Reforming the Energy Vision Update – Track I

June 17, 2014

Activities and Accomplishments:

- **REV webpage created**: (http://www3.dps.ny.gov/W/PSCWeb.nsf/All/26BE8A93967E604785257CC40066B91A?OpenDocument)

- **Key Events Held**:

  REV Collaborative – the first collaborative meeting was held on May 12 in Meeting Room 6 of the ESP; attracted nearly 300 participants representing utilities, environmentalists, energy service companies, consumer and citizen groups, government agencies, and many more; and resulted in the identification of numerous issues currently being explored in Track 1 and Track 2 Working Group meetings. Chair Zibelman opened the meeting and REV team leads provided an overview of the REV initiative, which was followed by large and small group exercises facilitated by Rocky Mountain Institute (RMI) to identify further issues for exploration in the Working Groups.

  REV "Energy Agenda for the Future" Symposium – held on May 22 at Albany Law School featuring global, national, and state energy experts who shared their thoughts about how electric utility practices and regulatory requirements can be aligned with technological advances to achieve system efficiency, greater customer choice, and greater penetration of clean generation and energy efficiency technologies. Presenters included: Chair Zibelman; Richard Kauffman, Governor Andrew Cuomo's Chairman for Energy and Finance for the State; Patricia Hoffman, Assistant Secretary, Office of Electricity Delivery and Energy Reliability, DOE; and Jon Wellinghoff, Partner, Stoel Rives LLC and former Chairman of FERC. Other featured speakers included representatives from EPRI, Lawrence Berkeley National Laboratory, Smart Grid Consumer Collaborative, and the Pacific Northwest National Laboratory discussing drivers of change in the electric system as it relates to customers and technology. In addition, representatives from Advanced Energy Economy, the Center for Energy and Sustainable Development of West Virginia University College of Law, and the RMI discussed changing trends on the electric grid, the role of the utility and regulation, and resilience strategies for the future. Presentations from the symposium are posted on the DPS's REV Webpage and the transcript of the speakers' remarks will be available shortly.

- **Key Rulings Issued:**

  June 4, 2014 - Ruling Posing Questions on Selected Policy Issues and Potential Outcomes, Establishing Comment Process, and Revising Schedule

  May 30, 2014 - Letter Ruling Track 1 Collaborative

May 9, 2014 - Letter Ruling on Process for First Collaborative Meeting

May 1, 2014 - Ruling Issuing Track 2 Questions and Establishing a Response Schedule

May 1, 2014 - Ruling Establishing Collaborative Agenda and Working Schedule

- **Organizational Structure Implemented – Tracks 1 and 2**

Strategic Partners: For both tracks of the proceeding, Rocky Mountain Institution (RMI) and Regulatory Assistance Project (RAP) are functioning as strategic partners in managing the process, developing the agenda, and providing analytical resources.

Track 1: The first stage of the proceeding involves a collaborative process to examine the role of distribution utilities in enabling market-based deployment of distributed energy resources to promote load management and greater system efficiency, including peak load reductions. Developing strategies to engage and empower consumers will be part of this process.

Working Group 1(Markets & Customer Engagement): is charged with gathering information related to products and services, pricing, wholesale markets, third party service providers and challenges related to and opportunities for customer engagement. Working Group 1 consists of two committees: Markets & Pricing, Customer Engagement, and Wholesale Markets.

Working Group 2 (Platform Technology): is charged with identifying infrastructure needed to enable the Distributed System Platform Provider (DSPP) to integrate, monitor and control Distributed Energy Resources (DER) in real time while ensuring system reliability, increasing system resilience, maintaining system security, maximizing energy efficiency, promoting fuel diversity, and empowering customer choice and third party participation in newly-formed markets. Working Group 2 includes one committee, Microgrids and Community Grids, with numerous subcommittees.

Track 2: The second stage of the proceeding, undertaken in parallel with the first phase, but on a later timeline, is examining changes in current regulatory, tariff, and market designs and incentive structures to better align utility interests with achieving the Commission's policy objectives. Currently parties are preparing responses to extensive Staff questions on these issues; responses are due on July 18.

Track 1

Track 1 Working Group 1: DSPP Markets and Pricing Committee

Co-Conveners Selected: Tammy Mitchell, DPS; Anne Reynolds of Alliance for Clean Energy NY, Inc and Deidre Altobell of Con Edison

Objective Developed: To identify the products and services to be sold to or purchased from Distributed Energy Resources (DERs) and customers; establish a framework for valuing products and services; and determine how appropriate markets should be developed to facilitate the sale and purchase of DERs to improve electric system efficiency while considering State public policy objectives.

Committee Structure Established:

- Over 170 members
- Steering Committee, of approximately 30 members representing various sectors, to gather input from members on specified topics for discussion with Steering Committee
- Wholesale Interactions Committee to consider ISO-related issues.

