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CHOOSING AN ENERGY SUPPLIER

Description:

A few years ago the New York State Public Service Commission initiated a process called "deregulation." This restructuring of the electric and natural gas utilities is intended to allow for greater competition and more options for customers. The resulting program is named *Power to Choose* and is sometimes referred to as *Energy Choice*.

A consumer's utility bill typically consists of two major charges: (1) a *supply* charge, which is the cost of the electricity or natural gas that the customer uses, and (2) a *distribution* charge, which is the cost to deliver electricity or natural gas to the customer's home or business.

In the past, a single utility typically provided all supply and distribution to a designated region. Under *Power to Choose* a consumer can now choose his energy supplier—sometimes called an Energy Services Company (ESCO)—and has the freedom to find the best deal. In addition, some suppliers offer consumers "green power" (electricity supplied in whole or in part from renewable energy sources, such as wind, solar, geothermal, hydropower, and various forms of biomass), which benefits the environment through reduced use of fossil fuels. According to the U. S. Department of Energy, more than 50 per cent of retail customers in the United States now have the option of purchasing a green power product directly from their electricity supplier.

Regardless of which energy supplier is used, the distribution charge to the customer remains the same and responsibility for distribution remains with the geographic service area's traditional utility. By law, the traditional utility is required to provide distribution, emergency response, and other services in the same manner regardless of which supplier has been chosen. When an alternative supplier-choice is made, the alternative supplier's billing may be included as part of the consumer's utility bill from the traditional utility, or may be billed separately by the alternative supplier.

Customers may or may not pay a reduced rate for their energy use when choosing an alternative energy supplier. An alternative supplier might consistently supply energy at a lower cost than the traditional supplier, or may offer sign-up discounts or reduced rates for a specified period of time, after which rates may rival or exceed the traditional supplier. If a customer chooses an alternative supplier and changes his mind at a later date, a return to the traditional utility is always an option.

"Green Energy" is one aspect of a *livable community*, and the use of alternative sources of green energy by homeowners and businesses is increasing across the country in response to concerns about health related to poor air-quality, depletion of the world's finite supply of fossil fuels, and environmental issues.

Benefits:

For residents:

- Greater choice of energy suppliers:
 - Potentially a reduced cost for energy usage, supporting affordability for both homeowners and renters and promoting the ability of residents to remain living in their communities and to age in place.
 - Consistent service and delivery charges regardless of which supplier is chosen.
- Green power options provide health benefits through better air quality.

For the community:

- Green options benefit the community's overall well-being through improving air quality, reducing use of fossil fuels, and addressing a variety of environment issues.
- Contributes to a community's livability status:
 - Supports a stable resident base through the availability of consumer choice among optional suppliers.
 - Supports a stable business base through the business-marketing aspects inherent in the publicized use of green energy.

Impediments or barriers to development or implementation:

- Consumers are often unaware of the alternative options available in their energy service areas and sometimes do not understand the process for making a different choice.
- Consumers often are not sufficiently well-informed to make the most appropriate decision when choosing an alternative supplier. For example:
 - Suppliers may offer new customers sign-up gifts, lower fuel prices for a limited time, or other incentives, which may be confusing or not completely understood.
 - Consumers may not fully understand the components of their current fuel bills and may not be able to make a meaningful comparison between their current costs and an alternative supplier's costs.
 - Consumers may not know to ask about such items as the terms of the contract; whether the prices are fixed or changeable; whether the supplier will bill you separately; and whether there are other fees, such as security deposits, cancellation charges, or other fees.
- Consumers may be pressured into a decision by aggressive marketing tactics before they have all the information needed.

Resource—example:

- 2009 Green Power Leadership Awards, an awards program co-sponsored by the U. S. Environmental Protection Agency, U. S. Department of Energy, and Center for Resource Solutions—recognizing the actions of organizations, programs, and individuals that significantly advance the development of green power sources:
<http://www.epa.gov/grnpower/awards/index.htm>.

Resource—written and web:

- *Power to Choose (Energy Choice) Program*: Information is available from the New York State Public Service Commission: 1-888-Ask-PSC1;
<http://www.askPSC.com>.
- Local utilities: For information about choosing alternative energy suppliers, contact your local utility. By law, utilities are required to provide consumers with objective information; and their websites typically provide the names and contact information of ESCOs available in their service territory, as well as other information to assist consumers in making the best choice.
- For a list of Energy Service Companies (ESCO) in New York State:
http://flap.tv/ESCO_NY.php. For specific questions regarding an individual ESCO's policies, contact the individual ESCOs directly.
- *Residential Rights and Responsibilities* (March, 2009), a booklet developed by New York Electric and Gas (NYSEG), which summarizes service policies, energy supply choices, and your rights under the New York State Public Service Commission's rules and the Home Energy Fair Practices Act Rules (Title 16 of the New York Codes, Rules and Regulations – Part II), which are based on New York State Public Law:
<http://www.nyseg.com/MediaLibrary/2/5/Content%20Management/NYSEG/YourAccount/PDFs%20and%20Docs/NYSEGRightsBrochure.pdf>.
- U. S. Department of Energy, Energy Efficiency and Renewable Energy, "Buying Green Power: Can I Buy Green Power in My State?" Web site provides information, by state, on organizations that offer green power, including utility green pricing programs, retail green power products offered in competitive electricity markets, and renewable energy certificate (REC) products sold separate from electricity:
http://apps3.eere.energy.gov/greenpower/buying/buying_power.shtml.
- Rudd Mayer, Eric Blank, Randy Udall, and John Nielsen (May, 1997), *Promoting Renewable Energy in a Market Environment: A Community-Based Approach for Aggregating Green Demand*, a U. S. Department of Energy Report. Boulder, CO: Land and Water Fund of the Rockies.
<http://apps3.eere.energy.gov/greenpower/resources/pdfs/lawfund.pdf>.

- Lori Bird, Leila Dagher, and Blair Swezey (December, 2007), *Green Power Marketing in the United States: A Status Report* (Tenth Edition), Technical Report NREL/TP-670-42502. Golden, CO: National Renewable Energy Laboratory, operated for the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy , available electronically at <http://www.osti.gov/bridge>.
<http://apps3.eere.energy.gov/greenpower/resources/pdfs/42502.pdf>.