

## **Zone One Energy Supports the PSC's Restructuring of New York's Retail Energy Mass Market**

**New York City (March 2, 2016):** Zone One Energy LLC announced today that it supports the New York State Public Service Commission's (PSC) order, dated February 23, 2016, that is dedicated to implementing measures that protect mass market energy consumers throughout New York State who purchase electric and gas supply from Energy Service Companies (ESCOs).

While Zone One would prefer that such changes to the marketplace would not be necessary, the company recognizes that there are unethical energy suppliers that have aggressively and systemically overcharged their customers. This behavior has resulted in many thousands of customers paying excessive charges in aggregate of well over \$100 million. This, combined with the widespread practice of enrolling accounts either without authorization, or via misinformation, necessitates the urgent and timely implementation of controls to protect this vulnerable market segment.

Zone One emphasizes that there are many credible ESCOs that are active in New York State who strictly adhere to highly ethical and professional standards but, regrettably, the negative actions of a subset of the suppliers have created a public relations nightmare for many top-tiered firms.

Therefore, Zone One agrees with the Commission's requirement that energy suppliers must provide a guaranteed savings product. We feel, however, that this should only apply to variable-rate products. Zone One does see value in a fixed-rate product that protects customers from price volatility, and indeed such an offering is not designed to provide savings, but rather it offers budget certainty. Having said this, many customers are being sold fixed-priced contracts that are way overpriced, and these customers oftentimes do not have the means to determine if the rate that is being offered is fair, given the current market. Therefore, consumer protection is required here as well. We recommend that the PSC post fair and reasonable rates of varying terms for each utility's service classification that is applicable to mass market customers, and these posted rates would serve as a ceiling above which an ESCO may not offer a fixed rate contract. These rates would be publicly posted, and refreshed on a regular basis to reflect changing market conditions. Both ESCOs and the mass market public could reference these rates as necessary for compliance and protective purposes.

Additionally, Zone One does not agree with allowing ESCOs to circumvent the guaranteed savings requirement if they ensure that a percentage of the electric supply that they purchase comes from renewable sources. "We strongly feel that any initiative to bring green energy to the New York market should be separate from the protective pricing measures that the PSC is focusing on in this Order," commented Ari Green, Chief Executive Officer. "We just don't see the logic of providing an ESCO with the ability to continue overcharging its clients just because they purchased the required percentage of green energy. Charging excessive rates is wrong, regardless of whether the energy comes from renewable sources or not. We see this as a loophole that essentially negates the protection that the Commission is trying to provide to New York State residents, for an ESCO could simply purchase green energy, and then pass the extra charges on to its clients, thereby making the problem even worse."

"If the goal is to protect the consumer from being overcharged," Mr. Green continued, "then the mechanism to do so should remain solely focused on rate restrictions, without renewable energy distorting rates. Encouraging green energy should be done through a completely different set of initiatives."

### **About Zone One Energy**

Zone One Energy LLC is a licensed energy supplier that serves electric customers in New York City. The company is dedicated to providing its customers with a guaranteed savings product that provides a supply rate that is lower than what would have been paid to the utility under default service. Zone One services residential, business, manufacturing, retail and healthcare clients of all sizes.

For more information, please contact:

Rachel Liberman  
Zone One Energy LLC  
(347) 620-7283  
[rachel@zone1energy.com](mailto:rachel@zone1energy.com)