

## **PART 5**

# **OPERATING PROCEDURES**

# LONG ISLAND CHOICE OPERATING PROCEDURES

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# LONG ISLAND CHOICE OPERATING PROCEDURES

## 1.0 INTRODUCTION

### 1.1 Purpose

The purpose of these LI Choice Operating Procedures is to provide a set of procedures and requirements for implementation of the LI Choice Program within the LIPA service territory. The Program allows retail customers to choose an ESCO to provide their Electric Generation Service, and large customers, who meet the criteria described herein, to become DRCs and therefore accept responsibility for certain functions provided to other LI Choice customers by the ESCOs. Customers may also choose an Aggregator, who enrolls customers in the LI Choice Program and then contracts with an ESCO for the provision of services to these customers. The procedures and requirements in these Operating Procedures are designed to promote competition and increase customer choice while maintaining a safe, reliable, and environmentally responsible operating environment.

The Operating Procedures:

- Identify the responsibilities of participating customers, ESCOs, Aggregators, DRCs, the Long Island Power Authority (a corporate municipal instrumentality and political subdivision of the State of New York (“Authority”)), and the Authority’s subsidiary, LIPA, the owner and operator of the transmission and distribution system on Long Island, in the LI Choice Program;
- Set forth the procedures for enrollment of customers in the LI Choice Program and selection by LIPA for participation in LI Choice;
- Identify the requirements to become a Licensed ESCO, Aggregator, or DRC;
- Set forth billing and payment procedures for LIPA, ESCOs, Aggregators, and DRCs and LI Choice Customers; and
- Set forth consumer protection measures that must be followed by ESCOs and Aggregators.

The Operating Procedures also set forth procedures an ESCO or DRC must follow to schedule delivery of Electric Generation Service to retail customer loads and requirements for on- and off-Island installed capacity. In all cases, whether or not explicitly stated, the capacity in which an ESCO schedules delivery services for a Long Island Choice Customer is one of agent appointed by the Customer to act on her or his behalf and not of principal.

### 1.2 Incorporation by Reference

The terms and conditions of the following documents are incorporated by reference into these Operating Procedures and are made a part hereof:

1.2.1 Tariffs, rules and procedures of the NYISO, as applicable, associated with the purchase, sale, transmission and distribution of electric energy, installed capacity, and ancillary services, as the same may be amended, modified, supplemented, or superseded from time to time.

1.2.2 Energy Service Company Operating Agreement, Aggregator Operating Agreement or

Direct Retail Customer Operating Agreement, as applicable.

- 1.2.3 LIPA's Tariff for Electric Service, as the same may be amended, modified, or supplemented from time to time by the Authority.
- 1.2.4 These Operating Procedures as the same may be amended, modified, supplemented or superseded from time to time.
- 1.2.5 Decisions by the Authority or its Chairman involving the LI Choice Program.

## **2.0 DEFINITIONS**

### **2.1 Aggregator (“Licensed Aggregator”)**

An entity that facilitates enrollment of Customers in the LI Choice Program, but does not sell power or perform power supply, transmission or customer service functions for Participating Customers.

### **2.2 Authority**

The Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York. Reference to the Long Island Power Authority does not refer to its subsidiary, LIPA, defined in 2.12 below.

### **2.3 Bundled Service**

The services offered by LIPA under Sections I-VIII of LIPA’s Tariff for Electric Service. LIPA’s Bundled Service includes LIPA-provided Electric Generation Service as part of the total service.

### **2.4 Bundled Service Tariff**

Sections I-VIII of LIPA’s Tariff for Electric Service.

### **2.5 Direct Retail Customer (“DRC”)**

An Eligible Customer with a minimum annual energy requirement of at least 8760 MWh that acts without an ESCO or an Aggregator to contract for and supply Electric Generation Service and related services solely for its own use. A DRC is also considered a LI Choice Customer.

### **2.6 Electric Generation Service**

The procurement and transmission of electric capacity and energy to the LIPA system, but not including the transmission or distribution of electric capacity and energy across LIPA’s receipt points or along LIPA’s electrical system to the Customer meter.

### **2.7 Eligible Customer**

A customer that meets the eligibility criteria set forth in the LI Choice Tariff.

### **2.8 Energy Service Company (“ESCO” or “Licensed ESCO”)**

An entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by Participating Customers to the LIPA system.

## **2.9 Installed Capacity (“ICAP”)**

A Generator or Load facility that complies with the requirements in the NYSRC reliability rules and is capable of supplying and/or reducing the demand for energy in the New York Control Area for the purpose of ensuring that sufficient energy and capacity are available to meet the reliability rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the reliability rules.

## **2.10 LI Choice or Program**

The Long Island Choice Program.

## **2.11 LI Choice Tariff**

Section IX of LIPA’s Tariff for Electric Service.

## **2.12 LIPA**

The subsidiary of the Authority which owns and manages the transmission and distribution system. References to LIPA may also include LIPA’s Manager which is responsible for providing services on behalf of LIPA under terms of the Management Services Agreement.

## **2.13 NERC**

The North American Electric Reliability Council or its successor organization.

## **2.14 Non-Residential Customer**

All other service classifications defined as eligible customers in the LI Choice Tariff and not included as Residential Customers.

## **2.15 NYISO**

New York Independent System Operator or its successor organization.

## **2.16 NYSRC**

New York State Reliability Council or its successor organization.

## **2.17 Participating Customer**

An Eligible Customer who has enrolled in the LI Choice Program through a Licensed ESCO or Aggregator.

## **2.18 Reconciliation Date**

The month and day that a Customer returns to LIPA’s Bundled Service.

## **2.19 Residential Customer**

For purposes of the LI Choice Program, Customers receiving service under Service Classifications 1, 1-VMRP(L), or 1-VMRP(S), except Customers who receive service under provisions related to Residential Offpeak Energy Storage, Wind Generation and Residential Small Solar Electric Generation.

### **3.0 CUSTOMER ELIGIBILITY AND ENROLLMENT**

#### **3.1 LI Choice Program Phases**

The Long Island Choice Program is a key element of the Authority's plan to foster competition for electricity supply on Long Island. It is the Authority's objective to encourage the development of a competitive power market as a means of providing consumer choice and additional power cost savings for its customers. Under LI Choice, all LIPA retail customers will be eligible to purchase electricity from Licensed ESCOs of their choice, or as DRCs, by January 1, 2003. The retail access objectives and the phase-in dates specified herein are targets and the schedule is subject to adjustment with appropriate Authority oversight to address developments as they occur. LI Choice provides for implementation in three phases as described below.

- 3.1.1 Phase I Program - The initial phase of the Program began with the solicitation and enrollment of customers during the Phase I enrollment period and made retail choice available to both Residential and Non-Residential Customers representing, in the aggregate, 400 MW of LIPA's retail customer load.
- 3.1.2 Phase II Program - Phase II of the LI Choice Program increases the total eligible LIPA retail customer load for LI Choice Program participation from 400 MW to 800 MW. Deliveries under Phase II of the program are anticipated to begin May 1, 2000. The 800 MW total will be divided among Residential and Non-Residential Customers. Residential Customers will be allocated a minimum of 180 MW and up to 580 MW of the total. Non-Residential Customers will be allocated a minimum 220 MW and up to 620 MW of the program total. DRCs are eligible to participate in Phase II and their load will be counted toward their customer class load allocation.
- 3.1.3 Phase III Program - For Phase III of the Program, scheduled to begin May 1, 2001, it is anticipated that participation will be ramped up such that by January 1, 2003, all LIPA customers will be eligible to participate in LI Choice. Details of the Phase III Program will be provided in the future.

#### **3.2 Customer Eligibility Criteria**

- 3.2.1 Other than a DRC, an Eligible Customer whose Electric Generation Service and delivery services would otherwise be provided by LIPA as Bundled Service may choose to purchase Electric Generation Service and related services from an ESCO licensed by the Authority (Licensed ESCO), and delivery service separately from LIPA. Electric Generation Service includes installed capacity and installed capacity reserves with the attendant on-Island installed capacity and reserve requirement, energy, losses, and transmission and ancillary services to the LIPA system.
- 3.2.2 To participate in the LI Choice Program, an Eligible Customer other than a DRC must authorize a Licensed ESCO in writing or by documented electronic or verbal means to act as its agent in connection with receiving billing information from LIPA, the procurement and scheduling of transmission service, the associated ancillary services and the scheduling and delivery of Electric Generation Service to the LIPA system with the associated settlement processes.

- 3.2.3 An Eligible Customer may select only one Licensed ESCO or Aggregator at a time per LIPA customer account. An Eligible Customer with multiple LIPA customer accounts may select a different ESCO or Aggregator for each LIPA customer account.

### **3.3 Enrollment of Eligible Customers by ESCOs and Aggregators**

The process to enroll Eligible Customers has been designed to ensure that customer confidentiality is protected and customer authorization is auditable. A summary of this process follows.

