to ESCOs.[3] A greater contrast cannot be imagined.

In addition to the Commission's successful implementation of retail choice beyond Long Island – in terms of level of customer switching, ability to attract robust ESCO participation throughout New York and the breadth and depth of product offerings available to customers, the strong potential for choice in the LIPA service territory can be gleaned by reviewing the growth in retail access for gas consumers. In the counties of Nassau and Suffolk and the community of Far Rockaway in Queens, electricity is supplied by LIPA. However, natural gas is provided by KeySpan-Long Island which is subject to the jurisdiction of the Commission and has actively pursued retail access for its consumers. As of April 2012, 70.6% of gas load delivered by

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[2] CASE 12-M-0476 – Retail Markets Proceeding, *Order Taking Actions to Improve the Residential and Small Nonresidential Retail Access Markets* (issued February 25, 2014) at p. 5.

[3] http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/4759ecee7586f24b85257687006f396e/$FILE/Electric%20Migration_6.2013.pdf

KeySpan LI is supplied by ESCOs.[4] Interestingly, this exceeds the statewide level of electric migration. In addition there are approximately 60 ESCOs active in the residential gas market[5] and 61 ESCOS active in the commercial gas market.[6] **The results achieved in KeySpan-Long Island highlight the extent to which retail access can grow in the Long Island community, and which it has failed to do so under LIPA. It also sadly underscores that consumers and businesses on Long Island who face very high bills have been harmed by their inability to access competitive choice.**

This actual historical pattern unadorned by wishful thinking or platitudes underscores that the Program does not have an enviable track record with respect to supporting retail choice, competitive markets or any market based activity that deviates from the utility centric model. Accordingly, absent implementation of critical modifications it is highly unlikely that a robust market of third party providers offering energy services and products to customers will ever develop in the LIPA service territory.

In view of the trajectory of electric retail access growth and development in the rest of the State and natural gas customer choice on Long Island, it is imperative that constructive policies be implemented on an expeditious timetable by LIPA to make retail access a reality for its electric consumers.

[4] http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/4759ecee7586f24b85257687006f396e/$FILE/Gas%20Migration%20Report%204.12.pdf
[5] https://www1.nationalgridus.com/ResidentialSupplierList
[6] https://www1.nationalgridus.com/CommercialSupplierList

IV. THE DEVEOPMENT OF REV OR UTILITY 2.0 UNDERSCORES THE IMPORTANCE OF EXPEDITIOUSLY ADDRESSING THE DEFECTIVE RETAIL ACCESS PROGRAM

LIPA in concert with the Commission is currently reviewing plans and proposals to implement the new Retail Energy Vision ("REV") and Utility 2.0.[7] It is well recognized that the success of REV is contingent upon developing and supporting "market animation", increased "customer choice and opportunity", empowering third-parties such as ESCOs to offer value-added services, and that customers "...will realize the greatest benefits from open, animated markets in which all participants participate on a level playing field and which provide clear signals for benefits and costs of participants' market activity."[8] Unfortunately given the experience with the Program, it is clear that LIPA has not adequately taken steps to ensure that ESCOs or any third parties are capable of providing consumers with commodity or any value added service on a meaningful competitive basis. Further, absent institution of the remedial measures addressed herein animated markets will never develop thus harming the interests of consumers and undermining achievement of the goals envisioned by REV.

In view of these factors and the inextricable link between functioning competitive markets and realization of the new energy vision, LIPA must consider the instant Petition in the context of and within the same time frame envisioned for the actual roll out and implementation of REV and Utility 2.0, otherwise Long Island electric ratepayers will fall victim to train leaving the station without them.

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[7]Case 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, *Order Instituting Proceeding* (issued April 25, 2014); Matter 14-01299 - *PSEG Long Island's Utility 2.0 Long Range Plan*

[8] Case 14-M-0101- *Developing The REVMarket In New York: DPS Staff Straw Proposal On Track One Issues* dated August 22, 2014 at p. 1, 9 and 14.

