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I N A S S E M B L Y

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Introduced by M. of A. PAULIN, BUCHWALD, ABINANTI, PRETLOW, GALEF, OTIS, KATZ -- read once and referred to the Committee on Energy -- reported and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Energy in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT authorizing certain municipalities to participate in a municipal energy aggregation program through an inter-municipal agreement with one or more municipalities in order to coordinate efforts to procure electric and/or gas supply services on behalf of its residents

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. Definitions. The following terms, when used in this act,
2 shall have the following meanings:
- 3 1. "Resident" shall mean a customer of record who received residential
4 or small non-residential electric and/or gas supply from a distribution
5 utility at the time of a local resolution by his or her municipality to
6 establish and/or participate in a municipal energy aggregation program.
7 Small non-residential shall include the distribution utility's smallest
8 general service rate schedule applicable to non-residential customers.
- 9 2. "Distribution utility" or "distribution utilities" shall mean
10 Consolidated Edison (Con-Edison) and/or New York State Electric and Gas
11 ("NYSEG").
- 12 3. "Participating customer" shall mean a resident who receives his or
13 her electric and/or gas supply through a municipal energy aggregation
14 program.
- 15 4. "Municipal energy aggregation program" or "aggregation program"
16 shall mean an inter-municipal agreement pursuant to article 5-G of the
17 general municipal law or a local resolution for the purpose of coordi-

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [] is old law to be omitted.

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1 nating or initiating efforts by a municipality or by municipal energy
2 aggregators to request bids for and potentially select an ESCO or ESCOs
3 to provide electric and/or gas supply to participating customers.

4 5. "Energy services company" or "ESCO" shall have the same meaning as
5 such term is used in subdivision 5 of section 44 of the public service
6 law.

7 6. "Municipality" or "municipalities" shall mean a city, town or
8 village located in Westchester county.

9 7. "Municipal energy aggregator" or "energy aggregator" shall mean a
10 municipality authorized pursuant to a local resolution to establish an
11 aggregation program or participate in an inter-municipal agreement
12 establishing a municipal energy aggregation program.

13 8. "Program administrator" shall mean an employee that is designated
14 pursuant to an inter-municipal agreement pursuant to article 5-G of the
15 general municipal law or, in the case of an aggregation program with one
16 energy aggregator, an employee designated by such energy aggregator to
17 fulfill the responsibilities of: (i) requesting and compiling historical
18 usage data of distribution utility customers as required under this act,
19 (ii) submitting a request for bids for energy supply from ESCOs author-
20 ized to supply electric and/or gas in New York state, and (iii) carrying
21 out the administration of the contract and implementation of aggregated
22 supply. Such responsibilities shall not be contracted or subcontracted
23 out to any private or not-for-profit corporation or organization.

24 9. "Department" shall mean the New York department of public service.

25 S 2. Municipal energy aggregation programs. 1. A municipality may,
26 after adopting a resolution approved by a majority of its governing
27 board, participate in a municipal energy aggregation program through an
28 inter-municipal agreement with one or more municipalities in order to
29 coordinate efforts, or through its own municipal aggregation program to
30 procure electric and/or gas supply on behalf of its residents. Such
31 municipal energy aggregation program must provide for the designation of
32 a program administrator to facilitate the operations of a municipal
33 energy aggregation program, including but not limited to the receipt of
34 resident historical usage data information from distribution utilities
35 pursuant to section three of this act and any communications necessary
36 with potential ESCOs that would provide electric and/or gas supply for
37 such program.

38 2. A municipal energy aggregator shall be responsible for responding
39 to inquiries regarding the particular municipal energy aggregation
40 program in which it is a participant. Such municipal energy aggregator
41 shall provide contact information, including but not limited to a mail-
42 ing address, telephone number, e-mail address and fax number at which it
43 may be contacted in all notices to participating customers.

44 3. In establishing a contract for an energy aggregation program with
45 an ESCO, a program administrator shall comply with article 7 of the
46 public officers law.

