

New York State's Reforming the Energy Vision

Presentation by:
Marco Padula, Acting Deputy Director - Market Structure

**To: Executive Committee of the
*New York State Reliability Council***

May 13, 2016

TODAY'S AGENDA

- ❑ What is REV all About?
- ❑ REV Framework Order
- ❑ REV Roadmap
- ❑ REV Track Two

NYS PSC's Reforming the Energy Vision Proceeding (14-M-0101) is About:



Empowering
Customers to Better
Manage Their Energy
Use...



...through Animating
Markets for Distributed
Energy Resources...



...to Achieve Higher
System Efficiency, Lower
Environmental Impacts and
Increased Affordability.



REV's 2015 Framework Order: Overview

Business-as-usual is no longer an acceptable option for New Yorkers

CHALLENGES:

- ❑ Aging Infrastructure
- ❑ Poor System Efficiency
- ❑ Flat Load Growth
- ❑ Climate Change

OPPORTUNITIES:

- ❑ Rapidly Falling Technology Costs
- ❑ Rise of the Digital Economy and New Capabilities from IT
- ❑ Proliferation of New Business Models to Create Customer Value

Historical regulatory approach and utility business models are not well adapted to address challenges and capture opportunities



In the face of these trends, NYS PSC has set out several policy objectives for the future of NY's electricity system:



- Enhanced customer knowledge and tools to support bill management
- Market animation and leverage of customer contributions
- System wide efficiency
- Fuel and resource diversity
- System reliability and resiliency
- Reduction of carbon emissions

REV's regulatory process is a component of Gov. Andrew M. Cuomo's overall energy plan; a transformational program for NY





REV's Framework Order: Details

Establishing the Distributed System Platform (DSP):

DSP

- Intelligent Network Platform
- Obligation and Incentive to Integrate DER
- DER Providers as Customers and Partners
- Fair, Open, and Transparent Transactive Markets

DSP

Responsibilities

- Integrated System Planning
- Grid Operations
- Market Operations, Structure & Products

DSP Provider

- Utilities will be the DSP Providers
- Represents an Expansion of Existing Obligations
- Will be Supported through Track Two Business Model Changes

Engaging Customers:

- Create a vibrant digital marketplace to inform and encourage transactions
- Support low- and moderate-income customers
- Ease DG interconnections
- Increase the informational value of customer bills
- Implement key customer protections

Animating the Market:

Goal: Create market confidence and build the DER asset base in the near-term

System Data

- Distributed System Implementation Plans (DSIPs) will Provide System Planning Information
- DSP will Provide System Data at the Level of Granularity and Timeliness Appropriate for the Market
- Utilities can Charge Fees for Value-added Data Analysis

Market Power

- Utilities Cannot Own DERs Except in Very Limited Cases
- Consider Functional Separation
- PSC Monitoring & Recourse
- Create Market Oversight Committee

Early Actions

- Demand Response Tariffs
- Demonstration Projects
- Non-Wires Alternative Projects

Meeting Environmental Objectives:

Energy Efficiency

- Utility Energy Efficiency Transition Implementation Plans (ETIPs)
- NYSERDA Clean Energy Fund (CEF)

Large-Scale Renewable Program

Clean Energy Standard



REV Roadmap

REV +

- Community Choice Aggregation 14-M-0224
- Community Net Metering 15-E-0082
- Clean Energy Fund 14-M-0094
- Dynamic Load Management (DR) Tariffs 14-E-0423
- Distributed Energy Resources Oversight 15-M-0180, 15-M-0127
- Large-Scale Renewables 15-E-0302
- Low Income Affordability 14-M-0565
- Net Metering 14-E-0151
- Value of DER Proceeding Case 15-E-0751

The Framework Order Represents One Step on a Transition Path to Achieving REV Objectives:

Initial Implementation Steps



Demonstrate progress, build market confidence, answer questions needed to move forward

Utility DSIP Filings



Identify needed investments, strategies, and action plans to build the DSP market and underlying infrastructure and consider DER as alternatives to traditional investment

Track Two – Ratemaking and Utility Business Models



Translate the REV vision into specific business models, incentive rate-making and rate design strategies

Initial Implementation Steps are Underway:

- Demand Response Tariff Offerings - Statewide
- Demonstration Projects
- REV Connect – Foster Innovation
- Non-Wires Alternative Filings – RFPs/RFIs
- Benefit Cost Assessment Framework Adopted
- Value of DER Proceeding



REV's Track Two: Ratemaking and Utility Business Models

REV Track Two Goals

- ❑ Align utility earnings opportunities with customer value
- ❑ Evolve the utility business model suited to the modern economy
- ❑ Provide customers with accurate and timely value signals
- ❑ Achieve public policy objectives:
 - ❑ Reliable Service
 - ❑ Maintain a Financially Sound Utility Industry
 - ❑ Affordability
 - ❑ Environmental Goals
 - ❑ Gradualism

REV Next Steps

- Track Two Ratemaking / Business Model Order
- DSIP Guidance
- DSIP Filings and BCA Handbooks
- Community Choice Aggregation
- Value of DER Process
- Continue Development of Demonstration Projects
- Integrate REV proposals into Ongoing Rate Cases



THANK YOU