V. LIPA SHOULD EXPEDITIOUSLY INSTITUTE A REVIW OF THE PROGRAM TO IDENTIFY ENHANCEMENTS THAT WILL REINVIGORATE RETAIL ACCESS FOR LONG ISLAND RATEPAYERS.

It is well established that the evolution of a robust choice program requires more than simply formally stating that customers have the ability to choose their supplier of choice. As, if not more important is the effort to eliminate barriers to entry for competitive ESCOs, removing structural impediments that preclude ESCOs from competing effectively and efficiently, and ensuring that ESCOs are positioned on an even competitive playing field with respect to the incumbent utility and other ESCOs. How a retail market is structured is critical to its ability to foster ample, meaningful and value-added choice to consumers.

These principles have long been recognized throughout the State. Stimulating the retail access market requires the application of various programs that create and support a robust competitive market. These types of efforts include such activities as outreach and education programs; unbundling of utility commodity and delivery rates; establishing workable Electronic Data Interchange ("EDI") protocols; introducing consolidated billing; purchasing accounts receivables; enhancing ESCO access to customer data; migration incentives and unbundling of utility bill formats.[9] Retail access cannot grow and succeed unless and until all participants are positioned to compete on an even playing field.

In the case of the Program, the paucity of progress in this market is not in any way associated with the lack of ability or desire by ESCOs to actively compete in this market. To the

[9] See, Case 00-M- 0504 - Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities, *Statement of Policy on Further Steps Toward Competition in Retail Energy Markets* (issued August 25, 2004); Case 07-M-0458 - Proceeding On Motion Of The Commission To Review Policies And Practices Intended To Foster The Development Of Competitive Retail Energy Markets, *Order On Review Of Retail Access Policies And Notice Soliciting Comments* (Issued April 24, 2007).

contrary, the more than 1.1 million customers located in the LIPA service territory represent a tremendous market opportunity for the ESCO community. And many of these customers already take gas supply service from an ESCO.

Therefore, ESCOs are extremely desirous of and interested in bringing this market to fruition just as they have done throughout the balance of New York State. Nonetheless, they have been stymied by a combination of systemic structural deficiencies in the Program which have, in our view, created an impenetrable barrier to effective competition. It is now time for LIPA, following the precedent of the Commission policies that have led to vibrant retail markets throughout the State, to identify and implement policies and practices that will improve the elements of the Program and create a vibrant competitive retail market.

The Program requires significant modification and improvement in two general key categories: electric commodity cost pricing and the retail access infrastructure platform. A brief discussion of the improvements needed in these areas is presented below.

A. Electric Commodity Cost Pricing

In the competitive dynamic of the retail energy market, all ESCOs compete with each other and also compete against the incumbent regulated monopoly that has been the existing provider of service and remains the default service provider. The prices charged by each ESCO are, as it should be, determined by competitive market forces, internal operating costs and need to make a profit. Ultimately, the strictures of the market will monitor and modulate competitive pricing.

The rates charged by LIPA, the incumbent provider and the main competitor of the ESCO, are not governed or determined by market forces. The rates for commodity and

delivery service are determined by the application of traditional rate making principles that govern the provision of service by a monopoly provider. They may take costs into account, but ratemaking will also allow for subsidization, equity, fairness, cost mitigation and many other factors that may mask or distort the true costs of providing a particular service. This did not present a problem in in the pre-deregulation structure when the only provider of energy services was the local utility. However, in a post-restructuring, competitive retail market where the local utility remains the dominant provider, failure to provide consumers with accurate and timely price signals can and does act as an inhibitor to the development of meaningful competition.

In the nascent phase of restructuring when most customers are served by LIPA, the commodity price charged by LIPA becomes the bell weather of customer reaction and the ability of ESCOs to achieve market penetration. As the commodity supply costs charged by ESCOs will inevitably be reflective of both the forward and the real time electricity markets, the comparable commodity prices charged by LIPA will distort the development of the retail market if they are not also a function of the same market forces from which ESCOs derive their costs.