47 S 3. Establishment of municipal energy aggregation program. 1. The
48 program administrator designated pursuant to an inter-municipal agree-
49 ment establishing an aggregation program or a local ordinance authoriz-
50 ing a municipality to become an energy aggregator shall provide a copy
51 of such agreement to the distribution utilities and submit a formal
52 request for bulk usage information provided for under subdivision 2 of
53 this section.

54 2. (a) Within 60 days of the establishment of a municipal aggregation
55 program and after a formal request, distribution utilities shall, at a
56 reasonable cost as determined by the commission within 60 days of the

1 effective date of this act, provide to the program administrator the
2 following utility bulk information regarding residents receiving gas or
3 electric supply from such distribution utility:

4 (i) the number of residents, by class served that do not receive elec-
5 tric and/or gas supply from an ESCO or the power authority of the state
6 of New York;

7 (ii) the aggregate gas and electric usage of residents, by class
8 served, for the 12-month period preceding the request; the system peak
9 hour or hours that determines capacity buying requirements, and to the
10 degree that it is available the aggregated load factor by class served
11 for the 12-month period preceding the request;

12 (iii) the average monthly per kWh and per Btu supply rates by class
13 served charged by the distribution utility for the previous 12 months;
14 and

15 (iv) to the degree that it is available, reasonable efforts to provide
16 more detailed historic information relating to energy usage character-
17 istics of customers, including but not limited to information by rate
18 class on meter type, kWh usage and peak demand information classifica-
19 tion, meter reading cycle information, load profile designating informa-
20 tion, the number of customers enrolled in budget billing plans, loss
21 factor information, net metering information, individual capacity tag
22 information and any other information deemed useful by the program
23 administrator to successfully solicit bids for and implement the aggre-
24 gation program;

25 (b) In providing the utility bulk information required under this
26 subdivision, a distribution utility shall not provide to a program
27 administrator any information identifying, by name or address, any
28 customer of such utility or the financial information of any such
29 customer, including, but not limited to social security numbers, credit
30 card or bank account numbers.

31 S 4. Selection of ESCO providers. 1. Upon receipt of utility bulk
32 information required under section three of this act, the program admin-
33 istrator is authorized to advertise for the request of bids from ESCOs
34 for the provision of supply for an aggregation program. Any request for
35 bids shall specify that a contract for an aggregation program must:

36 (a) be limited to a period of no greater than 30 months;

37 (b) include price benchmarks, which shall provide for:

38 (i) in the case of a contract that includes electric supply, a fixed
39 monthly per kWh supply rate for the first 6-month sub-period that is
40 below the average monthly rate of supply provided by the distribution
41 utility in the previous 12-month period;

42 (ii) a commitment to provide fixed monthly per kWh supply rates for
43 each subsequent 6-month sub-period, and a commitment by the ESCO
44 selected to notify the program administrator of the kWh supply rate for
45 the upcoming sub-period no later than two months prior to the commence-
46 ment of each such sub-period pursuant to section seven of this act;

47 (iii) in the case of a contract that includes gas supply, a fixed
48 monthly per Btu supply rate for the first 6-month sub-period that is
49 below the average monthly price of supply provided by the distribution
50 utility in the previous 12-month period; and

51 (iv) a commitment to provide fixed monthly Btu supply rates for each
52 subsequent 6-month sub-period, and a commitment by the ESCO selected to
53 notify the program administrator of the Btu supply rate for the upcoming
54 sub-period no later than 2 months prior to the commencement of each such
55 sub-period pursuant to section seven of this act;

1 (c) provide that the ESCO will not levy any form of cancellation
2 charge to participating customers who, after receiving electric and/or
3 gas supply from the ESCO, choose to receive such supply from their
4 respective distribution utility;

5 (d) provide for a website for participating customers to view the
6 monthly rates charged for electric and/or gas supply; and

7 (e) provide that any costs associated with preparation for or imple-
8 mentation of this program or contract shall only be reflected in the
9 benchmark per kWh and/or per Btu fixed rate.

