

GOODMAN: Blocking the poor from shopping is wrong

The National Energy Marketers Assn (NEM) yesterday criticized the New York PSC's order to stop 400,000 low-income customers from shopping for power (PMT, [July-18](#)). The PSC issued the moratorium after it found consumers on assistance programs were paying more for being served by the retail market than they would have by taking service from utilities – and a collaborative failed to come up with any real fixes to that problem.

But the policy is shortsighted, said NEM President Craig Goodman, especially in light of energy prices having risen by up to 55% from their historic lows this March.

“Consequently, prohibiting low-income consumers from shopping for the best price and service offerings in the market, or locking in lower prices while they last, could hurt low-income consumers worse than any other demographic,” Goodman said in prepared remarks. “Historically, whenever regulators interfere with competitive market prices, the low-income consumers are normally the ones hurt the worst.”

Utilities in New York have rates that are highly variable compared to most restructured states but retailers can offer fixed price contracts to customers. “Depriving them of their right to shop for energy products and services, particularly as prices increase, would be the same as punishing low-income consumers solely because they have less income,” Goodman said.

Millions of consumers have found competitive

energy suppliers' services are preferred over monopoly products. New York never fully unbundled the monopoly charges from the rates charged to consumers, even those who do switch.

The unbundled prices that regulators have promised for nearly a decade are more misleading than any competitive offer, he added.

“ESCOs are required to abide by very strict codes of conduct and uniform business practices in the State of New York,” Goodman said. “Utilities can overcharge consumers strategically one year and offer rebates in a following year – or whenever it is to their competitive advantage – with impunity. Such conduct would be considered illegal in any other industry.”

Until utilities present the true costs of providing power to every customer – rich or poor – all consumers will continue to pay for products, services, information and fees that are unwarranted, overpriced and hidden from the consumers, he added. Stopping customers from shopping should never be considered a consumer protection since the customers are “captive” by the monopolies that are guaranteed the recovery of all the capital they invest.

“States that have opened energy markets to all consumers, have documented savings to consumers in the billions of dollars,” Goodman said. “The same could be true for New Yorkers if its markets were structured properly so that all consumers can shop with apples to apples comparisons to truly unbundled monopoly costs and prices.”