

Summary of Retail Energy Supply Association expert testimony filed with the New York Public Service Commission Sept. 15, 2017

- RESA supports rigorous oversight of ESCO behavior and swift enforcement action against any ESCO engaged in unlawful or deceptive practices. But it is inappropriate to economically regulate an entire industry as a policy substitute for enforcement and oversight.
- An analysis of complaints submitted to the PSC showed that in 2016 utilities received customer complaints at the same rate as ESCOs.
- It is unreasonable for the Commission to judge the broad efficacy of mass market ESCO services by simplistic and misleading average revenue comparisons between manifestly different services provided by ESCOs and the utilities.
- In any competitive marketplace, there will be some customers paying more than others. Companies offer different products and position products differently. Prices can be directly related to that positioning. This is commonly referred to as product differentiation and it exists in nearly every, if not every product market.
- In any market, whether for telecommunications, groceries or home mortgages, customers readily choose more expensively priced products and services, demonstrating that consumers perceive value in attributes other than price.
- For example, many homeowners readily pay more for a fixed-price mortgage, even though variable-priced mortgages offer savings. What the PSC is contemplating is akin to having the Federal Reserve or Treasury Department require all fixed-rate mortgages be priced at or below variable-rate mortgages.
- If the PSC's objective is to ensure energy consumers pay the lowest available price, then it should mandate utilities provide default service at the lowest available ESCO price.
- It is not possible to draw useful conclusions on the efficacy of ESCO mass-market service in New York's electricity or gas markets by comparing any average ESCO revenues with default service revenues—over any time period.
- Preserving and expanding competitive retail access for mass market customers will help New York achieve energy policy objectives such as the Reforming the Energy Vision initiative, known as REV, and the advancement of clean energy goals.
- In addition to serving as a disincentive for companies to participate in New York's envisioned REV marketplace, removing ESCOs from the mass market and imposing price controls would destabilize and harm the New York power market.
- Enhancements and reforms of the existing market would better serve consumers and the state's economy than barring ESCO sales to mass-market customers.