10 2. (a) After a review of bids submitted for energy supply, energy
11 aggregators are authorized to select the ESCO or ESCOs that will offer
12 the best service, price and any other factors, determined to be appro-
13 priate, provided that the per kWh rate for electric supply and per Btu
14 rate for gas supply for the first 6-month sub-period are below the aver-
15 age monthly price of supply provided by the distribution utility in the
16 previous 12 months and meet the requirements of subdivision 1 of this
17 section, provided that energy aggregators, may at their discretion,
18 reject all bids or offers and readvertise for new bids or offers in the
19 manner provided by this act.

20 (b) In making a selection, energy aggregators shall (i) select one
21 ESCO for the provision of electric supply; and (ii) select one ESCO for
22 the provision of gas supply, provided however that the energy aggrega-
23 tors may select an ESCO to provide both electric and gas supply,
24 provided further that energy aggregators may not select any ESCO that
25 has been deemed ineligible to provide energy services by the department.

26 3. The energy aggregator or aggregators shall document, and make
27 available upon request, the process used for the selection of an ESCO or
28 ESCOs including, but not limited to documenting all bids received and
29 the criteria and factors used for the selection process.

30 4. After selection of an ESCO or ESCOs, the energy aggregators are
31 authorized to enter into a contract for energy aggregation program
32 services of up to 30 months. Such contract shall include:

33 (a) provisions prohibiting the ESCO or ESCOs from denying service to:

34 (i) in the case of a contract that includes electric supply, any resi-
35 dent receiving service from his or her distribution utility at the
36 commencement of such contract; and

37 (ii) any customer of record of a distribution utility receiving resi-
38 dential or small non-residential services whose municipality is an ener-
39 gy aggregator in the aggregation program for which the ESCO or ESCOs
40 will provide supply;

41 (b)(i) a provision requiring a fixed monthly per kWh supply rate for
42 the first 6-month sub-period that is below the average monthly price of
43 supply provided by the distribution utility in the previous 12-month
44 period; and

45 (ii) a provision requiring the ESCO to provide fixed monthly per kWh
46 rates for each subsequent 6-month sub-period; and that no later than 2
47 months prior to the commencement of each 6-month sub-period, the ESCO
48 shall notify the program administrator of the fixed monthly per kWh rate
49 for such upcoming sub-period, pursuant to section seven of this act;

50 (c)(i) a provision requiring a fixed monthly per Btu supply rate for
51 the first 6-month sub-period that is below the average monthly price of
52 supply services provided by the distribution utility in the previous
53 12-month period; and

54 (ii) in the case of a contract that includes gas supply, a provision
55 requiring the ESCO to provide fixed monthly per Btu rates for each
56 subsequent 6-month sub-period; and that no later than 2 months prior to

1 the commencement of each 6-month sub-period, the ESCO shall notify the
2 program administrator of the fixed monthly per Btu rate for such upcom-
3 ing sub-period, pursuant to section seven of this act;

4 (d) provisions requiring the ESCO or ESCOs to provide electric and/or
5 gas supply rates lower than the distribution utility's electric and/or
6 gas supply rates pursuant to paragraphs (b) and (c) of this subdivision,
7 provided that a violation of this provision shall subject such ESCO to
8 refund participating customers at the time of termination of a contract
9 pursuant to section nine of this act;

10 (e) provisions prohibiting a municipal energy aggregator from opting-
11 out of the contract during the term of such contract;

12 (f) provisions for the termination of a contract for an energy aggre-
13 gation program if an ESCO fails to meet the requirements of this act
14 with the ESCO having exclusive responsibility for all re-entry fees
15 charged to a participating customer by distribution utilities for the
16 resumption of supply;

17 (g) provisions indemnifying energy aggregators from all liabilities,
18 damages and costs associated with the performance of an ESCO operating
19 under a contract for an energy aggregation program; and

20 (h) a requirement that the ESCO provide a performance bond if required
21 by the energy aggregators.

22 5. Immediately following the finalization of a contract for an energy
23 aggregation program pursuant to subdivision four of this section, the
24 program administrator shall promptly notify the distribution utility
25 and/or distribution utilities of such contract, the length of such
26 contract and the distribution utility's responsibilities under this act.