- 3.3.1 The Authority will assist customers in making the transition to LI Choice by providing interested customers with educational materials regarding the LI Choice Program.
- 3.3.2 A list of active Licensed ESCOs and Aggregators will be available to interested customers. Licensed ESCOs and Aggregators may contact Eligible Customers to solicit enrollment. To participate in the LI Choice Program, Eligible Customers are required to enroll through a Licensed ESCO or Aggregator, unless they qualify as, and choose to enroll as, DRCs.
- 3.3.3 Any Eligible Customer desiring to participate in the LI Choice Program may initiate the process of Program enrollment by directly contacting a Licensed ESCO or Aggregator by telephone, electronically or in writing.
- 3.3.4 The Eligible Customer may initiate the enrollment process with a Licensed ESCO or Aggregator by providing a valid LIPA customer account number and the name of the customer of record. The ESCO or Aggregator may wish to obtain historical usage information for the customer from LIPA as part of the process of determining if the ESCO or Aggregator will offer services to the customer. To obtain historical customer usage information from LIPA, the ESCO or Aggregator must obtain written or documented electronic authorization from the Eligible Customer in substantially the same format as the Written Authorization Form included as Attachment A, or taped verbal authorization by the Eligible Customer which complies with the Authority's Verbal Authorization Script, included in Attachment B.
- 3.3.5 The ESCO or Aggregator will provide LIPA with the Eligible Customer's name and LIPA's customer account number. LIPA will verify customer eligibility and inform the ESCO or Aggregator electronically if the customer is ineligible for enrollment. Historical billing cycle data will be provided for both eligible and ineligible customers. If LIPA is unable to identify the account number and/or name, the ESCO or Aggregator will be allowed to correct and resubmit the data. Enrollment will be denied for accounts that exceed the MW load cap for that customer segment.
- 3.3.6 The customer usage information that LIPA will provide the requesting ESCO or Aggregator will typically contain 24-months usage information (or the life of the account, whichever is less) including service classification, billing address, meter number, meter multiplier, meter readings, meter reading dates, type of meter reading (actual or estimated), and consumption (including kWh, and kW demand if available, for the particular customer service classification, and on-peak, off-peak or recorded hourly interval data). The customer data will also contain total billing amounts for Bundled Service and taxes and the sales and GRT tax rates, but will not contain payment status

or credit information. Customer usage information will not be normalized for weather. Historical customer billing cycle data requests for individual customer accounts will be provided electronically at the time of request. Historical customer billing cycle data requests for multiple customer accounts normally will be provided electronically within one business day of the request, free of charge. Requests for interval data normally will be provided electronically within 3 business days.

- 3.3.7 For certain customers, additional usage data may be available from LIPA including the following: 1) up to 48 months of monthly or bi-monthly usage data beyond the 24 months of data initially provided and 2) up to 60 months of 15-minute recorded interval load data depending upon what is available for a given customer. Requests for additional historical customer usage information normally will be responded to in 5 business days, by either supplying the requested additional information, specifying when such information will be provided, or advising that such information does not exist. The information will be provided electronically. Fees for providing such additional information will be billed to the requesting ESCO or Aggregator in accordance with provisions in the LI Choice Tariff.
- 3.3.8 All LIPA customer account numbers and any related password and/or encrypted coding requests, and similar information, must be kept confidential by the ESCO or Aggregator and may not be disclosed to others. All historical customer usage information obtained by an ESCO or Aggregator must be kept confidential by the ESCO or Aggregator, and not disclosed to others, unless otherwise authorized by the customer. Customer information, such as telephone numbers and service addresses, shall also be kept confidential and not disclosed to others, unless otherwise authorized by the customer.
- 3.3.9 An ESCO that agrees to provide Electric Generation Service and related services to an Eligible Customer, or an Aggregator that agrees to select for the customer an ESCO to provide Electric Generation Service and related services to the Eligible Customer, must provide the Eligible Customer with an Agreement. Residential Customers must receive one of the ESCO's or Aggregator's standard Agreements for Residential Customers and Non-Residential Customers must receive an Agreement containing, at a minimum, the provisions required by the Authority for Non-Residential Customers. The Agreement must include the required terms and conditions contained in the LI Choice Phase II Implementation Plan, Part 6. An ESCO may not enroll a customer in LI Choice unless the ESCO or Aggregator has provided the Eligible Customer with this information and provided the Eligible Customer with sufficient time to review it and obtains an executed signature page or documented electronic or taped verbal acceptance from the Eligible Customer.
- 3.3.10 ESCOs and Aggregators that provide Eligible Customers with Agreements through documented electronic or taped verbal means must send the Eligible Customer a written listing of all terms and conditions as described in Part 6 of the LI Choice Implementation Plan by first class mail (or by e-mail if requested by the customer) within one business day of electronic or taped verbal acceptance by the Eligible Customer.
- 3.3.11 Once an Agreement has been signed or documented electronic or taped verbal acceptance has been received, the ESCO or Aggregator shall inform LIPA electronically that the customer has signed an Agreement or electronically or verbally entered into an Agreement and wishes to participate in the LI Choice Program by enrolling with the

ESCO or Aggregator. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming enrollment in the LI Choice Program and identifying the ESCO or Aggregator that will provide Electric Generation Service and related services to the customer. The letter will also instruct the customer to contact LIPA if the information in the letter is incorrect regarding the customer's desire to participate in the LI Choice Program or if the ESCO or Aggregator identified in the confirmation letter is not the ESCO or Aggregator with which the customer has an Agreement. If the customer has not contacted LIPA within 5 calendar days of the date of the letter, LIPA will enroll the customer with the ESCO or Aggregator consistent with the information in the confirmation letter. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be enrolled with the ESCO or Aggregator until the customer issues are resolved. If the Eligible Customer notifies LIPA after the specified notice period and before deliveries begin that the enrollment request by the ESCO or Aggregator should be cancelled, LIPA will remove the Eligible Customer from the ESCO's or Aggregator's enrollment list. If LIPA receives notice from the customer that the customer was improperly enrolled in LI Choice, the enrollment will be reversed.

- 3.3.12 Potential participants in the LI Choice Program who are new to LIPA's service area will first need to establish a LIPA customer account in accordance with LIPA's Bundled Service Tariff. Subject to the limitations of the LI Choice Program phase-in enrollment and selection processes, new customer accounts for electric service will be able to take service as participants in the LI Choice Program without having to initially take Bundled Service from LIPA.

### **3.4 Enrollment of Eligible Customers as DRCs**

A summary of the DRC enrollment process follows.

- 3.4.1 The Authority will assist customers in making the transition to LI Choice by providing interested customers with educational materials regarding the LI Choice Program.
- 3.4.2 Any Eligible Customer desiring to participate in the LI Choice Program as a DRC may initiate the enrollment process by completing a DRC license application and submitting it to the Authority. For accounts that exceed the MW load cap for that customer segment, enrollment may be denied. Once a DRC license has been approved in accordance with section 4.3, the DRC will be provided with historical billing cycle data and the DRC shall inform LIPA electronically of the start date that the DRC wishes to enroll in the LI Choice Program. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming enrollment in the LI Choice Program. The letter will also instruct the customer to contact LIPA if the information in the letter is incorrect regarding the customer's desired enrollment date. If the customer has not contacted LIPA within 5 calendar days of the date of the letter, LIPA will enroll the customer. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be enrolled as a DRC until the customer issues are resolved.
- 3.4.3 The customer usage information that LIPA will provide the requesting customer will typically contain 24 months usage information (or the life of the account, whichever is less) for the accounts determined to be eligible by LIPA under section 3.4.2, including

service classification, billing address, meter number, meter multiplier, meter readings, meter reading dates, type of meter reading (actual or estimated), and consumption (including kWh, and kW demand if available, for the particular customer service classification, and on-peak, off-peak or recorded hourly interval data). The customer data will also contain total billing amounts for Bundled Service and taxes and the sales and GRT tax rates, but will not contain payment status or credit information. Customer usage information will not be normalized for weather. Historical customer billing cycle data requests for individual customer accounts will be provided electronically at the time of request. Historical customer billing cycle data requests for multiple customer accounts normally will be provided electronically within one business day of the request, free of charge. Requests for interval data normally will be provided electronically within 3 business days.

- 3.4.5 For certain customers, additional usage data may be available from LIPA including the following: 1) up to 48 months of monthly or bi-monthly usage data beyond the 24 months of data initially provided and 2) up to 60 months of 15-minute recorded interval load data depending upon what is available for a given customer. Requests for additional historical customer usage information normally will be responded to in 5 business days, by either supplying the requested additional information, specifying when such information will be provided, or advising that such information does not exist. The information will be provided electronically. Fees for providing such additional information will be billed to the requesting customer in accordance with provisions in the LI Choice Tariff.
- 3.4.6 Potential participants in the LI Choice Program who are new to LIPA's service area will first need to establish a LIPA customer account in accordance with LIPA's Tariff. Subject to the limitations of the LI Choice Program phase-in enrollment process, new customer accounts for electric service will be able to take service as participants in the LI Choice Program without having to initially take Bundled Service from LIPA.

### **3.5 Enrollment and Program Participation**

Customer enrollment will be monitored periodically by LIPA to minimize over-subscription of the two customer segments. If enrollment approaches or exceeds a customer segment cap, enrollment for that or all customer segments may be closed.

#### **3.5.1 Customer Enrollment Verification**

- 3.5.1.1 LIPA will contact customers whose customer accounts have been identified as being enrolled with multiple ESCOs or Aggregators. The customer will be asked to verify which ESCO or Aggregator the customer has selected. If LIPA cannot verify with the Eligible Customer which ESCO or Aggregator the customer has selected, LIPA will contact the ESCOs or Aggregators for documentation to support the enrollment. If no documentation has been received within 7 calendar days, the Eligible Customer will be enrolled with the ESCO or Aggregator who enrolled the customer first. All affected ESCOs or Aggregators will be notified of the results.
- 3.5.1.2 If a customer is enrolled as a DRC and with an ESCO or Aggregator, the customer will be enrolled as a DRC and the affected ESCOs or Aggregators

will be notified.

