

# Resources for Determining Total Utility Supply Cost for Customer Savings Comparison

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ESCOs that wish to offer guaranteed savings products must demonstrate their ability to calculate what an ESCO residential and small commercial customer would have paid for equivalent commodity energy supply if that customer was a full-service utility customer (the comparison utility price). ESCOs must be able to make this calculation for comparison purposes in order to ensure customers receive promised guaranteed savings. This document is intended to aid ESCOs' in accurately calculating the comparison utility price.

The comparison utility price is the product of assessing a customer's usage according to utility rates at the time of the service. Utility rates are reflected in publicly-posted tariffs. The rates needed to calculate a full-service utility bill are located in either tariff leaves or tariff statements on the Electronic Tariff System (ETS) found on the Department of Public Service's website: [https://ets.dps.ny.gov/ets\\_web/home/index.cfm](https://ets.dps.ny.gov/ets_web/home/index.cfm). Alternatively, this information can also be found on the relevant utility's own website. The tariff statements found on the Department's website that have an effective status reflect current rates. When the rates change, the prior tariff pages are cancelled and replaced by new effective statements. Cancelled pages, which reflect historic rates, remain available on the website. Specific utility rates shown on tariff statements are generally referred to using acronyms (e.g., Gas Adjustment Clause or GAC tariff statement).

The following are generic formulas that are the starting point for calculating the comparison utility price. The formulas must be adjusted to account for the relevant utility's tariffed rates. A glossary of the terms used in the formulas is also provided for reference.

## Generic Formulas:

### Gas Formula:

**Gas Supply Cost +/- Supply Cost Adjustments + Merchant Function Charge (MFC) + Revenue Tax = Total Utility Supply Charge (before Local Tax)**

### Electric Formula:

**Electric Supply Cost +/- Supply Cost Adjustments + MFC + CESS\* + Revenue Tax = Total Utility Supply Charge (before Local Tax)**

## Glossary of Formula Terms:

**Supply Cost** – The supply cost is comprised of fixed and variable components and is adjusted for distribution losses. Utilities refer to supply costs by a variety of names: Market Price Charge (MPC), Market Supply Charge (MSC), Gas/Electric Supply Charge (GSC/ESC), Gas Cost Factor (GCF), Gas Adjustment Clause (GAC), Monthly Cost of Gas (MCG). Supply costs can be adjusted for load factors and should be prorated to align with the customer's billing cycle.

**Supply Cost Adjustments** – Supply costs are adjusted mainly because the supply rates are set assuming normal weather usage and must be reconciled to either surcharge or refund customers the difference between actual weather usage and normal weather usage used to set the supply rate. Utilities

sometimes incorporate the supply cost adjustments into the supply costs and other times on separate statements, such as: Market Price Adjustment (MPA), MSCI and MSCII, and Electric Supply Reconciliation Mechanism (ESRM). Supply cost adjustments should also be prorated to align with a customer's billing cycle.

**MFC** – The MFC recovers the commodity-related costs for competitive services from a full-service utility customer. The MFC may vary each month and may include a MFC adjustment to recover or refund forecasting imbalances. Some utilities use the effective rate at the end of the billing cycle for all of the usage, and others prorate for partial months within a billing cycle.

**CESS\*** – The Clean Energy Standard Supply surcharge is added by some utilities to their electric supply charges.

**Revenue Tax** – Utilities refer to the revenue tax by different names: Gross Receipts/Revenue Tax (GRT), Gross Income Tax (GIT), Revenue Tax Surcharge (RTS), TSP, etc. The rate should be applied to the subtotal of the Supply Cost, applicable Adjustments, MFC, and CESS.

**Other Resources:**

Utilities can confirm which rates should be prorated. Retail Access **utility contacts** can be found on the DPS website:

<https://www3.dps.ny.gov/W/PSCWeb.nsf/All/CEE7BE2F6FCCF11785257687006F39DD?OpenDocument>

Link to Industry & Energy Service Company (ESCO) Competitive Market Information:

<https://www3.dps.ny.gov/W/PSCWeb.nsf/All/3F6ED8DE50C6306185257687006F3A5F?OpenDocument>