27 S 5. Notice of municipal energy aggregation contract required. 1.
28 Upon the completion of the contract for an energy aggregation program
29 provided for under subdivision three of section four of this act, the
30 program administrator shall obtain from distribution utilities at a
31 reasonable cost as determined by the commission within 60 days of the
32 effective date of this act their lists of residents that may be affected
33 by such contract and provide the municipal energy aggregators with such
34 information. Each municipal energy aggregator shall then notify such
35 residents as to the provisions of such contract, including but not
36 limited to price benchmarks.

37 2. Distribution utilities shall make all reasonable preparations to
38 release residents who do not choose to opt-out pursuant to subdivision
39 three of this section from receiving electric and/or gas supply,
40 provided that all residents shall continue to receive delivery from such
41 utilities.

42 3. Upon completion of a contract provided for under subdivision three
43 of section four of this act, municipal energy aggregators must mail a
44 notice to each resident which shall include:

45 (a) that the resident's municipal board has chosen to participate in a
46 municipal energy aggregation contract;

47 (b) that unless he/she elects to opt-out within 60 days of the post-
48 marked notice, such resident will become a participating customer and
49 will receive electric and/or gas supply through a municipal energy
50 aggregation contract;

51 (c) instructions detailing how a resident may submit an opt-out
52 response, provided that such procedures shall permit the resident to
53 opt-out by contacting the program administrator and/or ESCO or ESCOs
54 selected pursuant to the contract;

1 (d) that each resident who does not elect to opt-out within the
2 prescribed period and becomes a participating customer, may elect to
3 opt-out of such contract at any time; and

4 (e) that in the case of a participating customer the distribution
5 utility will no longer be responsible for supply rates charged to such
6 customer and that all complaints about supply under the aggregation
7 contract shall be the responsibility of the municipal energy aggregator
8 in which the customer resides and ESCO or ESCOs.

9 4. Immediately following the 60-day opt-out period provided for in
10 paragraph (b) of subdivision three of this section, a municipal energy
11 aggregator shall provide the program administrator with the following
12 information:

13 (a) the number of residents that received electric and/or gas supply
14 from such distribution utility who are participating customers by rate
15 class; and

16 (b) the name, address, and account number of each participating
17 customer.

18 5. The program administrator, upon receipt of information required
19 under subdivision four of this section, shall submit such information
20 and the information provided for under subdivision two of section three
21 of this act to the ESCO or ESCOs. Such ESCOs shall commence electric
22 and/or gas supply to participating customers.

23 S 6. Distribution utility requirements following a contract for aggre-
24 gation program services. No later than 2 weeks preceding the expiration
25 of the initial 6-month sub-period under a contract for an energy aggre-
26 gation program and any subsequent 6-month sub-period pursuant to such
27 contract for an aggregation program, a distribution utility shall
28 provide the program administrator with:

29 1. the average monthly per kWh rate for supply by class served for the
30 previous 6-month period; and

31 2. the average monthly per Btu rate for supply by class served for the
32 previous 6-month period.

33 S 7. ESCO supply rate notification requirements. 1. For the sub-period
34 commencing after the initial sub-period provided for under a contract
35 for an energy aggregation program, the ESCO or ESCOs shall provide the
36 program administrator with the fixed monthly per kWh supply rate and/or
37 the fixed monthly per Btu supply rate for the upcoming 6-month sub-per-
38 iod.

39 2. Any expenses incurred by an ESCO or ESCOs, including but not limit-
40 ed to expenses incurred in the execution of a contract for an energy
41 aggregation program pursuant to section four of this act, shall only be
42 recovered from the per kWh supply rate and/or per Btu supply rate
43 charged to participating customers pursuant to a contract for energy
44 aggregation services. The ESCO or ESCOs selected shall not issue any
45 charge, fee, or bill for aggregation program services to an aggregator,
46 resident, participating customer or program administrator to recover
47 expenses, including, but not limited to expenses incurred for:

48 (a) electric and gas supply procurement;

49 (b) taxes, assessments, fees and surcharges;

50 (c) wheeling and/or transfer costs; and

51 (d) administrative charges, expenses, staff and consultant costs.

