

May 16, 2014
E² Working Group Meeting Minutes

The E² Working Group met on May 16, 2014. The meeting was held in the 3rd Floor Hearing Room at 3 Empire State Plaza and via conference call. The following organizations participated in the call.

E² Working Group Members	Ex-Officio Participants
DPS	NYSIO
Con Edison	PSEG-LI
National Grid	Parties
NFG	
Central Hudson	
NYSEG	
RGE	
NYSERDA	
O&R	

1. Overview of Reforming the Energy Vision (REV) Proceeding

Raj Addepalli, Director of OEGW, provided an overview of the REV proceeding. The REV proceeding proposes to modernize the grid by providing customers the tools necessary to manage their own usage and improve system efficiency. Currently the electric system is designed to provide the power necessary to meet peak load which leads to underutilized capacity. REV will initiate policy outcomes that give customers a greater role in using their energy and empower behind the meter distributed energy resources (DER) which includes energy efficiency, demand response and distributed generation.

The REV proceeding has two tracks: Distributed System Platform Provider (DSPP) and Regulatory Changes and Ratemaking Issues.

- **Track 1** - DSPP – is looking at creating a flexible platform to improve system efficiency by integrating wholesale markets, products and services, and providing opportunities for customer engagement. There are some common elements across utilities but there needs to be some flexibility to tailor to the different utility territories.

Schedule July 10, 2014 Staff Status Report to Commission
August 2014 Straw Proposal

- **Track 2** – Regulatory Changes and Rate Making - What regulatory tools are needed?
 - Rate term duration
 - Incentives
 - Benefit/ Cost analysis

Schedule Mid-July 2014 Straw Proposal followed by collaborative discussions
September 4, 2014 Staff Status Report to Commission

Discussion:

PAs expressed concerned about maintaining a smooth transition from the current EEPS 2 programs into the new paradigm.

Staff stated that REV/EEPS dovetailing, timing and transitioning is a priority and Staff recognizes issues associated with uncertainty.

PAs asked why the positive utility incentives in the EEPS proceeding were not discussed in the REV order

Staff responded that the reference to lack of positive incentives in the EEPS Order was in the context of the traditional rate cases. REV envisions this moving forward.

PAs felt that a breakout session for EEPS programs could have been valuable at the May 12 Collaborative meeting

Staff explained that energy efficiency falls under the umbrella of products and services and will be discussed in that working group.

PAs brought up that in the context of REV, utilities may forego MWh reduction in order to achieve MW reductions.

Staff explained that there will need to be a balancing of the different goals of system efficiency and emission reductions

Staff announced that the REV symposium will be held on May 22, 2014.

2. Clean Energy Fund (CEF)

NYSERDA and Staff have been directed to develop a proposal for a CEF that takes into consideration the activities of Green Bank, NY-Sun and REV. The E² Working Group will assist in deciding what EEPS tools will be of value and have a role in the future. The CEF order, issued May 8, 2014, eliminated the requirement for an Action Plan and June 1 deadline. Staff explained that there will be a transition period from the current EEPS 2 programs to the energy efficiency programs under a utility's REV proposal. Staff also explained that utilities' and NYSERDA's programs will need to change focus, and utilities should begin looking at what they need in order to get EEPS programs through to their next rate plan.

- NYSERDA will put forth a stakeholder outreach plan and schedule in early June
- Proposal for CEF is due by August 13
- Total annual collections contains a budget cap that shows a decrease over the time period 2016-2020

Sarah Osgood, NYSERDA, is the point person for the CEF proposal. A discussion was held about the potential need for one-on-one or group meetings with both NYSERDA and the PAs. Sarah can be reached at: SJO@nyserda.ny.gov. Please copy Caroline Reuss, NYSERDA, at CHR@nyserda.ny.gov on any email as she is working with Sarah to pull the plan and schedule together.

3. Discussion of 3/5/14 meeting minutes – there were no changes proposed for the 3/15/14 meeting minutes.

4. EEPS I Utility Shareholder Incentives

Staff announced that a proposal based on PA submitted data is currently being reviewed and Staff expects the proposal to be SAPA'd in the next couple of months, and is targeting a decision by the end of the year. The proposal will include recommendations for payment of shareholder incentives.