- 3.5.2 Before an ESCO can begin deliveries to an Aggregator's customers, the Aggregator must notify LIPA which Licensed ESCO the Aggregator's load will be assigned to at least 1 calendar month before deliveries begin. If the Aggregator fails to do so, the deliveries for all of the Aggregator's customers shall be rescheduled until the following month. If, 1 month prior to the start of rescheduled deliveries, the Aggregator fails to notify LIPA of the ESCO assignment, all of the Aggregator's customers will be removed from the Aggregator's rolls and be allowed to enroll with other ESCOs and Aggregators. Aggregator load assigned to an ESCO will be included in the ESCO's load for minimum load calculation purposes.
- 3.5.3 If an ESCO fails to meet the minimum annual energy requirement, that ESCO will be notified electronically and given the opportunity to pool with other ESCO(s) to meet the minimum requirement. If LIPA has not been notified of a pooling arrangement at least 1 calendar month before the start of delivery, the ESCO's customers will not be selected for the Program.

The calculation of enrolled customer peak load by customer segment will be made by using actual LIPA metering interval data when available, totaling the non-coincident monthly peak demands and applying a coincidence factor for demand metered customers, or using annual kWh consumption scaled by a factor which provides coincident peak demand for non-demand metered customers. If a customer has interval metering solely because of a load research program, profile data will be used instead of interval data. If a customer is participating in LIPA's Peak Reduction Program or other qualifying peak reduction program with measured hourly load adjustment (Measured DSM Program), the interval metering data may be adjusted according to that program's procedures. The peak demands calculated shall be coincident with the LIPA system summer peak load hour during the NYISO Summer Capability period (May through October).

### **3.6 Changing ESCOs, Aggregators or DRC Status**

- 3.6.1 If a LI Choice Customer chooses to change ESCOs, Aggregators or DRC status, the parties involved must adhere to the procedures listed in Section 3.3 above and Section 3.8 below.
- 3.6.2 Once an Agreement has been signed or electronically or verbally entered into, or a DRC's license has been approved, the new ESCO, Aggregator or DRC shall inform LIPA electronically not less than 10 calendar days prior to the beginning of the next calendar month of the customer's desire to change ESCOs, Aggregators or DRC status. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming participation in the LI Choice Program, identifying the ESCO, Aggregator or DRC that will provide Electric Generation Service and related services to the customer, and indicating the date when the customer will be switched to the new ESCO, Aggregator or DRC status for participation in the LI Choice Program. LIPA will also send a notification letter to the LI Choice Customer's current ESCO or Aggregator (if any), informing the ESCO or Aggregator of the switch. Service start dates for the LI Choice Program will normally be the first day of a calendar month regardless of the

actual date when the customer's meter is read. The letter to the LI Choice Customer will also notify the customer to contact LIPA within 5 calendar days if the information in the letter is incorrect regarding the customer's desire to participate in the LI Choice Program or if an ESCO or Aggregator identified in the confirmation letter is not an ESCO or Aggregator with which the customer has an Agreement. If the customer has not contacted LIPA within 5 calendar days, LIPA will switch the customer to service under the new ESCO, Aggregator or DRC status consistent with the information in the confirmation letter. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be switched to the new ESCO, Aggregator or DRC status until the customer issues are resolved. If the Eligible Customer notifies LIPA that the request should be cancelled, after the notification period, the switch will be reversed. If the current ESCO or Aggregator notifies LIPA that the request is not valid, LIPA will contact the LI Choice Customer for verification and then, if warranted, the switch will be reversed.

- 3.6.3 If the process of changing ESCOs, Aggregators or DRC status leaves the LI Choice Customer without an ESCO, Aggregator or DRC to provide service under the LI Choice Program for the upcoming calendar month, LIPA will switch the customer to LIPA's Bundled Service until the customer obtains the services of an ESCO, Aggregator or DRC and switches from LIPA's Bundled Service to service under the LI Choice Tariff.
- 3.6.4 Transfer of a LI Choice Customer from one ESCO, Aggregator or DRC to a different ESCO or Aggregator is not permitted without proper notice to the LI Choice Customer.
- 3.6.5 If a LI Choice Customer or DRC chooses to return to LIPA's Bundled Service, that customer must contact LIPA not less than 10 calendar days prior to the beginning of the calendar month when the return is to occur. Upon receipt of such notice, LIPA will send a confirming letter to the customer and notify the ESCO or Aggregator electronically that a return to LIPA Bundled Service will be implemented.
- 3.6.6 Whenever a LI Choice Customer makes a change in ESCOs, Aggregators or DRC status, or a LI Choice Customer or DRC returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month if proper notice has been provided to LIPA.
- 3.6.7 Fees associated with changing ESCOs, Aggregators or DRC status or returning to LIPA's Bundled Service are addressed in the LI Choice Tariff.

### **3.7 Termination or Discontinuance of Service**

- 3.7.1 Termination of Service by LIPA - LIPA may terminate service to a LI Choice Customer in accordance with its Tariff for Electric Service. LIPA will notify the ESCO and Aggregator of such termination regarding LI Choice Customers electronically. During the period of disconnection, a LI Choice Customer's ESCO is no longer obligated to secure Electric Generation Service for the LI Choice Customer, and LIPA is not obligated to provide delivery service to the LI Choice Customer or DRC.
- 3.7.2 ESCO Voluntary Discontinuance of Operations in LIPA's Service Area
  - 3.7.2.1 An ESCO may discontinue operations in LIPA's service area at will (subject to

any penalties, fees, and other requirements arising from the ESCO's contractual obligations), upon submission of a written notice to LIPA and the ESCO's LI Choice Customers at least 15 calendar days prior to the discontinuance date. Voluntary discontinuance must be effective on the first day of a calendar month. The notice to LI Choice Customers shall inform them of the following:

- 3.7.2.1.1 The date of the ESCO's discontinuance of service;
  - 3.7.2.1.2 Their option either to select another Licensed ESCO or Aggregator to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA;
  - 3.7.2.1.3 If they do select another ESCO or Aggregator, the new ESCO or Aggregator will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA to the customer;
  - 3.7.2.1.4 After the discontinuance and unless and until a new ESCO or Aggregator is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that LIPA's delivery services will be terminated on or before the discontinuance date;
  - 3.7.2.1.5 There will be no switching fee charged by LIPA to the customer for a switch back to LIPA, whether as an interim measure until a new ESCO or Aggregator is selected or as a permanent action; and,
  - 3.7.2.1.6 Whenever a LI Choice customer makes a change of ESCOs or a LI Choice customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.2.2 Within 5 calendar days of its receipt of notice from the ESCO, LIPA will send a notice to the ESCO's customers containing the same information specified in Section 3.7.2.1 above, and also providing a list of Licensed ESCOs and Aggregators.
- 3.7.2.3 If LIPA learns that an ESCO has discontinued operations in its service territory without giving the proper notice to LI Choice Customers and LIPA in accordance with the above requirements prior to discontinuing operations, LIPA shall inform the Authority of same. LIPA will then promptly provide notice of such discontinuance to all of the ESCO's customers as set forth in Section 3.7.2.1. In that notice, LIPA shall also advise the customers that effective on the date of discontinuance, their service is being provided by LIPA as Bundled Service and that payment for such service from the date of the notice until a subsequent change of ESCOs takes place must be made to LIPA.
- 3.7.2.4. If the ESCO does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuing

operations in LIPA's service area, the ESCO's license may be suspended or revoked by the Chairman of the Authority.

- 3.7.2.5. Upon voluntary discontinuance of operations by an ESCO, the ESCO shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the ESCO and LIPA. The ESCO shall also remain obligated to its LI Choice Customers for any and all sums owed them under the ESCO's Agreements with such customers.
- 3.7.2.6. Upon receipt of a change of ESCO request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an ESCO, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO or Aggregator.
- 3.7.2.7. If a more expeditious discontinuance process is deemed necessary in a specific situation, the ESCO may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.

### 3.7.3 Aggregator Voluntary Discontinuance of Operations in LIPA's Service Area

3.7.3.1 An Aggregator may discontinue operations in LIPA's service area at will (subject to any penalties, fees, and other requirements arising from the Aggregator's contractual obligations). If an Aggregator at the time has no customer Agreements with current Long Island Choice Customers it may discontinue operations in LIPA's service area upon submission of a written notice to LIPA. If an Aggregator has Agreements with current Long Island Choice Customers it may discontinue operations in LIPA's service area upon submission of a written notice to LIPA and the Aggregator's LI Choice Customers at least 15 calendar days prior to the discontinuance date. Voluntary discontinuance for Aggregators with Agreements with current Long Island Choice Customers must be effective on the first day of a calendar month. The notice to LI Choice Customers shall inform them of the following:

- 3.7.3.1.1 The date of the Aggregator's discontinuance of service;
- 3.7.3.1.2 Their option either to select a Licensed ESCO (including the one that served as the Aggregator's ESCO) or Aggregator to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA;
- 3.7.3.1.3 If they do select an ESCO or Aggregator, the ESCO or Aggregator will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA to the customer;
- 3.7.3.1.4 After the discontinuance and unless and until an ESCO is

selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that LIPA's delivery services will be terminated on or before the discontinuance date;

- 3.7.3.1.5 There will be no switching fee charged by LIPA to the customer for a switch back to LIPA, whether as an interim measure until an ESCO is selected or as a permanent action; and,
  - 3.7.3.1.6 Whenever a LI Choice customer makes a change of ESCOs or a LI Choice customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.3.2 Within 5 calendar days of its receipt of notice from the Aggregator, LIPA will send a notice to the Aggregator's customers containing the same information specified in Section 3.7.3.1 above, and also providing a list of Licensed ESCOs and Aggregators.
- 3.7.3.3 If LIPA learns that an Aggregator has discontinued operations in its service territory without giving the proper notice to LI Choice Customers and LIPA in accordance with the above requirements prior to discontinuing operations, LIPA shall inform the Authority of same. LIPA will then promptly provide notice of such discontinuance to all of the Aggregator's customers as set forth in Section 3.7.3.1. In that notice, LIPA shall also advise the customers that effective on the date of discontinuance, their service is being provided by LIPA as Bundled Service and that payment for such service from the date of the notice until a subsequent change of ESCOs takes place must be made to LIPA.
- 3.7.3.4 If the Aggregator does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuing operations in LIPA's service area, the Aggregator's license may be suspended or revoked by the Chairman.
- 3.7.3.5. Upon voluntary discontinuance of operations by an Aggregator, the Aggregator and its licensed ESCO shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the ESCO and LIPA. The Aggregator and its licensed ESCO shall also remain obligated to its LI Choice Customers for any and all sums owed them under the Aggregator's or its ESCO's Agreements with such customers.
- 3.7.3.6. Upon receipt of a change of ESCO or Aggregator request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an Aggregator, LIPA will verify the intended change of ESCO or Aggregator with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the ESCO.