52 S 8. Notice of 6-month fixed rate. 1. No later than 2 months prior to
53 the commencement of each 6-month sub-period under a contract for an
54 aggregation program, the program administrator shall mail to each
55 participating customer a notice that shall provide the fixed monthly per

1 kWh rates and/or fixed monthly per Btu rates for such upcoming sub-per-
2 iod.

3 2. No later than 6 months after the commencement of a contract for an
4 aggregation program and every six months thereafter, the program admin-
5 istrator shall mail to each participating customer a statement that
6 shall provide:

7 (a) the average per kWh and/or per Btu rate for supply for the previ-
8 ous 6-month sub-period charged by the distribution utility, provided
9 that such rates shall only be the actual supply rates charged by the
10 utility, and shall not include any delivery rates, service charges, or
11 taxes, assessments, fees and surcharges recovered from customers;

12 (b) the fixed monthly rate charged by the ESCO and/or ESCOs for the
13 previous 6-month sub-period;

14 (c) the fixed monthly per kWh rates and/or fixed monthly per Btu rates
15 to be charged by an ESCO and/or ESCOs for such upcoming sub-period; and

16 (d) instructions detailing how a resident may submit an opt-out.

17 3. If any word, statement, notice or any other information required by
18 or under the authority of this act appears in any letter, email or any
19 other written communication to a recipient, including but not limited to
20 a resident or participating customer, such word, statement, notice or
21 other information must be prominently placed thereon with such conspicu-
22 ousness (as compared with other words, statements, designs, devices also
23 included thereon) and in such terms as to render it likely to be read
24 and understood by an ordinary individual under customary conditions of
25 purchase and use.

26 Any letter, email or other written communication from an ESCO seeking
27 to or selected to provide energy aggregation program supply, a program
28 administrator, or an energy aggregator, to a customer or participating
29 customer relating to an energy aggregation program shall be written in a
30 conspicuous font size of 12 point or greater.

31 S 9. Public service commission review. 1. Within 365 days of the
32 commencement of gas and/or electric supply services under an aggregation
33 contract, the commission, after consultation with the department shall
34 commence an audit to ensure such ESCO or ESCOs selected has met the
35 terms of its contract.

36 2. (a) If the commission determines that the ESCO or ESCOs providing
37 gas and/or electric supply has failed to achieve the terms of its
38 contract, the contract for an energy aggregation program established
39 pursuant to subdivision 3 of section four of this act shall be termi-
40 nated immediately.

41 (b) Within 30 days of the termination of a contract for an energy
42 aggregation program, the ESCO shall issue payment to each participating
43 customer for any supply rates above those specified in the contract,
44 including the cost of any applicable re-entry fees charged to a resident
45 for resumption of supply.

46 (c) The commission shall ensure that all residents eligible for
47 resumption of electric and/or gas supply from their respective distrib-
48 ution utility receive such services regardless of the actual timing of
49 the payment provided for under paragraph (b) of this subdivision.

50 3. An ESCO shall not levy any charge to an energy aggregator to cover
51 expenses related to the termination of a contract.

52 S 10. Within 30 months of the establishment of a contract for an ener-
53 gy aggregation program or upon the termination of such contract, the
54 commission shall submit a report to the executive, the temporary presi-
55 dent of the senate, the speaker of the assembly, the chairs of the
56 senate energy and telecommunications committee and the assembly energy

1 committee detailing the performance of any aggregation contract. Such
2 report shall include the following information:
3 1. the number of participating customers served;
4 2. the ability of the ESCO or ESCOs selected under an aggregation
5 program to provide adequate supply services;
6 3. the actual kWh and/or Btu supply rates charged under a contract for
7 an energy aggregation program;
8 4. the amount, if any, of participating customers whose residential or
9 non-residential service was disconnected; and
10 5. any other information the public service commission deems neces-
11 sary.
12 S 11. Energy services company bill of rights applicable to participat-
13 ing customers. For purposes of this act the term "customer" as defined
14 in paragraph (c) of subdivision 1 of section 349-d of the general busi-
15 ness law, shall include participating customers.
16 S 12. This act shall take effect immediately.