

# LOWERING COSTS BY OFFERING AN ALTERNATIVE ENERGY SUPPLIER

NYC CAN TAKE CHARGE OF ITS ELECTRICITY  
SUPPLY

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## **New York can't meet climate and affordability goals without having control over its energy.**

When it comes to shaping the cost and environmental impact of its energy service, New York City is at the mercy of its for-profit utility providers. In a 2025 inventory of the city's greenhouse gas emissions, over 70 percent resulted from use of electricity and fossil fuels in buildings.<sup>1</sup> The utilities providing this service—electricity and gas from Con Edison (ConEd) and gas from National Grid—operate as for-profit monopolies. Regulation of these utilities defaults to the state, leaving New York City a price and service taker for its energy needs.

The costs to New Yorkers of energy dependence are high: an average increase in electricity bills of 37 percent over the past five years.<sup>2</sup> Gas bills have been exploding, with average bills for ConEd customers rising 70 percent in five years and average gas bills for National Grid customers spiking 40 percent in the past twelve months alone.<sup>3,4</sup> Over 12 percent of the cost of a ConEd bill covers the utility's profits alone. New Yorkers pay the equivalent of an extra month-and-a-half of electricity use, or \$178 per year, for a profit margin that exceeds what financial analysts consider fair.<sup>5,6</sup> The consequences of these high charges are severe, with 3.6 million state residents receiving a final notice of gas shutoff and 5 million receiving a final notice of electricity shutoff in 2024.<sup>7</sup>

The City can't run on clean, affordable energy under the status quo.

## New York can increase leverage over its climate and energy future with community energy supply.

New York City should seriously investigate a community choice program, starting by revisiting its 2022 study of three pathways for implementation and intervening in the New York State Department of Public Service program review.<sup>8</sup> Nearly every U.S. city that has reached 100 percent renewable electricity did so through public power or a community choice program, not through electricity supplied by an investor-owned utility such as ConEd.<sup>9</sup> Additionally, community choice programs have typically provided lower cost electricity to consumers than other supply options.

Community choice programs allow cities to select the electricity supply for residential and small business customers. By aggregating individual users' demand and contracting for electricity from companies other than major suppliers like ConEd, community choice programs are a powerful tool for increasing clean energy supply and for negotiating favorable prices.<sup>10</sup> California has twenty-five community choice programs serving roughly 15 million customers.<sup>11</sup> Massachusetts, Illinois, and New Jersey also have meaningful programs serving millions of electric customers.<sup>12</sup>

Community choice programs in New York State are authorized and regulated by the New York State Department of Public Service, which has approved seven administrators to offer power to municipalities in the state that establish a program.<sup>13</sup> Individual residents and businesses of a municipality that adopts a community choice program may opt out of receiving their power through the program.

Like programs in other states, New York's Westchester Power delivered a greater clean energy supply to over a dozen communities in Westchester County, and with more stable month-to-month prices than the incumbent utility.<sup>14</sup> Programs in California (Marin Clean Energy, East Bay Community Energy) and Ohio (SOPEC in the city of Athens) have used aggregated revenue to fund local solar on public buildings, procure solar from local projects, and invest revenues into local economic development projects.<sup>15</sup> Due to its large population, even a single borough of NYC would have more purchasing power and leverage than the entire Westchester Power program.

Evidence suggests that well-designed community choice programs can provide more affordable and stable electricity to consumers than default grid supply options. Crucial considerations include:

- **Addressing limitations of the existing community choice program.** Two-year contract cycles caused Westchester Power to sign overly expensive supply contracts for its 2023–24 program years, due

to supply price spikes caused by the Ukraine invasion by Russia.<sup>16</sup> New York City will need to work with state regulators to improve program design to avoid similar problems of timing and short-term contracting. (Note: California's community choice program allows for longer-term supply contracts.<sup>17</sup>)

- **Buying local, buying renewable.** New York City should leverage its purchasing power to secure electricity from local renewable sources that would insulate consumers from price volatility due to fossil fuel supply. Buying direct from renewable energy suppliers would avoid the issue that plagued Westchester Power, which had purchased unbundled renewable energy credits that didn't provide insulation from wholesale grid power prices. Purchasing from local sources will also have spillover community benefits, as shown with the Sunset Park Community Solar project.<sup>18</sup>
- **Purchase power through demand reductions.** Often the least expensive electricity supply is from reduced consumption. Work with the New York State Department of Public Service to ensure New York's community choice program can pursue solutions that reduce demand, from energy efficiency to battery storage.
- **Phased rollout.** With separate boroughs, New York has an opportunity to learn as it goes, phasing in adoption across the boroughs.

Pursuing community choice energy would be a multiyear effort that could begin immediately. It would be led by the Mayor's Office of Climate and Environmental Justice (MOCEJ), but would require interagency coordination. City Council would have to pass enabling legislation to formally adopt a program, potentially with support from the Law Department to draft the legislation. Success depends on the New York State Department of Public Service preserving the program. Likely first steps would include:

- The mayor directs MOCEJ to initiate pursuit of a community choice energy program, with two key elements:
  - Coordinate intervention in the New York State Department of Public Service program review, indicating the City's interest in the continued availability of the program
  - Develop a refresh of the 2022 feasibility study, adapted to the new regulatory environment and to account for changes in clean energy deployment costs (estimated cost of \$300,000)
- MOCEJ provides a formal recommendation to the mayor and City Council to proceed

Implementation of the program would likely involve several other City departments, including advice from the Department of Citywide Administrative Services, which handles procurement of energy for municipal properties, the Office of Management and Budget to approve startup funding (although funds come via supplier fees), and the Department of Consumer and Worker Protection, which would be responsible for aiding in compliance with state rules for community choice program disclosure and consumer protection.

Key measures of success for community choice implementation include:

- **Affordability:** Can the program deliver equivalent or lower energy costs, with better price stability. Do benefits disproportionately benefit low-income consumers?
- **Clean energy and self-reliance:** Can the program deliver a greater supply of renewable energy, procured in a way that multiplies the benefits (e.g. local economic development, closing NYC fossil fuel power plants)?
- **Popularity:** Do opt-out rates remain low?
- **Program execution:** Are opt-out rates (lower = better outreach), customer complaints to the Public Service Commission, and bill costs and renewable energy content shown in City regulatory compliance findings trending in the right direction?

## Conclusion

Community choice energy is a proven approach to giving the city more control over its energy future, with an opportunity to address affordability, clean energy, and the multiplier benefits of seeking local resources to meet energy demands. With a concerted effort, the city could work with state regulators to address issues with past implementation and shape a local program that meets the city's climate and affordability needs. Under the status quo, New York City residents and small businesses are at the mercy of for-profit utility companies. With community choice, the city can give them a more local and accountable service.

## Endnotes

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