- 3.7.3.7 If a more expeditious discontinuance process is deemed necessary in a specific situation, the Aggregator may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.
- 3.7.4 DRC Voluntary Discontinuance of Operations in LIPA's Service Area
  - 3.7.4.1 A DRC may discontinue operations in LIPA's service area at will, upon submission of a written notice to LIPA or enrollment with an ESCO or Aggregator and at least 10 calendar days prior to the discontinuance date. Voluntary discontinuance must be effective on the first day of a calendar month.
  - 3.7.4.2 If a DRC does not give the required notice to LIPA in accordance with the above requirements prior to discontinuing operations in LIPA's service area, the DRC's license may be suspended or revoked by the Chairman.
  - 3.7.4.3 Upon voluntary discontinuance of operations by a DRC, the DRC shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the DRC and LIPA.
  - 3.7.4.4 The customer has the option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
  - 3.7.4.5 Upon receipt of a change of ESCO request, following a discontinuance notice by a DRC, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO.
  - 3.7.4.6 If a more expeditious discontinuance process is deemed necessary in a specific situation, the DRC may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.
- 3.7.5 Discontinuance of Service by an ESCO or Aggregator to an Individual LI Choice Customer
  - 3.7.5.1 An ESCO or Aggregator may discontinue service to individual LI Choice Customers in LIPA's service area at will (except as may be otherwise provided in its Agreements with its customers and subject to its obligations under such Agreements), upon submission of a notice to those individual LI Choice Customers and LIPA at least 15 calendar days prior to the discontinuance date. The notice to LI Choice Customers shall inform them of the following:
    - 3.7.5.1.1 The date of the discontinuance;

- 3.7.5.1.2 Their option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
  - 3.7.5.1.3 If they do select an ESCO, the ESCO will file a change of ESCO request with LIPA on their behalf;
  - 3.7.5.1.4 After the discontinuance and unless and until a new ESCO is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that delivery services will be terminated on or before the discontinuance date; and,
  - 3.7.5.1.5 Whenever a LI Choice Customer makes a change of ESCOs or a LI Choice Customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.5.2 If the ESCO or Aggregator does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuance of service to the LI Choice Customer, the ESCO's or Aggregator's license may be suspended or revoked by the Chairman.
- 3.7.5.3 Upon receipt of a change of ESCO request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an ESCO or Aggregator, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO.
- 3.7.6 Involuntary Discontinuance of an ESCO's, Aggregator's or DRC's Right to Participate in Long Island Choice
  - 3.7.6.1 The Chairman may revoke an ESCO's, Aggregator's or DRC's license to participate in the LI Choice Program in accordance with the procedures set forth in the LI Choice Tariff.
  - 3.7.6.2 In the event the ESCO's, Aggregator's or DRC's license is revoked resulting in the involuntary discontinuation of the ESCO's, Aggregator's or DRC's services, LIPA will send notices to the ESCO's or Aggregator's LI Choice Customers or the DRC advising them of the following:
    - 3.7.6.2.1 Of the date of the discontinuance;
    - 3.7.6.2.2 Of their option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
    - 3.7.6.2.3 That if they do select an ESCO, the new ESCO will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA for the change of ESCO;



### **3.8 Protecting Consumers From Slamming**

All Licensed ESCOs and Aggregators shall comply with the Authority's requirements and procedures regarding consumer protections. The following enrollment procedure provides protection against slamming (i.e., unauthorized switching of customers) by requiring customer authorization records to be kept and subject to audit, requiring customer notification prior to switching, and allowing customers to notify LIPA that the switch was not authorized.

- 3.8.1 An Eligible Customer must provide a Licensed ESCO or Aggregator with its valid LIPA customer account number and the name on the customer account.
- 3.8.2 The Licensed ESCO or Aggregator shall forward the customer information to LIPA electronically.
- 3.8.3 If an Eligible Customer wishes to enroll with an ESCO or change ESCOs, the ESCO or Aggregator must inform LIPA electronically that the customer has signed an Agreement or electronically or verbally entered into an Agreement with the ESCO or Aggregator.
- 3.8.4 LIPA will send a verification letter to the Eligible Customer and the existing ESCO (if any) confirming enrollment in the LI Choice Program or a change of ESCOs or DRC status for service under the LI Choice Program. The verification letter will request that the Eligible Customer or the ESCO (if any) contact LIPA if the switch request information in the letter is incorrect.
- 3.8.5 If the Eligible Customer notifies LIPA within the notification period that the switch request is not valid, the switch will not be made. If the Eligible Customer notifies LIPA after the notification period that the request was not valid, the switch will be reversed. If the current ESCO notifies LIPA that the request is not valid, LIPA will contact the LI Choice Customer for verification and comply with the customer's instructions as appropriate.
- 3.8.6 ESCOs must report all unauthorized switches to the Authority.
- 3.8.7 ESCOs and Aggregators shall preserve records as follows: 1) at least one year from the date of receipt thereof, all written, electronic, taped verbal or third-party verification records of customer authorizations of access to the customer's historical billing information; 2) for at least 2 years from the ESCO's discontinuance of service to the LI Choice Customer, all other records pertaining to the customer, including written, electronic, taped verbal, and third-party verification records of all customer authorizations for eligibility and enrollment, changes in Agreement terms, customer information and billing data, and change of ESCO records.
- 3.8.8 In the event of an unresolved complaint or dispute between a LI Choice Customer and an ESCO or Aggregator, no records pertaining to such customer shall be destroyed until the complaint or dispute is finally resolved. In the event of an audit or ongoing investigation of an ESCO or Aggregator by the Authority, no customer records shall be destroyed until the audit or ongoing investigation is completed and the matter finally resolved.
- 3.8.9 An ESCO or Aggregator responsible for a request to change an Eligible Customer's or a

LI Choice Customer's provider of Electric Generation Service without such customer's written authorization shall pay all costs and fees incurred by such customer and LIPA arising from or related to the unauthorized change. In such cases, the ESCO's or Aggregator's license may be suspended or revoked by the Chairman.

- 3.8.10 Each ESCO or Aggregator shall maintain the confidentiality of customer information received from LIPA or the customer unless the customer has consented to the release of such information. For purposes of this section, the term customer information means information relating to the customer's energy usage history, billing history or any other information provided to the ESCO or Aggregator by the customer or LIPA.

## **4.0 ESCO, AGGREGATOR OR DRC ELIGIBILITY & COMPLIANCE**

### **4.1 General Eligibility Requirements for ESCOs**

4.1.1 An ESCO is an entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by LI Choice Customers to the LIPA system.

4.1.2 To be eligible to participate in the LI Choice Program, an ESCO must:

4.1.2.1. File a completed ESCO LI Choice License Application (including the attachments required by the form) with the Authority. The Form of ESCO License Application is contained in Attachment C.

4.1.2.2 Receive and maintain a license from the Authority and therefore become a Licensed ESCO. An ESCO may not begin to enroll customers for the LI Choice Program until it is licensed by the Authority. Upon receipt of a license application LIPA will review the application for completeness and immediately notify the ESCO of any additional information required. Within 30 calendar days of receiving a complete application, LIPA will notify the ESCO by first class mail: 1) that the ESCO has received a favorable preliminary determination regarding a license; or, 2) that the application has been rejected and the reasons why the application was rejected. If the ESCO receives a favorable preliminary determination, the ESCO will receive a license from the Authority when any required financial security has been received by LIPA. If no financial security is required, the ESCO will receive a license shortly after the mailing of the favorable preliminary determination. If the application was rejected, the ESCO may submit a new application.