Weekly meetings schedule set; meetings held

Areas of Focus Identified:

- Products/Services
- REV Market Structure
- Barriers
- Interaction with Wholesale Market

Parties are developing answers to questions related to products and services, values and pricing, and barriers to DER market entry and participation.

Developing DSPP products matrix

Track 1: Working Group 1— Customer Engagement Committee

Co-Conveners Selected: LuAnn Scherer, DPS; John Williams, NYSERDA

Objective Developed: To identify barriers to participation by all customer groups in the new markets and opportunities created by the REV initiative, and to identify and recommend solutions where appropriate.

Weekly meetings schedule set; meetings held

Began Fact Finding / Information Gathering: discussing various issues related to customer engagement; such as, barriers to customer engagement (subgroups organized by interests -- i.e. Utilities, ESCOs, etc.); parties responding to information requests related to customer engagement efforts related to energy efficiency or DER; electricity management, usage and purchasing decisions; and customer education

Track 1: Working Group 2 — Platform Technology

Staff Leads and Co-Conveners Selected: Michael Rieder, DPS and Peggie Neville, DPS
Co-Conveners: Brian Horton, Con Edison; David Lovelady, Siemens; Jim Gallagher, Smart Grid Consortium

Objective Developed: To identify infrastructure needed to enable the DSPP to integrate, monitor and control DER in real time while ensuring system reliability, increasing system resilience and efficiency, maintaining system security, maximizing energy efficiency, promoting fuel diversity, and empowering customer choice and third party participation in newly-formed markets.

Committees Created: Microgrids and Community Grids – Matthew Wallace, DPS Lead; Existing utility systems and capabilities, Platform functionalities, Standards and Protocols, and Technologies.

Weekly meetings schedule set; meetings held

Guiding Principles Established:
- Promote greater use of DER to support system efficiency
- Ensure continued system reliability, resilience, and security
- Encourage open system architectures to maximize customer and third party participation
- Promote platform standardization across utility service areas
- Platform Interface interoperability between 3rd Party provider and customers
- Achieve desired functionality while minimizing costs
- Minimize ~~–s~~tranding" of costs, while recognizing that new platforms and approaches may offer significant system and efficiency benefits
- Employ scalable and flexible technologies

Identifying Functionalities Needed:
- Bi-directional power flows
- Real time communications and control
- Real time balancing of DER
- Maximize efficiencies and participation
- Preserve system reliability
- Preserve system security against cyber threats
- Increase system resiliency
- Data management

Committees Established:
- Distribution System and Capabilities
- Standards/ Protocol — to identifying relevant standards/ protocols related to DER penetration

- Technology — reviewed the P2030 Schematic Diagram (aka Spaghetti Diagram)
- Functional Requirements — Team's goal is to identify functional requirements that are aligned with REV objectives
- Architecture Team

Developing working outline for work product

Track 1: Working Group 2 —Microgrids and Community Grids Committee

Co-Conveners Selected: Matt Wallace, DPS; Andrea Cerbin, Pace Energy and Climate Center; Tom Mimnagh, Con Edison; and Walter Levesque, DNV GL

Objective Developed: To identify technical and regulatory issues and barriers that need to be addressed to enable the development of single- and multi-customer microgrids/community grids in New York State.

Subcommittees Established: Regulatory, Economics/financial, DSPP planning, Interconnections, Ownership/control, and Societal value.

Weekly meetings schedule set; meetings held

Guiding Principles Established:
- Promote the development of microgrids/community grids
- Pave the way for the implementation of NY Prize, which may include multi-customer microgrids
- Identify any issues not already addressed in REV Report

Research Areas Identified:
- Definition of ~~"~~microgrid"
- Applicable regulatory framework in other jurisdictions
- Need for regulatory reform
- Ownership and control of assets
- Interconnection rules
- Economics
- NYSERDA reports
- The role of microgrids in DSPP planning
- Net Metering

Discussing Questions in REV Report:
- What changes in current rules (e.g., interconnection and standby rates) are needed to enable microgrids and community grids?

- What are the issues regarding the relationship between utilities and microgrids (e.g., ownership of distribution lines within the microgrid, and regulatory status of microgrid owners as sellers of power)?

- What role do microgrids play in the DSPP planning function, related to system needs as well as critical facility resilience?

- Where microgrids serve critical facilities should this be reflected in pricing of utility services?

Next Key Events/Milestones:

- July 1, 2014 - Track 1 Working Groups File Reports of Their Findings
- July 10, 2014 – PSC Session Technical Conference – Status Report of Working Groups
- July 18, 2014 – Responses Due to Policy Questions Issued June 4, 2014
- August 22, 2014 – Staff Straw Proposal – Track I
- Commission decision on Track I – 4th quarter of 2014
- Commission decision on Track 2 – 1st quarter of 2015