Furthermore, for competition to prosper, the LIPA rate structure must accurately reflect all the costs that will be avoided by the customer migrating to an ESCO. If such avoided costs are not accurately identified the untenable situation is created, whereby a customer will be double charged for various services and not achieve the true cost benefit of taking service from an ESCO. True and accurate service unbundling must take place in order to provide a level playing field between commodity supply options and visibility into those choices.

Commodity Pricing Structure

With these concepts in mind, it has become apparent that the existing commodity pricing structure requires significant revision and modification. This structure is overly complex, highly untimely and fails to impart accurate pricing signals.[10]

Ostensibly, the Program is designed to provide a shopping credit to customers equal to LIPA's avoided costs for not providing energy service on Long Island. This approach purportedly allows the LIC customer to pay the *Delivery Charge + FPPCA*[11] *– Avoided Costs.* However, both the FPPCA and Avoided Costs do not reflect actual current costs but instead were codified in substantial respect many years ago. Further the Avoided Cost and the FPPCA include differing cost factors resulting in these two elements having different values, with the FPPCA valued at 3.920cents and the Avoided cost at 4.486cents.[12] The actual billing structure results in the ESCO Customer being charged the FPPCA and the difference (plus or minus) between the FPPCA and the Avoided Cost, and the ESCO being charged FPPCA less the Avoided Cost plus any difference between the FPPCA and the Avoided Cost.

This is a dizzying and complex pricing methodology that suffers from a number of serious defects.

First, it does not reflect current actual commodity costs. It incorporates outdated and untimely pricing components.

Second, it results in the Customer being charged for commodity by LIPA (through application of the FPPCA) even though the Customer is purchasing commodity from the ESCO.

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[10] See Attachment "A", which is entitled "brief Explanation of ESCo Charges and Credits under the LI Choice Program." This document was prepared by LIPA.
[11] Fuel Purchase Power Cost Adjustment ("FPPCA")
[12] See Attachment A.

Third, similarly it compels the ESCO to pay for a portion of LIPA's commodity cost, even though the ESCO is purchasing commodity separately to serve its customers.

Fourth, it fails to provide consumers (and even ESCO) with a readily understandable bill reflecting clearly articulated costs.

In place of this structure, LIPA should consider and analyze the commodity pricing methodology applied by the Commission throughout the rest of the State. All the other electric utilities calculate their total actual commodity costs each month and it is this value which is eliminated from then ESCO customer's monthly bill. Thus, the commodity back-out applied to the ESCO customer is exactly equivalent to the commodity cost charged to the utility full-service customer. The pricing signal is clear and reflects current costs incurred by the utility. Neither the ESCO nor the ESCO customer is charged for any of the utility commodity costs.

Full Cost Inclusion

LIPA must ensure that its commodity costs incorporate all applicable commodity charges, including but not limited to energy, capacity, ancillaries, financing and other charges.

Cost Allocation

LIPA should properly allocate costs between delivery and generation/commodity functions to ensure that the ESCO is competing against all applicable commodity functions and related costs.

Unbundling

Through the rate making process various costs are included in certain rate elements such as delivery charges that may not be properly reflective of that category. In addition, there may be costs included in non-commodity rate elements that LIPA will no longer incur if a customer goes to an ESCO. By way of example, usually the administrative costs associated with supply

acquisition may be retained within the delivery rate. If this occurs the retail access customer who takes delivery service will still pay for the administrative costs of LIPA's supply acquisition group even though the customer is taking competitive supply service from the ESCO.

Similarly, the delivery rate usually incorporates LIPA's cost of uncollectibles for commodity and delivery. However, a customer taking service from an ESCO is not responsible for LIPA commodity uncollectible costs as the customer is taking service from the ESCO.[13]

It is thus imperative for LIPA to commence the rate unbundling process as soon as possible. This will ensure that all costs are properly allocated in their correct rate component and that the true avoided cost associated with migration to retail access service is presented to the consumer and reflected in LIPA's charges.

Capacity Access

LIPA operates in a load pocket area that experiences various transmission constraints. In this environment, LIPA should consider allowing for equitable access by ESCOs to the limited in pocket capacity assets, and develop a transparent and accurate process to bill for such assets.