4.1.2.3. Aggregate an annual LI Choice energy requirement of at least 8760 MWh prior to commencement of service to LI Choice Customers and maintain an annual energy requirement of at least 8760 MWh for the duration of participation in the LI Choice Program. Two or more Licensed ESCOs may pool their energy requirement to reach the 8760 MWh minimum annual energy requirement threshold, but one Licensed ESCO must be promptly identified to LIPA as the lead ESCO. The lead ESCO will be responsible for all transactions with LIPA including forecasting of load, scheduling procedures, and paying all charges related to the settlement processes under the terms of these Operating Procedures. If a Licensed ESCO with less than an 8760 MWh annual energy requirement increases its aggregated LI Choice Customer load to the minimum threshold and wishes to end the ESCO pooling arrangement, it must notify LIPA at least 15 calendar days prior to the beginning of the next calendar month, and demonstrate to LIPA's satisfaction its ability to comply with the 8760 MWh minimum annual energy requirement. LIPA will then initiate transactions directly with the ESCO at the beginning of the next calendar month. If a Licensed ESCO's aggregated load falls below the minimum energy requirement, within 30 calendar days thereof the ESCO must either increase its aggregated LI Choice Customer load to meet the minimum annual energy

threshold requirement or pool its load with another Licensed ESCO as described above. If the ESCO does not increase its aggregated LI Choice Customer load to meet minimum threshold requirements or pool its load with another Licensed ESCO, the ESCO's license to participate in the LI Choice Program may be suspended or revoked by the Chairman.

- 4.1.2.4 Register, as applicable, with the NERC and the NYISO.
- 4.1.2.5 Enter into applicable NYISO tariff agreements with the NYISO.
- 4.1.2.6 Obtain and retain each LI Choice Customer's written, electronic, or taped verbal authorization designating the ESCO as agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver Electric Generation Service purchased by the customer to the LIPA system.

## **4.2 General Eligibility Requirements for Licensed Aggregators**

- 4.2.1 An Aggregator is an entity that facilitates enrollment of customers in the LI Choice Program but does not perform power supply, transmission or customer service functions for the LI Choice Customer. An Aggregator must contract with a Licensed ESCO for power supply, customer service and scheduling services.
- 4.2.2 An Aggregator which seeks to enroll Eligible Customers for the LI Choice Program, or facilitate such enrollment for the purpose of transferring such Eligible Customers to a Licensed ESCO, must first become a Licensed Aggregator from the Authority if;
  - 4.2.2.1 The Aggregator will require access to the LI Choice website; or
  - 4.2.2.2 The Aggregator wishes to receive historical customer usage and billing information from LIPA; or
  - 4.2.2.3 The Aggregator wishes to enter into an Agreement with an Eligible Customer regarding the customer's participation in the LI Choice Program.
- 4.2.3 To be eligible to participate in the LI Choice Program as a Licensed Aggregator, an Aggregator must:
  - 4.2.3.1. File a completed LI Choice Aggregator License Application (including the attachments) with the Authority. The Form of Aggregator License Application is contained in Attachment E.
  - 4.2.3.2 Receive and maintain a license from the Authority and therefore become a Licensed Aggregator. An Aggregator may not begin to enroll customers for the LI Choice Program until it is licensed by the Authority. Upon receipt of a license application, LIPA will review the application for completeness and immediately notify the Aggregator of any additional information required. Within 30 calendar days of receiving a complete application, LIPA will notify the Aggregator by first class mail: 1) that the Aggregator has received a favorable preliminary determination regarding a license; or, 2) that the application has

been rejected and the reasons why the application was rejected. If the Aggregator receives a favorable preliminary determination, the Aggregator will receive a license from the Authority when any required financial security has been received by LIPA. If no financial security is required, the Aggregator will receive a license shortly after the mailing of the favorable preliminary determination. If the application was rejected, the Aggregator may submit a new application.

- 4.2.3.3 If entering into Agreements with customers, obtain and retain each LI Choice Customer's written electronic or taped verbal authorization granting the Aggregator the right to assign to a Licensed ESCO the obligations to act as agent for receiving customer billing information from LIPA, procure power supply for the customer, and procure and schedule the transmission and ancillary services necessary to deliver to the LIPA system Electric Generation Service purchased by the customer.
- 4.2.3.4 Arrange for all of its customers to be served by a single Licensed ESCO before service to its customers begins.

### **4.3 General Eligibility Requirements for DRCs**

- 4.3.1 A Direct Retail Customer (DRC) is an Eligible Customer with a minimum annual energy requirement of at least 8760 MWh that acts without an ESCO or an Aggregator to contract for and supply Electric Generation Service and related services solely for its own use and procures and schedules transmission and ancillary services to the Electric Generation Service to deliver to the LIPA system.
- 4.3.2 To be eligible to participate in the LI Choice Program, a DRC must:
  - 4.3.2.1 File a completed LI Choice DRC License Application with the Authority.
  - 4.3.2.2 Receive and maintain a license from the Authority and therefore become a Licensed DRC. A DRC may not begin to schedule resources to serve its own load under the LI Choice Program until it is licensed by the Authority. Upon the receipt of a license application, LIPA will review the application for completeness and immediately notify the DRC of any additional information required. The Authority will provide a determination of eligibility regarding completed DRC license applications within 30 calendar days via first class mail. A DRC will not be licensed by the Authority until the required financial security (if any) has been received by LIPA.
  - 4.3.2.3 Have at least 8760 MWh of its own annual energy requirement prior to commencement of service hereunder and maintain at least 8760 MWh of annual energy requirement for the duration of participation in the LI Choice Program. If a Licensed DRC's load falls below the minimum annual energy requirement, the DRC, within 30 calendar days thereof, must increase its load to meet the 8760 MWh minimum annual energy requirement or the DRC's license to participate in the LI Choice Program may be revoked by the Chairman of the Authority.

4.3.2.4 Register, as applicable, with the NERC and the NYISO.

4.3.2.5 Enter into applicable NYISO tariff agreements with the NYISO.

#### **4.4 General Compliance Requirements for ESCOs**

An ESCO must:

- 4.4.1 Comply with all applicable Authority consumer protection requirements, including the policies and procedures associated with Product Disclosure and Product Labeling and Consumer Protections.
- 4.4.2 Keep the Authority apprised of any material change in the data submitted in the ESCO's LI Choice License Application. The ESCO shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the ESCO's License Application to the Authority within 5 business days of such change.
- 4.4.3 Aggregate and maintain at least 8760 MWh of LI Choice Customer annual energy requirement or enter into a pooling arrangement with a Licensed ESCO to reach and maintain the 8760 MWh minimum annual energy requirement.
- 4.4.4 Provide LIPA with such information it deems necessary for LI Choice Program customer enrollment and selection and for termination or cancellation of ESCO service to LI Choice Customers.
- 4.4.5 Be responsible for billing and collecting from its LI Choice Customers all charges and fees associated with providing Electric Generation Service and related services under the LI Choice Program.
- 4.4.6 Respond to inquiries from LI Choice Customers regarding Electric Generation Service and related services provided by the ESCO, and refer inquiries from LI Choice Customers regarding LIPA's delivery service and any related services to LIPA.
- 4.4.7 Comply with all applicable tariffs, rules and procedures of the NERC and the NYISO, the Operating Agreement, LIPA's Tariff for Electric Service, and these Operating Procedures, as the same may be amended, modified, supplemented, or superseded from time to time.
- 4.4.8 Provide or contract for and supply sufficient installed capacity, including installed capacity reserves and losses with the attendant on-Island installed capacity and installed capacity reserves requirement to meet the requirements of the ESCO's LI Choice Customer load as more fully described in Section 5.5.
- 4.4.9 Produce or contract for and deliver sufficient amounts of electric energy to LIPA's system to meet the hourly requirements of the ESCO's LI Choice Customer load and provide for all applicable losses as more fully described in Section 5.2.

#### **4.5 General Compliance Requirements for Licensed Aggregators**

An Aggregator must:

- 4.5.1 Comply with all applicable Authority consumer protection requirements, including the policies and procedures associated with Product Disclosure and Product Labeling and Consumer Protections.
- 4.5.2 Keep the Authority apprised of any material change in the data originally submitted in the Aggregator's LI Choice License Application. The Aggregator shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the Aggregator's License Application to the Authority within 5 business days of such change.
- 4.5.3 Provide LIPA with such information LIPA deems necessary for LI Choice Program customer enrollment and selection and for termination or cancellation of ESCO and Aggregator service to LI Choice Customers.
- 4.5.4 Have (their) customers serviced by a Licensed ESCO at all times and notify LIPA 1 calendar month prior to any reassignment of service to another Licensed ESCO.
- 4.5.5 Notify their customers at least 1 calendar month prior to any reassignment of service to another Licensed ESCO.
- 4.5.6 Allow a customer to cancel their Agreement with the Aggregator, without Aggregator or ESCO charge or penalty, within 60 days of notice of reassignment of service to another Licensed ESCO.

#### **4.6 General Compliance Requirements for DRCs**

A DRC must, on an ongoing basis:

- 4.6.1 Keep the Authority apprised of any material change in the data submitted in the DRC's LI Choice License Application. The DRC shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the DRC's License Application to the Authority within 5 business days of such change.
- 4.6.2 Serve and maintain at least an annual energy requirement of 8760 MWh for its own load.
- 4.6.3 Comply with all applicable tariffs, rules and procedures of the NERC and the NYISO, Operating Agreement, LIPA's Tariff for Electric Service and these Operating Procedures, as the same may be amended, modified, supplemented, or superseded from time to time.
- 4.6.4 Provide or contract for and supply sufficient installed capacity, including installed capacity reserves and losses with the attendant on-Island installed capacity and installed capacity reserves requirement to serve its own load as more fully described in Section 5.5.

- 4.6.5 Produce or contract for and deliver sufficient amounts of electric energy to LIPA's system to meet the hourly requirements of its own load and provide for all applicable losses as more fully described in Section 5.2.