5. Subcommittees Updates

Evaluation Assessment Subcommittee

Staff announced that it is working towards issuing a report this summer. Approximately \$77 million has been spent or encumbered for evaluation activities. Staff is currently working with the subcommittee on inventorying the evaluations that are out there and developing a way to share the information. Staff noted that evaluations that have not been started or are in early stages may be terminated or modified based on the changing environment. A meeting will be scheduled to determine priorities, both within a company and collectively, as well as to integrate the program implementation side into the evaluation. Staff proposed using the afternoon of the next E² Working Group meeting for this purpose.

Technical Manual Subcommittee

Staff announced that a revised TRM should be published by June 30, 2014. The revised version will incorporate all changes made through the TRM subcommittee process and edits for consistency. Staff stated that it is moving forward with obtaining a TRM contractor, and that NYSERDA will be assisting with procuring the contractor, Staff is hoping for one or two contractors at most. A draft scope of services was sent to the E² Working Group contact person via email on 5/15/14. Comments on the scope of services should be provided to Bob Roby at Robert.Roby@dps.ny.gov by Friday, May 23, 2014.

Staff initiated a discussion to begin to get a sense of how important the TRM is to PAs, the extent to which PAs use the TRM in custom projects, and whether they anticipate its continued use in the future.

- With the exception of NYSERDA, PAs commented that they find the TRM a valuable tool and will continue using it in the future. NYSERDA stated that because most of its projects use custom measures and a whole building approach, it relies less on the TRM.

Ancillary Savings – Not all PAs are reporting ancillary savings and those that are calculating the savings are not calculating them in the same way. Joni Fish-Gertz (NYSEG/RGE) will initiate a group to gather preliminary information on ancillary savings that includes: 1) If PAs are capturing ancillary savings and 2) what guidance should be developed to determine how ancillary savings will be calculated.

Staff needs the E2 Working Group to help prioritize the efforts that we would like to pursue moving forward.

6. Database and June Report

Staff is in the process of getting the database contract modified and the modification will not be in place in time for the June report. Therefore, Staff is requesting that PAs file the monthly data for January, February and March for the June 30 deadline.

7. Forecasting and Ratemaking

Dave Westman (Con Ed) expressed concern about how to reflect forecasting and load growth in rate plans without knowing what the future holds.

Staff explained that business as usual is not the best option to maintaining the current EEPS programs. The EEPS program will morph, and utilizing a total risk aversion is not what Staff is looking for. Staff stated that PAs should expect less guidance from Staff in developing proposals that identify individual utility's system efficiency.

PAs emphasized that the TRM will continue to be useful and will have an impact on system calculations and needs to be as accurate as possible.

PAs stated that one big barrier in forecasting is incorporating NYSERDA's programs into forecasts since they have saving goals in the utility service territories.

Staff stated that there definitely needs to be a mechanism to get service territory specific savings from NYSERDA to incorporate forecast and that issues will need to be addressed as it will be essential for handling the move to REV.

8. Housekeeping Items

Agendas, meeting meetings and subcommittee notes will be posted to the E² Working Group website at: <http://www3.dps.ny.gov/W/PSCWeb.nsf/ArticlesByTitle/96006876D01739B785257C85005A58E3?OpenDocument>

Lisa Rosi will canvass chairs of subcommittee to determine if any subcommittee meetings will be scheduled in the afternoon after E² Working Group meeting.

Comments on meeting minutes can be sent to Lisa Rosi at Lisa.Rosi@dps.ny.gov or discussed at next meeting.

9. Upcoming Meetings Date/Time

Due to conflicts with the REV proceeding activities, the June 4th meeting will not be held. The next E² WG meeting will be July 15, 2014 in the 3rd floor Hearing Room

Staff questioned the necessity of monthly meetings, especially with all the proceedings that are currently taking place.

All PAs stated that the E2 Working Group meetings are valuable and recommend they continue to take monthly.

10. Input from Observers

Dan Zaweski of PSEG-LI stated that he has been working on capacity basis for a few years now and their REV filing is due July 1. He expressed his appreciation that PSEG-LI has a seat at the table.

Next E² Working Group Meeting is scheduled for July 15, 2014 at 10:00am
3rd Floor Hearing Room
Call in number: 866.394.2346
Conference Code: 1614319786