NYS SmartGrid Consortium

AGRION
GLOBAL NETWORK FOR ENERGY
CLEANTECH, CORPORATE SUSTAINABILITY

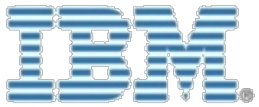
New York State Public Service Commission

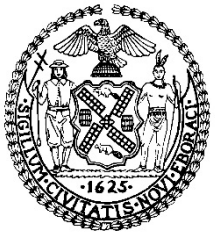
Reforming the Energy Vision:
Overview of Straw Proposal & Next Steps

September 11, 2014

NYS SmartGrid Consortium

Consortium Overview





Consortium Mission

Ongoing advocacy of Smart Grid / grid modernization

- Maintain vision of future grid
- Advocate benefits for producers, suppliers, and consumers of power
- Support initiatives that demonstrate capabilities of the smart grid
- Educate public, regulators, and policy makers
- Priorities for 2014
  - Real world projects
  - Utility of the Future
  - Strengthen research and international collaboration

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OUR VALUE CHANNELS

Communities

- Energy Storage
- Energy Efficiency
- Smart Cities & Transportation
- Smart Grid
- Climate Change
- CSR & Sustainability
- Green Building
- Renewable Energy
- Data ESG & Reporting
- Finance

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GRIDMARKET.COM

New York's go-to web platform for energy storage.

Developed via a public-private partnership with Con Ed, NYSERDA, NYC EDC & key organizations.

Centralized Information Repository Features

- Incentives
- Regulatory Policies
- Technology Matrix
- Case Studies
- Resources

Digital Marketplace Features

- Business Case Tool
- Project Map
- Business Directory
- Message Center

REV: Overview of Straw Proposal & Next Steps

Agenda

- Overview
  - Context of Straw Proposal
  - Summary of Process
  - Support for a Policy Decision

- Elements of the Straw Proposal
  - Establishing REV: DSP Market Vision
  - Enabling New Roles for Key Participants
  - Gauging Feasibility
  - Building the DSP Market
  - Mitigating Market Power
  - Implementing REV: Recommendations

- Process for Comments

REV: Overview of Straw Proposal & Next Steps

Today's Presenters

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New York State Public Service Commission

Reforming the Energy Vision
REV

Overview of Staff's August 22, 2014

Track One Straw Proposal

September 11, 2014

Overview
Context of Straw Proposal

New York State Public Service Commission

- April 2014 Order Instituting Proceeding
  - Case 14-M-0101

- Articulated six objectives for REV
  - Enhanced customer knowledge and tools that will support effective management of their total energy bill
  - Market animation and leverage of ratepayer contributions
  - System wide efficiency
  - Fuel and resource diversity
  - System reliability and resiliency
  - Reduction of carbon emissions

Overview
Summary of Process

- May 12, 2014 kick off – 259 parties
- Formation of two working groups broken into five committees
  - Markets
  - Customer Engagement
  - Platform Technology
  - Microgrids
  - Wholesale Markets
- Working group reports filed July 8
- Commission technical conference July 10
- Preliminary comments submitted on July 18

Overview

Support for a Policy Decision

- Business as Usual
- Drivers of Change
- Benefits of REV
- REV/DSP Achievability

Elements of the Straw Proposal
Establishing REV: DSP Market Vision

- Distribution System Functions Required
  - Regulated Market Operations
    - Market Operations
    - Grid Operations
    - Integrated System Planning
  - Competitive Offerings

- DSP Market Structure
  - Staff's principles for market design

Transparency	Flexibility, diversity of choice, and innovation
Customer protection and benefit	Fair valuation of benefits and costs
Reliable service and resilient system	Coordination with wholesale markets
Fair and open competition	Economic efficiency
Minimum barriers to entry	Others as determined by the Commission

Elements of the Straw Proposal
Enabling New Roles for Key Participants

- Identity of the DSP Provider

- Customer Engagement
  - Data access and privacy
  - Customer acceptance
  - Affordability

- DER Providers and ESCOs
  - Wholesale benefits resulting from expanded use of DER
  - Coordination between DSPs and the NYISO