#### **4.7 Creditworthiness**

- 4.7.1 Credit Review - For the purpose of determining the ability of an ESCO or DRC to meet its financial obligations to LIPA and its service obligations to LI Choice Customers hereunder, LIPA will undertake a reasonable credit review. This review shall be made in accordance with standard commercial practices. LIPA may require an ESCO or DRC to provide and maintain in effect financial security, prepayments, an unconditional, irrevocable letter of credit, a surety bond, or corporate guaranty as security to meet its financial responsibilities and obligations to LIPA, or an alternative form of security proposed by the ESCO or DRC and acceptable to LIPA, which is consistent with standard commercial practices and which protects LIPA against the risk of non-payment. The financial security shall be based on not more than two (2) months of an ESCO's or DRC's highest projected Electric Generation Service and related services billings to all of its accounts and shall be calculated utilizing LIPA's bill credits as provided in the LI Choice Tariff. Any cash financial security deemed necessary will accrue interest at LIPA's established interest rates for Consumer Deposits.
- 4.7.2 Creditworthiness Requirements - The ESCO or the DRC or any corporate guarantor will be considered creditworthy if (a) the ESCO or the DRC maintains a Dun and Bradstreet rating of (1A2) or better, or has long-term unsecured debt securities that are, and remain, rated a minimum of BBB or Baa2 by Standard & Poor's (S&P), Moody's or Fitch's, respectively, and if applicable, the ESCO or the DRC has a satisfactory long-term payment history with LIPA as determined by LIPA in its sole discretion, or (b) the ESCO or the DRC has, as determined by LIPA in its sole discretion, a satisfactory long-term payment history with LIPA.

An ESCO or DRC that is not considered creditworthy may not participate in the LI Choice Program, unless and until it provides and maintains in effect during the term of the Operating Agreement, financial security, a prepayment, an unconditional irrevocable letter of credit, a surety bond, a guaranty, or an alternative form of security proposed by the ESCO or the DRC and determined to be acceptable by LIPA.

A letter of credit, if used, must be provided by a bank rated (A) or better by S&P's, Moody's, or Fitch's. A surety bond, if used, must be provided by a company licensed to do business in New York State and rated (BBB or Baa2 or better) by S&P's, Moody's or Fitch's, respectively. A corporate guaranty must be unconditional and in a form satisfactory to LIPA, and include responsibility for all financial obligations under the LI Choice Program, including the ESCO or DRC Operating Agreement.

- 4.7.3 Credit Limit - LIPA shall determine a credit limit for all ESCOs or DRCs. Such credit limit shall be based on the creditworthiness of the ESCO or DRC. If financial security, prepayment, letter of credit, surety bond, or corporate guaranty is required from the ESCO or DRC, then the credit limit shall be equal to the value of such prepayment, letter of credit, surety bond, or corporate guaranty. LIPA may use such information as it deems appropriate to determine creditworthiness and credit limits, including, but not

limited to, company size, credit rating, financial statements, future projections and industry trends.

- 4.7.3.1 If LIPA has established creditworthiness and a credit limit for an ESCO or DRC but the ESCO or DRC wishes to obtain a higher credit limit, then the ESCO or DRC may, in a form acceptable to LIPA, provide additional financial security, prepayment, letter of credit or corporate guaranty. The additional financial security or prepayment so made shall be added to the original credit limit for the ESCO or DRC. If a corporate guaranty or letter of credit is provided, then such guaranty or letter of credit, in the increased amount, shall replace the original credit limit for the ESCO or DRC.
- 4.7.3.2 LIPA may, in its sole discretion, modify the credit limit for an ESCO or DRC for the following reasons, among others: (1) the creditworthiness of the ESCO, DRC or entity providing the corporate guarantee changes, or (2) LIPA changes the credit limit for all ESCOs or DRCs of similar creditworthiness, or (3) LIPA reviews all ESCOs' or DRCs' loads and requests the necessary changes.
- 4.7.3.3 Requirements for financial security will be reviewed quarterly during the operation of the LI Choice Program to determine changes in an ESCO's or DRC's load and financial status. The ESCO or DRC will be notified by LIPA in writing of any additional security requirements and will be required to post same within 10 calendar days.
- 4.7.3.4 If LIPA fails to exercise any one or more of its rights under this section for any reason, such failure shall not preclude LIPA from exercising such rights later.

#### **4.8 Dispute Resolution Procedure**

The LI Choice Tariff sets forth procedures that shall be followed regarding complaints and disputes between ESCOs/DRCs and/or LIPA involving LI Choice Program requirements and performance. Each ESCO and DRC shall designate specific personnel to be responsible for responding to complaints and disputes under this process.

#### **4.9 License Suspension and Revocation**

The Chairman of the Authority may suspend or revoke an ESCO's, Aggregator's or DRC's license to participate in the LI Choice Program for violating requirements of the LI Choice Program. The procedures and criteria relating to license suspension and revocation by the Chairman are set forth in the LI Choice Tariff.

#### **4.10 Records Access, Audits and Investigations**

Requirements relating to records access, audits and investigations by the Authority and related matters are set forth in the LI Choice Tariff.

## **5.0 WHOLESALE POWER DELIVERY PROTOCOLS**

### **5.1 Overview**

Under Long Island Choice, energy deliveries will be scheduled by the ESCO as agent for its LI Choice Customers or the DRC, to LIPA's service territory. These scheduled deliveries will be based on the ESCO's or DRC's forecasted energy use by its customers. These deliveries will occur at the wholesale level.

The procurement and delivery of power to LI Choice Customers will be arranged as a wholesale transaction and consist of two components. These are:

Energy Scheduling - The ESCO or DRC will schedule energy deliveries to meet the projected consumption of its customers plus losses on the LIPA system for delivery to its customers and arrange for transmission service with the NYISO and/or transmission providers.

Delivery and Balancing - The NYISO and/or transmission providers will deliver energy to Long Island according to the ESCO's or DRC's schedule. Actual consumption that differs from the ESCO's or DRC's scheduled deliveries will be settled via the NYISO balancing mechanism.

### **5.2 Energy Requirements**

5.2.1 ESCO or DRC Load Forecast - Each ESCO or DRC, acting as the Load Serving Entity for its respective customers, will submit its customer load forecast as required by the NYISO. The format, timing and frequency of these forecasts shall be as set forth in the applicable NYISO Tariff.

5.2.2 Energy Requirements - Each ESCO or DRC must obtain sufficient energy to satisfy its energy requirements (including losses).

5.2.3 Scheduling Energy Deliveries - Each ESCO or DRC is required to submit its schedule of wholesale energy transactions to the NYISO. The format, timing and frequency of these schedules shall be as set forth in the applicable NYISO Tariff.

5.2.4 Wholesale Energy Balancing - Deviations between scheduled and actual power deliveries by the ESCO or DRC will be settled with the NYISO as provided in the applicable NYISO Tariff.

5.2.5 Actual ESCO or DRC Hourly Import Energy Data - Each ESCO or DRC wanting to participate in the Transitional Transmission Allowance (TTA) program must provide or authorize the NYISO to provide LIPA the total hourly amount of the ESCO's actual energy imports.

### **5.3 Arranging Transmission Service**

The ESCO, as agent for the LI Choice Customer, or the DRC will arrange for transmission service to deliver Electric Generation Service to the LI Choice Customers. For on-Island generation owned or contracted for by ESCOs or DRCs, the LI Choice Customer will take title

to the energy at the generator's interconnection with the LIPA system. For purchase of off-Island energy, the LI Choice Customers will take title to the energy before it is delivered to the LIPA system. ESCOs and DRCs are responsible for scheduling energy deliveries to the LI Choice Customer.

- 5.3.1 Transmission Requirement - Each ESCO, as agent for its LI Choice Customers, or the DRC is required to arrange for transmission service under the applicable NYISO Tariff. ESCOs or DRCs must register with the NYISO to qualify for access to the NYISO internal scheduling system. Scheduling of transactions external to the NYISO into the NYISO shall utilize the NERC Tag system, if applicable. The ESCO or DRC must conform with all NYISO scheduling, planning and operating requirements and practices.
- 5.3.2 Transmission Restriction - ESCOs, as agents for LI Choice Customers, or DRCs may schedule transmission deliveries to on-Island load only under the applicable NYISO Tariff. An ESCO's purchase of transmission service for its own account as principal may jeopardize the tax-exempt status of LIPA's bonds. Therefore, if an ESCO or DRC wishes to use LIPA's transmission system for non-LI Choice Program deliveries on or through the LIPA system, the ESCO or DRC must negotiate an individual agreement with LIPA pursuant to the applicable NYISO Tariff.
- 5.3.3 Transmission Payments - LIPA will bill the Transmission Service Charge (TSC) component of the NYISO OATT Tariff to the customer and the customer shall pay LIPA. The NYISO will bill all other components of the NYISO Tariffs to the ESCO, as agent for the LI Choice Customer, or DRC and the ESCO or DRC will pay the NYISO.
- 5.3.4 Transmission Congestion Contracts (TCCs) – Because congestion costs based on the NYISO reference bus are included in the Locational Based Marginal Pricing (LBMP) and because the LBMP is ultimately applied as a bill credit to the ESCO/customer, a base allocation of transmission is unwarranted.
- 5.3.5 Transitional Transmission Adjustment - The Transitional Transmission Adjustment is a mechanism for dividing among ESCOs and DRCs the Transitional Transmission Allowance. Although the Transitional Transmission Allowance is expressed in MWs, the allocation of the Transitional Transmission Allowance does not provide a physical transmission right or a right to a NYISO transmission congestion contract (TCC). The TTA incentive is funded by congestion rents LIPA collects as a holder of TCCs. Revenues from these rents will be passed on to ESCOs and DRCs according to how many MWs of TTAs they have.
- 5.3.6 Transitional Transmission Allowance Amount - LIPA may allocate up to 20 MW of Transitional Transmission Allowances to ESCOs and DRCs. LIPA may discontinue the Transitional Transmission Allowance upon the termination of the LI Choice Program or a date approved by the Authority, whichever is earlier.
- 5.3.7 Allocation of Transmission Allowance – Nine (9) megawatts of Transitional Transmission Allowance will be allocated to the residential load of ESCOs and DRCs with residential load. Eleven megawatts of Transitional Transmission Allowance will be allocated to the non-residential load of ESCOs serving the Non-Residential Customer segment and DRCs. ESCOs serving both customer segments may receive Transitional Transmission

Allowances from both the residential and non-residential allocation. In no event may an ESCO or DRC receive more TTAs than the MWs it actually imports.

