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GOVERNOR ANDREW M. CUOMO

GOVERNOR CUOMO ANNOUNCES NEW CONSUMER PROTECTIONS FOR ENERGY CONSUMERS TO STOP DECEPTIVE BUSINESS PRACTICES

Governor Andrew M. Cuomo today announced a comprehensive action plan to protect residential and small commercial consumers from unfair business practices in the retail energy service industry following an industry-wide review conducted by the New York State Public Service Commission. This review found that multiple energy services companies, or ESCOs, were overcharging for electric and gas service, as well as failing to deliver on promises for savings and clean energy. Today's actions will both enhance consumer protections and ensure that violators of the Commission's regulations will not be allowed to operate in the State.

"We have zero tolerance for these unscrupulous companies, whose business model is to prey on ratepayers with promises of lower energy costs only to deliver skyrocketing bills," **Governor Cuomo said.** "These actions will root out these bad actors and protect New Yorkers from these unfair and dishonest tactics."

In response to these findings, the Commission is conducting an immediate audit of these companies and has prohibited new ESCO contracts with residential or small commercial customers from taking effect unless they provide guaranteed cost savings, or at least 30 percent of the supply comes from renewable energy. Additionally, the Commission will strengthen the process for revoking ESCO eligibility to do business in New York if it is found in violation of State regulations. A "do not knock" rule has been instituted that provides energy customers with the same freedom from unwarranted intrusion as those registered for "do not call" protections and a company's ability to do business in New York will be revoked if they ignore local solicitation rules regulating door-to-door selling at a residence or place of business.

The CEO of each ESCO, or designated officer, will also be required to submit a statement affirming that the company is in compliance with the new rules.

Chair of the Public Service Commission Audrey Zibelman said, "The record is clear that residential customers have not benefitted from electric and gas supply services from ESCOs when that's all that's being purchased. We have heard from too many consumers that they were unfairly lulled by aggressive and dishonest ESCO marketing into believing they were getting savings that they did not receive. We know there are companies that can bring real benefits to customers, such as energy efficiency services and clean energy supply, but we are concerned that the bad actors are souring customers and spoiling the market."

During today's meeting, the Commission also revoked the eligibility of Engineered Energy Solutions, a Bohemia-based company, to operate in New York because the company failed to submit required compliance filings. In January, the Commission also revoked the eligibility of four companies to do business in New York and earlier this month, the Commission rejected industry efforts to keep historical pricing data secret.

Following today's actions, the Commission will, within 60 days, review the services that may be beneficial for customers, such as aggregating customers or providing energy efficiency services and will allow services deemed beneficial to be offered following the prohibition, but only after it makes the determination that they are in the public interest. The Commission will also consider whether its financial penalty authority, which allows for a penalty of up to \$100,000 a day per violation, should be applied to ESCOs, and whether the companies should be required to post performance bonds to be used for penalties or refunds. Finally, the Commission will consider whether the time by which a residential consumer can cancel the contract with a company after the contract has been received should be extended.

Local utilities in New York are responsible for operating the distribution and transmission systems that deliver and bill electric and natural gas service. While utilities also can provide the electric and natural supply by buying it from generators and delivering it to consumers, the State allows retail energy suppliers to compete with utilities to provide electric and natural gas supply and other benefits such as energy efficiency services and renewable energy supply.

There are currently about 200 ESCOs eligible to provide electricity and natural gas in New York State. More than 20 percent of the State's residential and small commercial customers currently receive energy from retail suppliers. There are about 7 million residential electric customers in New York State and roughly 4.3 million residential natural gas customers.

The Commission's review found numerous instances where these companies significantly overcharged customers for electric and natural gas service. Recent pricing data from across the State shows a number of disturbing examples:

- Four companies in the Hudson Valley charged more than double what Central Hudson charged for electricity and another charged triple the utility rate for natural gas;
- A New York City company charged more than triple Con Edison's rate for electricity and several companies were charging more than double the utility rate for natural gas;
- Several ESCOs in Upstate New York charged more than double the National Grid's electric rate;
- A variable rate plan of a company in the Finger Lakes region was eight times what Rochester Gas & Electric charged for electricity.

Furthermore, the review found several instances where companies were blatantly misrepresenting themselves, such as pretending to represent the local utility in order to trick customers into signing costly and harmful contracts. While these practices violate state rules, many consumers are simply unaware that they are or have been defrauded, and so are unable to protect themselves.

In December, Governor Cuomo announced that a separate investigation by the Commission's Consumer Advocate resulted in 1,566 consumers receiving \$950,700 in energy refunds from Ambit Energy, one of the largest ESCOs in the State. Customer complaints related to issues like predatory sales tactics and higher-than-expected prices have more than doubled since 2013 and today's action is the latest effort to put an end to these dishonest business practices.

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