Elements of the Straw Proposal
Gauging Feasibility

New York State Public Service Commission

- Platform Technology
  - DSP functional requirements
  - Existing utility distribution systems and capabilities
  - Technology evaluation

- Benefit Cost Analysis Framework
  - Principles to guide BCA framework development
  - Guidance on key parameters
  - Proposed process for developing BCA framework

Elements of the Straw Proposal

Building the DSP Market

- Clean Energy
- Demonstration Projects
- Interconnection Procedures
- Microgrids
- Demand Response Tariffs
- Planning REV Implementation
  - Transition and implementation planning
  - DSP platform and market vision planning

Elements of the Straw Proposal
Mitigating Market Power

- Utility Engagement in DER and Vertical Market Power Concerns
  - Advantages and disadvantages
  - Factors to consider in mitigating market power
  - Recommendations
- Interconnection
- Dispatch
- System Data

Elements of the Straw Proposal
Implementing REV

- Recommendations
  - The Commission should adopt the basic elements of the REV vision and proceed with implementation;
  - The DSP should enable broad market participation; the DSP function should be served by existing utilities, whose long-term status as DSP providers should be subject to performance reviews;
  - Customers and energy service providers should have access to system information, to make transparent and readily available the economic value of time- and location-variable usage;
  - Individual customer usage data should be made available, on an opt-out basis, to DER providers that satisfy Commission requirements;
  - Utilities should only be allowed to own DER under certain clearly defined conditions, or pursuant to an approved plan;
  - Where utility affiliates participate in DSP markets within the service territory operated by their parent company, appropriate market power protections must be in place;

Elements of the Straw Proposal
Implementing REV

- Recommendations – continued
  - An immediate process should be undertaken to develop demand response tariffs for all service territories, including tariffs for storage and energy efficiency;
  - Implementation plans should include proposals to encourage participation of low and moderate-income customers;
  - To protect consumers and reliability of service, the Commission should exercise oversight of DER providers;
  - A benefit-cost framework should be defined appropriate to three different purposes:
    - (1) utility DSP implementation plans;
    - (2) periodic utility resource plans;
    - (3) pricing and procurement of DER; and
  - As a transition toward market-based approaches to increase levels of efficiency and renewables, utilities should integrate energy efficiency into their regular operations and should take responsibility for procurement of Main Tier renewables.

Elements of the Straw Proposal
Implementing REV

- Principles
  - Collaboration
    - include stakeholders in the design and review of major functionalities, both market and technology;
  - Transparency
    - create transparency and enable access to customer and system data, within the bounds of privacy and security considerations, to support DER providers' ability to develop new business models and customer offerings;
  - Standardization
    - require an appropriate level of standardization around platform technology and standards, market design and products, and valuation frameworks such that customers and market actors can seamlessly engage with different DSPs;
  - Non-discrimination
    - design strategies to create market confidence, ensure a level playing field, and minimize the risks of vertical market power concerns that arise from the proposals that the utility be the DSP and have some, albeit limited, ability to own DER; and
  - Action-orientation
    - develop targeted and collaborative on-going planning to further develop the end-state platform and markets, and nearer-term transitional steps recommended.

Elements of the Straw Proposal
Implementing REV

- Transition Phases and Critical Path Objectives
  - Near-Term “No Regrets” Actions
  - Transitional Steps
    - Proposal for Interim Actions
    - Distributed System Implementation Plans
    - Main Tier Renewable Resources
    - Rules for system data and customer usage data
    - Demonstration projects
  - Plans for Mature Platform and Markets
    - Technical Platform Design Stakeholder Process
    - Market Design Stakeholder Process
    - Uniform DSP Plan
    - Oversight strategy and process and timeline for review of progress

- Considerations for Next Steps

Process For Comments
Track One

- Ruling Issued August 25, 2014
  - Initial comments due September 22
  - Reply comments due October 24

- Commission Decision on Track One
  - Expected first quarter 2015

Process
Track Two

- Staff options paper
  - October 3, 2014
- Round table discussions
  - October 20 through December 15
- Staff straw proposal on Track Two issues
  - January 30, 2015
- Comments
  - March 20, 2015
- Commission Decision on Track Two issues
  - Second Quarter 2015

Q & A

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