- 5.3.7.1 Initial Allocation – LIPA will allocate Transitional Transmission Allowances to ESCOs and DRCs from the megawatts associated with each customer segment in proportion to the estimated amount of customer peak load served by each ESCO or DRC.
- 5.3.7.2 Capability Period Reductions – Thirty days prior to the beginning of each Capability Period, each ESCO's or DRC's Transitional Transmission Allowance shall be adjusted based on customer enrollment at that time.
- 5.3.7.3 C&I and Residential Reallocations – Of the 20 MW maximum, 11 MW will be reserved for the C&I sector and 9 MW for the residential sector. LIPA will allow for the conditional reallocation of the MWs from one sector to the other depending on enrollment levels. The condition is that these MWs may be reallocated back to their original sector when enrollment levels warrant. New allocation or reallocation back to the original sector would only become effective at the beginning of a subsequent month.
- 5.3.7.4 Capability Period Availability Adjustment – LIPA may at its discretion reduce the total amount of the Transitional Transmission Allowance as a result of a reduction in Transmission Congestion Contracts awarded to LIPA by the NYISO. If LIPA determines that less than 20 MW of Transitional Transmission Allowance is available, this lesser amount of Transitional Transmission Adjustment will be distributed to ESCOs and DRCs in the same proportionate share as if the allocation of the full 20 MW of Transitional Transmission Adjustment was available.

#### **5.4 Arranging for Ancillary Services**

Each ESCO, as agent for its LI Choice Customers, or the DRC is required to procure ancillary services pursuant to the applicable NYISO Tariff.

#### **5.5 Installed Capacity Requirements (ICAP) for the Long Island Choice Program**

ESCOs must meet the NYISO installed capacity requirements in accordance with the applicable NYISO Tariff. The Authority's Local ICAP requirement will be used until the NYISO establishes Local ICAP requirements for Long Island.

#### **5.6 Bilateral Contracts Between LIPA and ESCOs/DRCs**

LIPA may offer bilateral contracts to ESCOs from time to time on a nondiscriminatory basis. Interested ESCOs should contact LIPA for details. There may be limitations on the amount of energy available for such contracts and such contracts may be offered on a first-come, first-served basis.

## **6.0 RETAIL SETTLEMENT PROCESS**

### **6.1 Overview**

An ESCO's or DRC's actual customer load plus losses will vary from its hourly scheduled wholesale deliveries. The Retail Settlement process is part of the NYISO's Energy Imbalance Procedure which is used to charge the ESCO or DRC for under-deliveries and credit them for over-deliveries. The Retail Settlement process uses actual metered data and/or load profiles.

#### **6.1.1 Load Profiles**

For customers without interval metering data, load profiling will be used to provide estimated hourly load requirements for scheduling resources and for settlement processes. Load profiles for Phase II of LI Choice will be based on existing load profile data for all major electric rate classes. The hourly load profiles will be differentiated by season, temperature range and day type. Coincidence factors with respect to LIPA's system monthly peak hour will be provided. LIPA will continue to obtain ESCO and DRC input in the development of future load profile methodologies.

#### **6.1.2 Interval Metering Data**

Hourly interval metering data will be used for retail settlement when such metering is in place with the following exceptions:

6.1.2.1 If interval metering has been installed on a customer's account for load research purposes, the applicable load profiles for that customer will be used for retail settlement.

6.1.2.2 If a customer participates in LIPA's Peak Reduction Program, the interval metering data will be adjusted to reflect what the load would have been without the Measured DSM Program according to the program's procedures. LIPA will provide ESCOs information on which customers participate in the program and provide ESCOs and DRCs a statement summarizing the aggregate load adjustment.

#### **6.1.3 Projected Load Profile**

The Projected Load Profile will be calculated for each ESCO or DRC based on actual interval metered data for customers with interval meters and the load profiles of customers without interval metered data. The load profile will be for each hour of the month. The load profiles will be developed using the day-ahead projected peak temperature posted on the Long Island Choice web site and the customer load profiles adjusted for historic usage patterns. The profile will include losses.

#### **6.1.4 Actual Load Profile**

The Actual Load Profile will be calculated for each ESCO or DRC based on the actual interval metered data (with any adjustments for Measured DSM Programs) for customers with interval meters and the load profiles of customers without interval

metered data. The load profile will be for each hour of the month. The load profiles will be developed using the actual daily peak temperature for the day and the customer load profiles adjusted for metered customer usage. The profile will include losses.

## **6.2 Retail Settlement Process Timing**

Retail Settlement will be conducted by the NYISO in accordance with the applicable NYISO Tariff and procedures.

## **6.3 Retail Energy Reconciliation and Imbalance Charges**

Energy imbalances will be reconciled in accordance with the applicable NYISO Tariff.

## **6.4 Unmetered Service and Fast Meters**

LIPA will calculate an adjustment to the customer's bill for unauthorized unmetered service and fast meters in accordance with the Tariff for Electric Service. The customer's bill will be adjusted using the Tariff rates for Bundled Service and applying the LI Choice bill credits, to reflect the change in electricity delivered to the customer.

6.4.1 If applicable, the change in electricity deliveries will be applied to the ESCO's load and forwarded to the NYISO. Adjustments will be calculated according to the provisions of the applicable NYISO Tariffs and these Operating Procedures.

6.4.2 If the period for NYISO settlement adjustment has expired, LIPA will calculate an adjustment between LIPA and the ESCO using the NYISO's real time hourly rate or similar rate.

## **6.5 Major System Outages**

In the event of a major system outage, LIPA may, at its discretion, declare a "system emergency." Under a system emergency, LIPA may assume responsibility for scheduling all customer loads within its transmission and distribution system. If requested by LIPA, the ESCO or DRC shall allow LIPA to schedule ESCO or DRC capacity and energy resources during the emergency. A cost-based settlement for energy provided by ESCOs or DRCs and LIPA and provided to customers will be negotiated by LIPA and the ESCOs or DRCs.

## **7.0 LI CHOICE ESCO AND DRC FINANCIAL ADJUSTMENTS**

LIPA will calculate and invoice financial adjustments to ESCOs and DRCs for (1) certain energy costs (through the Bill Credit Adjustment) and (2) for certain TTA incentives which will appear as credits on invoices. Savings to LIPA resulting from NTAC (NYPA Transmission Adjustment Charge) avoided costs will be credited to ESCOs/DRCs.

## 8.0 PRODUCT DISCLOSURE

The Authority believes that LI Choice Customers should have information concerning the costs and environmental characteristics of their power supply. Therefore, the Authority requires disclosure of this information to customers through a product label.

The New York Public Service Commission (PSC) is currently developing product labeling requirements for the other New York State utilities that will be based on data obtained from the NYISO (PSC Program). The Authority anticipates voluntarily participating in the PSC Program when it is established.

### 8.1 Interim Product Disclosure and Product Labeling

8.1.1 Requirements - Prior to implementation of the PSC Program, a claims-based product disclosure process is in effect. Under this claims-based process, if an ESCO makes no claim about the fuel or product characteristics of its product, it is required to disclose to LI Choice Customers a historic 12-month average Long Island fuel mix as specified by LIPA. If the ESCO desires to make a “green” or other product claim, it is required to disclose to the customer a prospective 12-month average estimate of the fuel mix for that product along with the average Long Island fuel mix for comparison purposes. Fuel source categories included in the fuel mix disclosure are listed below:

- Biomass (landfill gas, sewage gas, urban wood waste, pallet waste, mill residue wood from primary and secondary wood products industries, harvested wood including site conversion waste wood, silvicultural waste wood, agricultural residue, and sustainable yield wood);
- Coal (steam turbine and pumped storage hydro powered by coal);
- Gas (natural gas from steam turbine, simple combustion turbine, and combined-cycle combustion turbine, LPG and pumped storage hydro powered by gas);
- Hydro (pondage and run-of-river-hydro);
- Nuclear (boiling and pressurized reactors and pumped storage hydro powered by nuclear);
- Oil (Oil steam turbine, simple combustion turbine, and combined-cycle combustion turbine, diesel, No. 2 heating oil, gasoline, kerosene, pumped storage hydro powered by oil);
- Solar (photovoltaics);
- Solid Waste (municipal solid waste, tire waste, urban wood waste such as construction and demolition and municipal solid waste wood);
- Wind (wind turbines); and,
- Unknown external purchase.

