

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission
Regarding Provider of Last Resort Responsibilities
the Role of Utilities in Competitive Energy Markets
and Fostering Development of Retail Competitive
Opportunities

Case
00-M-0504

Retail Access Plan of Rochester Gas and Electric
Corporation

Case
04-M-0454

COMMENTS OF THE CONSUMER PROTECTION BOARD ON
RG&E'S RETAIL ACCESS PLAN

Teresa A. Santiago, Chairperson and Executive Director
Douglas W. Elfner, Director of Utility Intervention
John Walters, Intervenor Attorney

Dated: Albany, New York
June 27, 2005

TERESA A. SANTIAGO
CHAIRPERSON and EXECUTIVE DIRECTOR
NYS CONSUMER PROTECTION BOARD
5 EMPIRE STATE PLAZA
SUITE 2101
ALBANY, NY 12223-1556
<http://www.nysconsumer.gov>

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In a Statement of Policy issued August 25, 2004 in Case 00-M-0504¹ the New York State Public Service Commission (“PSC” or “Commission”) identified its goals and visions for the further development of retail energy markets in New York State. The PSC stated that some successes in developing competitive energy markets have been achieved, but that much more work remains, particularly in retail markets for residential and small business customers.² To help facilitate the development of competition in these markets, the Commission ordered utilities to “prepare plans to foster the development of retail energy markets.”³

¹ 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 Development of Retail Competitive Opportunities, Statement of Policy on Further Steps Toward Competition in Retail Energy Markets, August 25, 2004, (“Policy Statement”).

² Id., p. 2.

³ Id., p. 52.

On April 14, 2005 Rochester Gas and Electric Corporation (“RG&E” or the “Company”) filed its Retail Access Plan (“RAP”) in response to that order. The New York State Consumer Protection Board (“CPB”) submits these comments regarding RG&E’s RAP pursuant to and in accordance with the New York State Administrative Procedures Act. Except where noted herein, the CPB supports RG&E’s RAP, particularly those provisions that provide customers the opportunity to purchase electricity at a fixed price and ensure that consumers are provided information they need to make an informed choice regarding their energy purchases.

I. Overview of RG&E’s Retail Access Plan

The main feature of RG&E’s RAP is its Voice Your Choice (“VYC”) program. The program, which was implemented in 2004, was created as the result of a joint proposal developed by parties including the CPB, RG&E, Staff of the Department of Public Service Staff and Energy Services Companies (“ESCOs”).⁴ The VYC program allows consumers to choose from a variety of retail access offerings - including fixed and variable price products from the Company as well as offerings from ESCOs.⁵ This program included two intervals when consumers could chose among these commodity options. Consumers can elect at any time to switch commodity providers from the utility to an ESCO, one ESCO to another, or an ESCO to the utility’s variable price option.

⁴ Case 03-E-0765 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester gas and Electric Corporation for Electric Service, Order Adopting Provisions of Joint Proposal with Modifications, May 20, 2004.

⁵ RG&E RAP, p. 2.

A key part of the program is a comprehensive outreach and education effort. The parties have developed extensive and comprehensive education programs to inform consumers of the availability of retail choice in the Company's service territory through measures including media, mail, Internet web, newspapers, advertisements, and public presentations .

As a result of this program, 174,000 RG&E customers, representing over 50% of RG&E's electric customers, made an active choice of a commodity supplier. This response rate is noteworthy particularly since the program only began in January 2005. Approximately 77% of customers who made a choice, chose the fixed price option from RG&E. A total of 13 ESCOs participated in the initial VYC program. Clearly retail energy markets are developing and expanding as a result of the adoption of the VYC program. Indeed, since VYC commenced in early 2005 the number of customers being served by ESCO's has increased to more than 72,000.

In addition to the VYC program, the Company has made great strides in facilitating the development of the market in its service territory by instituting other retail access initiatives and programs, including Market Match and Market Expo initiatives⁶, hosting ESCO orientations, providing an ESCO web site, conducting meetings with ESCOs, establishing an ESCO liaison and a formal dispute resolution process to address ESCO concerns, implementing EDI transactions to transfer data between ESCOs and RG&E and providing the

⁶ Id., p. 5 .

option for utility consolidated billing. RG&E has also implemented a purchase of receivables program for ESCOs that will further retail access.⁷

II. RG&E'S RETAIL ACCESS PLAN COMPLIES WITH THE POLICY STATEMENT AND ACHIEVES SEVERAL OTHER IMPORTANT CONSUMER OBJECTIVES.

A. The RAP Complies with the Policy Statement.

RG&E's RAP complies with the PSC's Policy Statement concerning retail access. That program has promoted and greatly enhanced the development and viability of a retail energy markets in RG&E's service territory, and is expected to continue to do so in the future. The program facilitates interaction and communication between marketers and utilities to help resolve disputes in an effective manner. It also grants marketers the tools to augment and enhance their efforts to increase the level of penetration in this burgeoning market. Overall, the Company has made significant progress in working with ESCOs to facilitate the development of competitive energy markets in its service territory, consistent with the Policy Statement.

B. The Fixed Price Option Benefits Consumers.

The CPB strongly believes that consumers should be afforded the opportunity to purchase energy at a fixed price per unit, and should have a choice of such options at just and reasonable prices. Available data overwhelmingly demonstrate the importance to consumers of reasonably priced

⁷ Id., p. 3.

fixed price energy products. For example, 77% of consumers in RG&E's service territory that made an affirmative choice in the initial offering enrollment period, chose RG&E's fixed price offering. Consumers should continue to have this important and highly valued option under RG&E's RAP.

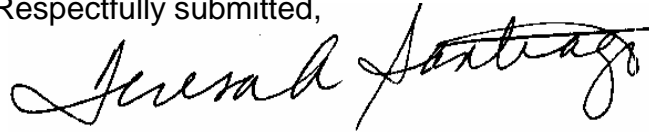
C. The RG&E RAP Is Based On The Principle Of Informed Consumer Choice.

Under RG&E's RAP, consumers are provided the opportunity to select commodity options offered by the utility and ESCOs. A comprehensive outreach and education program ensures that the information regarding the choices available to consumers is complete, accurate and unbiased. Consumers obtain information regarding the prices and other terms and conditions of commodity service and have the opportunity to directly compare those options before making a choice. Overall, under this program, consumers are provided critical information regarding price and other terms and conditions that is needed to make an informed decision. This is a critical benefit to consumers that may not be available from programs designed to promote customer migration to ESCOs.

CONCLUSION

For all of the above reasons, the New York State Consumer Protection Board recommends that the Public Service Commission approve the RG&E RAP submitted in this proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Teresa A. Santiago". The signature is written in a cursive style with a large, sweeping initial "T".

Teresa A. Santiago, Chairperson and Executive Director
Douglas W. Elfner, Director of Utility Intervention
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