B. Retail Access Infrastructure and Market Enabling Measures

The ability of ESCOs to meet the needs of customers in an efficient manner is dependent on the existence and maintenance of a robust retail access infrastructure by the local utility. As the incumbent provider such as LIPA currently has full access to all customers,

[13] It is for this reason, the Commission has established a separate Merchant Function Charge to properly account for those costs previously included in the delivery rate that are d if the customer moves to an ESCO. See, Case 00-M-0504 - Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities – Unbundling Track, *Statement Of Policy On Unbundling* And *Order Directing Tariff Filings*, Issued August 25, 2004.

customer data, and metering information, it is vitally important that protocols be established whereby ESCOs can access such data in a timely and comprehensive manner, and issue customer bills are easily understood and accessed by the customer. Further, as all customers must be enrolled in the Program with LIPA, the enrollment process must also be supported by a workable interactive infrastructure that links the ESCO with LIPA.

In view of these factors RESA encourages LIPA to consider the implementation of the following programs and policies in connection with its retail access infrastructure.

Consumer Outreach & Education

An integral element in the growth and development of choice programs is the application of an effective customer awareness program by the local provider such as LIPA. Knowledge is power and customers will only gravitate to retail access if they are apprised of its existence. Although ESCOs can and do engage in vigorous individual promotional and customer education activities, LIPA has a vitally important role to play as it is the monopoly provider with access to the entire customer base. LIPA's efforts to properly inform its customers about choice are vitally important to overcome customer inertia and fears that customers may have about a new energy environment. Currently, however, LIPA does not engage in any material outreach and education effort to advise customers of the existence of the Program. A perusal of its website reveals no direct reference to the Program on its home page and there is minimal, if any mention of the Program in its regular communications with customers. Consequently, LIPA should develop and implement an aggressive and comprehensive outreach and education program informing its customers of the Program.

Retail Billing Options

At the retail level it is important to provide ESCOs and mass market customers with the flexibility to apply billing formats that are easily understood by the customer, are coordinated with the utility's billing cycle and reflects the same level of usage as incorporated in the bill for delivery service. The absence of these elements engenders significant customer confusion and complaints and ultimately rejection by the consumer of competitive supply service. In this regard, LIPA should also allow and support the use of utility consolidated billing for mass market customers through which the customer receives one bill each billing cycle that reflects the utility's delivery charges and the ESCO's supply charges.[14] This increased billing flexibility ensures that the mass market customer is provided with a single bill that separately identifies all charges, reflects the same billing period and level of usage, and allows the customer to remit one payment for all usage. As LIPA currently only allows ESCOs to use a dual or two bill system wherein LIPA and the ESCO issue separate bills for the service provided to the customer, the Program should be modified to allow for the use of utility consolidated billing for mass market customers.

To further enhance the retail billing process, especially for the mass market segments, RESA urges LIPA to also consider introducing the purchase of the ESCO receivables without recourse ("POR"). Under this process, which is the accepted format throughout New York, LIPA would issue a consolidated bill for the LIPA and ESCO charges, and thereafter purchase the ESCO's receivables that were included in the consolidated bill. LIPA would apply a discount rate to the receivable comparable to its uncollectable experience. After payment to the ESCO, LIPA would undertake responsibility for collection of all charges. The use of a POR

[14] Ironically, the LIPA tariff specifically references the availability of consolidated billing. See Original Leaf No. 280A and 315.

format further acts to streamline the entire billing process by ensuring that the customer faces only one collection entity and that only one entity would effectively have the ability to suspend distribution service. Moreover it would engender a more effective approach to assure compliance with the Home Energy Fair Practices Act ("HEFPA") applicable to all residential customers.[15]

The customer billing process would also benefit by the granularity provided by a comprehensive unbundling of the components of the customer bill. This would entail specifically delineating the separate commodity, delivery and other individual elements incorporated in the customer bill, with the aim that each customer will be apprised of the specific rate components that will be avoided if the customer chooses to take service from an ESCO.