8.1.2 The Label - The ESCO is required to provide its customers a standardized label that discloses the appropriate fuel mix, both prior to customer enrollment and on at least an annual basis in the LI Choice Customer’s bill. Prior to the PSC’s Program, the Long Island average fuel mix shall be a historic 12-month average as specified in these Operating Procedures and as updated from time to time by posting on the LI Choice website by the Authority. If a “green” or other product claim is made, then the ESCO also must disclose the appropriate product fuel mix estimated on a 12-month average prospective basis.

In addition, ESCOs must disclose on the label the average Electric Generation Service price per kWh to the residential customer for monthly customer usage levels of 250 kWh, 500 kWh, 1,000 kWh and 2,000 kWh. The product label must include a plain language description of contract pricing terms. A sample label format is included in Attachment I. The Authority will approve the ESCO's standard label as part of the licensing process. Proposed changes to the standard label subsequent to ESCO's licensing will need to be filed with the Authority for approval.

- 8.1.3 Interim Verification - If a complaint about an ESCO's "green" or other product claim is received by the Authority, the Authority may investigate the complaint. Among other things, the Authority may request copies of the ESCO's power supply contracts sufficient to verify an ESCO's fuel mix. Copies of such contracts shall be provided within 10 days of the Authority's request. The Chairman may suspend or revoke an ESCO's license based on false product claims.

## **9.0 LI CHOICE CUSTOMER BILLING AND SERVICES**

Under Phase II of the LI Choice Program, LI Choice Customers may have two options regarding the way they are billed for LIPA's Delivery Services and the Electric Generation Service and any related services provided by the ESCOs.

### **9.1 LIPA's Services to LI Choice Customers**

Under both billing options LIPA will:

- 9.1.1 Deliver Electric Generation Service across LIPA's system to each LI Choice Customer location;
- 9.1.2 Respond to inquiries from LI Choice Customers regarding services provided by LIPA, refer inquiries from LI Choice Customers regarding Electric Generation Service and related services to the appropriate ESCO, and monitor customer complaints regarding ESCOs and report them to the Authority;
- 9.1.3 Respond to service interruptions;
- 9.1.4 Investigate and address power quality issues;
- 9.1.5 Provide customer service support for delivery services;
- 9.1.6 Be the Provider of Last Resort (POLR) for those LIPA customers who do not participate in the LI Choice Program, or who terminate their Agreements with an ESCO and do not designate another ESCO to provide Electric Generation Service; and,
- 9.1.7 Assist Eligible Customers in making the transition to the LI Choice Program by providing interested customers with educational materials regarding the LI Choice Program.

### **9.2 The Two Bill Option**

Under the two bill option:

- 9.2.1 The LI Choice Customer will receive two bills; one from LIPA for delivery services and any other services it provides, and one from the ESCO for Electric Generation Service and any related services it provides.
- 9.2.2 LIPA will bill and collect from LI Choice Customers charges for delivery services and any other services it provides under the LI Choice Tariff;
- 9.2.3 The ESCO will bill and collect from LI Choice Customers charges for Electric Generation Service and any related services it provides.
- 9.2.4 In billing LI Choice Customers, ESCOs must use the form of sample customer bills they provided to the Authority in their License Application.

### **9.3 The Single Bill Option**

Under the single bill option when it is made available by LIPA:

- 9.3.2 The LI Choice Customer, whose ESCO agrees to make this option available, will receive one bill from LIPA.
- 9.3.3 LIPA will bill and process payments from LI Choice Customers charges for delivery services and any other services it provides under the LI Choice Tariff, as well as the ESCO's charges for Electric Generation Service and any related services it provides.
- 9.3.4 The procedures and form of the single bill option will be defined in a contract between LIPA's billing agent and the ESCO.

## **10.0 LIPA'S BILLING AND SERVICES TO ESCOS AND DRCS**

### **10.1 Billing and Payment**

LIPA will establish a billing account for each ESCO and DRC to accumulate the debits or credits associated with fees and charges as described in these Operating Procedures and the LI Choice Tariff. Billing accounts shall be settled monthly for charges or credits in excess of \$100.

10.1.1 Payment of the full amount stated in any invoice from LIPA to the ESCO or DRC, without deduction, set-off or counterclaim, shall be made by electronic funds transfer within 20 days from the date of such invoice. Claims that any invoice is not correct shall be made no later than 90 days after the invoice date.

10.1.2 Upon the ESCO's or DRC's failure to make any payment when due, LIPA will assess a late payment charge at the rate set forth in LIPA's Tariff for Electric Service on all amounts billed. In the event there are insufficient funds for the electronic funds transfer, LIPA will charge the ESCO all applicable late payment charges, bank fees incurred by LIPA and the uncollectible payment handling charge specified in LIPA's Tariff for Electric Service.

10.1.3 Upon failure of the ESCO to make any payment when due, LIPA will give the ESCO written notice of such failure. Payment shall be made within 5 days after receipt of such notice.

### **10.2 LI Choice Customer Billing Information**

10.2.1 LIPA will make available to ESCOs, electronically, the individual energy consumption (and demand if applicable) billing determinants of the ESCO's LI Choice Customers. LIPA will indicate whether the information is based on an actual or estimated meter reading.

10.2.2 Subsequent to LIPA performing cycled meter readings, LIPA will send to the ESCO electronically a file containing the applicable billing determinants for each of the ESCO's customers, normally on the same day that such information is validated. LIPA will also electronically send current information on customer enrollment and termination, when appropriate.

10.2.3 Under the single bill option, an ESCO must return billing information to LIPA within 2 business days of receiving the meter reading information from LIPA. The billing information provided by the ESCO to LIPA must be in a LIPA approved format.

### **10.3 Special Services**

10.3.1 Any fees for special services rendered by LIPA shall be paid by the entity requesting such services. Examples of such fees would include those for special metering equipment, special meter reads, switching ESCOs, and additional customer historic usage information as provided in the LI Choice Tariff.

10.3.2 Collections from Customers - The two bill option requires that LIPA and ESCO collections be performed independently. The single bill option procedures will be described in the contract between LIPA's billing agent and the ESCO.

10.3.3 Unmetered service will be handled in accordance with Section 6.4.

## **11.0 METERING**

### **11.1 Provision of Meters**

- 11.1.1 All Electric Generation Service delivered by LIPA to a LI Choice Customer shall be measured by electric meters which shall be owned, installed and maintained by LIPA. Customers that choose to take part in the LI Choice Program may continue to use the same metering equipment and meter reading process that is in place at the time of their enrollment in the LI Choice Program. The LI Choice Customer or ESCO shall also have the option to upgrade the billing meter and metering instrument transformers (at their expense) which will then be installed, owned, and maintained by LIPA.
- 11.1.2 Customers shall own, install, and maintain all conduit and wiring systems required for installation of meters and metering instrument transformers. LIPA shall make all final connections to metering equipment. The customer may own, install, and maintain other meters and metering instrument transformers for the purpose of measuring electricity delivered, provided that it is installed on the load side of LIPA's billing meter.
- 11.1.3 LIPA retains all rights to access, read, install, remove, maintain and change meter types. If a meter change results from a change to the customers' rate code or rate structure, notification of this change will be given to the ESCO. For example, if an S.C. 2 customer's use exceeds 4000 kWh in two consecutive thirty day periods, a demand meter is installed to replace the standard meter.
- 11.1.4 A DRC or ESCO may request an upgrade of metering equipment to support enhanced functionality. A schedule of options regarding enhanced metering capabilities for upgrade of existing LIPA billing meters and the costs associated with LIPA providing and installing those options are provided for in the LI Choice Tariff. In addition, if remote access to the meter is required, the LI Choice Customer, ESCO or DRC must provide a direct-dial telephone line or wireless PCS systems maintained at its expense.

### **11.2 Meter Reading**

LIPA will retain responsibility for reading all LIPA-owned LI Choice Customer meters. LI Choice Customer billings by LIPA and the ESCOs will be based upon LIPA readings of LIPA-owned meters. LIPA's meter reading policy is outlined below:

- 11.2.1 Scheduled Meter Readings - LIPA will read customers' meters and record both kWh and kW (if applicable) using its existing meter reading routes and schedules. These schedules may be modified occasionally to meet operating needs and efficiencies.
- 11.2.2 Estimating - If no meter reading is available, or if a meter reading is not usable, estimating will be done according to current LIPA operating practices.
- 11.2.3 Access - LIPA retains all rights of access to read, install, remove, and maintain meters, or change meter types. In addition, LIPA is responsible for installing and removing anti-tampering devices on the meter. Failure by LIPA to gain access to meters at reasonable times may result in a no-access charge in accordance with procedures outlined in LIPA's Tariff for Electric Service.

11.2.4 Special Readings - Special meter reading requests by ESCOs or LI Choice Customers for the ESCOs' purposes will be performed for a fee, with at least 72 hours notice, if scheduling can accommodate such a meter reading. Rules and procedures for special meter readings and the associated fees are provided in the LI Choice Tariff.

## 12.0 CONTACTS

Any notice to be given hereunder will be deemed given, and any other document to be delivered hereunder will be deemed delivered, if in writing and (i) delivered by hand, (ii) deposited for next-business day delivery (fee prepaid) with a reputable overnight delivery service, (iii) mailed by certified mail (return receipt requested) postage prepaid, or (iv) provided by facsimile with proof of answerback.

To the Authority:

Long Island Power Authority  
333 Earle Ovington Blvd., Suite 403  
Uniondale, NY 11553  
Fax: 516-222-9137

Attention: Vice President - Power Markets

To LIPA:

LIPA  
Electric Sales & Marketing Department  
  
131 South Hoffman Lane  
Islandia, New York 11749  
Fax: (631) 436-5757

Attention: Manager - Contracts and Administration