Customer Referral Programs – New York Model

Ron Cerniglia

Direct Energy

August 22, 2011

Utilities[[1]](#footnote-1) in New York can select one of two models to implement, and must file a plan with the New York State Public Service Commission (NYSPSC) for approval. A referral program describes the enrollment by the utility with a participating competitive supplier (called ESCOs in New York) who agrees to take all customers and provide a two-month guaranteed savings rate (7% off of the utility default service rate). At the end of the two-month period, the customer can return to default service without penalty, or continue on the supplier service. The utility can introduce the referral program when a customer calls the utility call center (e.g., high bill complaint, service issues, etc) and/or can administer the program through a VRU and/or periodic mailings with return mailers. The two options are summarized below:

ESCO Service Model (utilized by Central Hudson Gas & Electric)

1. The utility enrolls customer for introductory period and ESCO provides the discount
2. The utility sends out a letter confirming enrollment by the utility w/in 3 days and lets customer know that they will hear from the ESCO re post-introductory period, plus informing them about the NYPSC customer complaint process, plus a message conveying that there is no guarantee of savings after introductory period
3. Within 5 days of notice of customer’s enrollment, the ESCO would send the customer a contract for the post-introductory period
   1. Terms/conditions based upon customer choice
   2. ESCO must have telephonic, electronic, or written consent
4. The EDI price change for month 3 provides verification that the ESCO received affirmative consent from the customer
5. If the customer does not affirmatively consent to the contract, the customer reverts back to utility service at the end of the two month period

ESCO Contract (Utilized by Con Edison, National Grid, O&R)

1. The utility enrolls the customer
2. The utility sends out a letter confirming enrollment by the utility w/in 3 days and lets customer know that they will hear from the ESCO re post-introductory period, plus informing them about the NYPSC Complaint process, plus message conveying that there is no guarantee of savings after introductory period
3. Within 5 days of notice of customer’s enrollment, the ESCO would send the customer a contract governing both time periods -- the introductory period and the post-introductory period as follows:
   1. Month to month terms
   2. No early cancellation fees
   3. Price change only after 15 days notice to customer with that notice provided at least 30 days prior to the customers next scheduled meter read
4. Unless the customer acts to rescind contract w/in 3 days of receipt, contract would govern
5. The utility must keep recording, post card, internet sign-up confirming customers consent

1. Utility participation may have changed since I last prepared this document. [↑](#footnote-ref-1)