Electronic Data Interchange ("EDI") Improvements and Timely Access to Customer Data

The retail access infrastructure can only be effective if it is supported by a robust and comprehensive EDI system. EDI is the lifeblood by which ESCOs will communicate with LIPA in all manifestations and functions. The ability of ESCOs to access vital customer data requires the requisite EDI protocol. Application of consolidated billing and POR cannot be accomplished without the underlying EDI structure that facilitates the transmission of usage data, billing rates and other important data points between LIPA and the ESCO. Further, the enrollment of customers by ESCOs in the Program relies heavily on the use of EDI. Given its critical role, the EDI structure should be enhanced to properly serve the needs of the retail access infrastructure.[16]

[15] PSEG currently employs utility consolidated billing with POR for retail access in New Jersey.
[16] An EDI working group established by Commission Staff has been meeting since March of 2014 in a collaborative effort overseen by the Commission and DPS Staff to assist in implementing modifications to the current electronic

VI. CONCLUSION

RESA respectfully urges LIPA to fully grant the request presented in this Petition and expeditiously institute an investigation and examination of the operational steps and constructive policy actions that should implemented to restructure and reinvigorate the Program.

Respectfully submitted,

Retail Energy Supply Association

By: Usher Fogel, Counsel
Usher Fogel, Counsel

Dated: January 5, 2015
Cedarhurst, N. Y.

data interchange (EDI) standards for all the NY utilities. The purpose of this collaborative is to identify what EDI standards must be modified to effectuate the new requirements identified by the Commission in its recent retail access orders.

ATTACHMENT "A"

Brief Explanation of ESCo Charges and Credits under the LI Choice Program

Where are we today?

The LI Choice program is set up to provide a shopping credit to customers equal to LIPA's avoided costs for not providing energy service on Long Island. As a general proposition, LI Choice customers will pay the **Delivery Charge + FPPCA – Avoided Costs**.

LI Choice customer obligations are split between ESCOs and participants:

Total LI Choice	ESCO	Participant
Delivery Charge		Delivery Charge
FPPCA	FPPCA – 3.920¢	3.920¢ [1]
Avoided Costs	Avoided Costs – 4.486¢ [2]	4.486¢ [3]
Net Charge = Delivery Charge + FPPCA – Avoided Cost	Net Charge = FPPCA – Avoided Cost + 0.566¢	Net Charge = Delivery Charge – 0.566¢ [4]

Notes to the table:

[1] per tariff leaf 313, prior to 7/5/2006, the base cost of fuel was in base energy rates.

[2] 4.486¢ is derived from the BCA statement as:

Component	$/MWh
LBMP Bill Credit	38.60
Ancillary Services Bill Credit	2.10
ICAP Bill Credit	1.10
NTAC Bill Credit	0.50
Total Bill Credit at generator	42.30
System Loss Factor	1.0606
Total Bill Credit at meter	44.86

[3] per tariff leaves 310 through 312. Value varies by rate class. The assumed system average is shown.

[4] value varies by rate class. The assumed system average is shown.

How did we get here?

The LI Choice program evolved over time. As originally designed in 1999 through 2002, the LI Choice customers would pay **Delivery Charge + FPPCA – Avoided Costs**. However, it was further determined that the FPPCA should not appear on the participant's bill from LIPA, but that a bill credit for participation should appear on the bill. For that reason, the FPPCA was assigned to the ESCO, the bill credit averaging 4.486¢ was assigned to the participant, and the bill credit adjustment (BCA) given to the ESCOs deducted the 4.486¢. In 2006, a further change was required because the base cost of fuel of 3.920¢ was transferred from the Delivery Charge to the Power Supply Charge (FPPCA). However, to ensure that no one's bill changed, not even the ESCO's bill, this transfer was not adopted for the LI Choice program. Therefore, a lower FPPCA is charged to the ESCO and the 3.920¢ remains on the participant's bill. This explains why both adjustments are needed in the current computation of charges to ESCOs and participants under the LI Choice program.