



**Reforming the
Energy Vision**

Powering a New Generation of Community Energy

Business Council for Sustainable Energy

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

CHALLENGES:

- Aging infrastructure
- Poor system efficiency
- Flat load growth
- Climate change

OPPORTUNITIES:

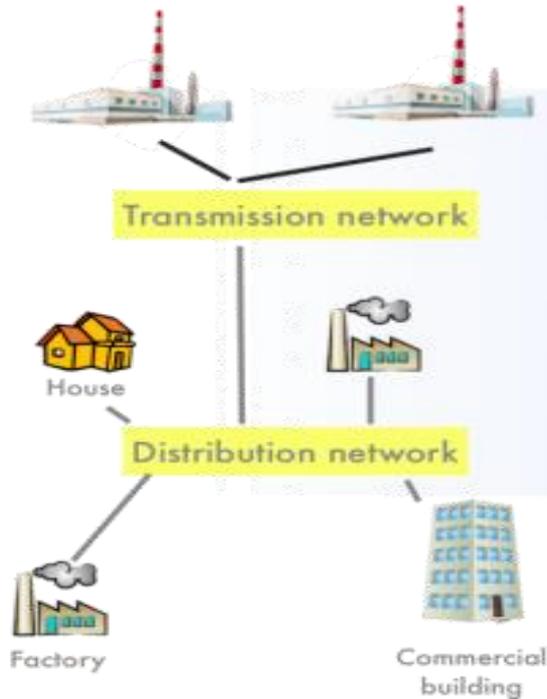
- Rapidly falling technology costs
- Rise of the digital economy and new capabilities from IT
- Proliferation of new business models to create customer value

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

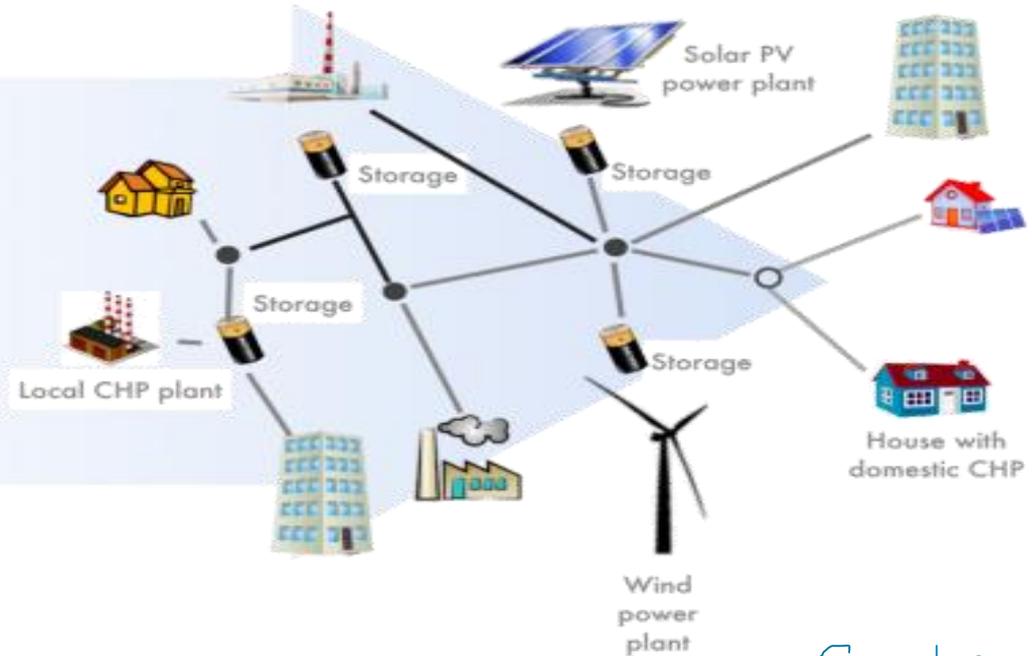


Future of Energy

Yesterday
Centralized Power



Tomorrow
Clean, local power



What – Reforming the Energy Vision (REV)

Reforming the Energy Vision — New York’s comprehensive State Energy Plan to enable self-sustaining clean energy markets **at scale**, supporting a cleaner, more reliable, and affordable energy system.

➤ What Do We Want and Need?

- ✓ Affordability
- ✓ Reliability
- ✓ Choice, Control & Value
- ✓ Clean Energy, Emissions Reductions
- ✓ Economic Development & Jobs

Pillars of REV

1. Groundbreaking Regulatory Reform

- REV Regulatory Proceeding – Tracks I & II

2. Evolution of State Programs

- Clean Energy Fund
 - New York Green Bank
 - NY-SUN

3. Leading by Example

- Using the State's Energy Assets
 - New York Power Authority (NYPA)
 - Long Island Power Authority (LIPA)

In the face of these trends, the 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 sets out our vision of a transformed electricity system that will meet these policy objectives



- Reorient the electric industry and the ratemaking paradigm toward a customer-centered approach that harnesses technology and markets.
- Use distributed energy resources as a primary tool in the planning and operation of electric distribution systems, to achieve optimal system efficiencies, secure universal, affordable service, and enable the development of a resilient, climate-friendly energy system.

1. Establishing the DSP

DSP

- Intelligent network platform
- Obligation and incentive to support 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 obligation
- Will be supported through Track 2 business model changes

2. Engaging Customers

- Create a vibrant digital marketplace (e.g., Amazon for power products) to inform and transact
- **Support low and moderate income customers**
- Ease interconnection
- Increase the informational value of customer bills
- Implement key customer protections

3. Animating the Market

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

System Data

- DSIPs will provide system planning information
- DSP will provide system data at granularity and timeliness appropriate for 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**

4. Meeting Environmental Objectives

- **Energy efficiency**
 - 2015 targets are a minimum for 2016
 - Increased flexibility and responsibility for utilities
 - Focus on market transformation curve
 - REV best practices guide to be created
- **Large-scale renewable energy**
 - New REV track (LSR track) to create options paper by June 1

Clean Energy Fund

- Ten-year, \$5 billion funding commitment to support NYSERDA's clean energy programs and tactics, designed to deliver market enabling strategies to:
 - Reduce Green House Gas emissions through efficiency and renewables
 - Increase private investment and accelerate growth in the State's clean energy economy
 - Reduce customers' energy bills
 - Provide more value to the customer

Clean Energy Fund Approach

- Enable competitive markets
- Overcome specific market barriers through temporary interventions / support:
 - **Enable market to develop trusted solutions customers can say “yes” to*
 - **Reduce soft costs—customer acquisition, project development, financing*
 - **Support technologies/market approaches as they bridge to wide-scale adoption*
 - **Accelerate the progress of those market actors already doing good work*
- Strategic use of incentives **as a bridge to a market solution**; to enable the development of market infrastructure; assist the underserved (e.g., LMI sector); maintain market stability during transitions
- **Broaden fuel neutrality**, to enable all promising solutions
- Operate in a more market- and partner-responsive manner

What to Expect

• 2015

• Groundwork

- CEF Supplemental Filing
- Stakeholder comments
- Coordination with utilities and transition plans
- Responsible and orderly transition/ ramp- down of Certain Programs
- **Ongoing Partner Engagement**

• 2016

• Transition

- Operate new programs and strategies
- Continue and refine certain programs, adjusting as needed
- **Continued partner engagement**
- Test, measure and adjust approach to all programs and strategies

How – Community Engagement

Communities are an important component of this revolution...

