

PUBLIC SERVICE COMMISSION

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MONTHLY SESSION

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90 Church Street, 4th Floor  
New York, New York 10007

July 16, 2015  
10:31 a.m.

FOR THE COMMISSION:

Audrey Zibelman, Chair  
Patricia L. Acampora  
Diane X. Burman  
Gregg C. Sayre

OLGA RAPTIS - Reporter



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1 MS. ZIBELMAN: Good morning, everyone. Welcome to New York  
2 City, and particularly Mr. Van Ryn, I'm so glad to see you here.

3 MR. VAN RYN: Hey, I got to sleep; I got my cup of coffee.  
4 Everything is good.

5 MR. SAYRE: Good.

6 MS. ZIBELMAN: I'd like to call the session of Public  
7 Service to order. Secretary Burgess, are there any other  
8 changes to the final agenda?

9 MS. BURGESS: Good morning Chair and Commissioners. There  
10 are no changes to the agenda this morning.

11 MS. ZIBELMAN: Good. Let's get started then. The first  
12 item for discussion today is item 201 and that is the NYSERDA  
13 Petition to Provide Capitalization for the Green Bank.

14 Peggie Neville, who is Deputy Director of the Office of  
15 Clean Energy, is going to be presenting. Peggie, welcome.

16 MS. NEVILLE: Thank you.

17 Good morning Chair Zibelman and Commissioners. Today I  
18 will be presenting Item 201 in Case 13-M-0412. This item  
19 addresses the Petition of the New York State Energy Research and  
20 Development Authority, NYSERDA, to complete capitalization of  
21 the New York Green Bank.

22 New York Green Bank is a State sponsored specialty finance  
23 entity working in partnership with the private sector to drive  
24 investment into New York's clean energy market. New York Green  
25 Bank represents a key component of New York's integrated energy

1 policy and strategy focused on adjusting gaps and barriers in  
2 those markets so that participants gain the confidence needed to  
3 finance proven scalable technologies.

4 New York Green Bank is designed to effectively leverage and  
5 recycle public dollars into subsequent clean energy investments.

6 In its December 19th, 2013 order, the Commission  
7 established the New York Green Bank and authorized the  
8 reallocation of a total of \$165.6 million of uncommitted NYSERDA  
9 and utility clean energy funds. At that time NYSERDA also  
10 provided \$52.9 million of regional greenhouse gas initiative  
11 funds, for a total initial capitalization of \$218.5 million.

12 The December 2013 order also required NYSERDA to develop a  
13 series of plans and processes to effectively design and operate  
14 the New York Green Bank. These were all completed on time and  
15 in compliance with commission directives.

16 On October 30th, 2014, NYSERDA filed a petition requesting  
17 the commission authorize the allocation of \$781.5 million to New  
18 York Green Bank in order to complete its planned \$1 billion  
19 capitalization. The petition proposed this amount to be  
20 provided in five installments of \$195.375 million annually  
21 beginning in 2015. NYSERDA proposed the 2015 allocation be  
22 funded through available cash balances and existing NYSERDA clean  
23 energy accounts to be replenished through future incremental  
24 collections.

25 The remaining annual installments in 2016 through 2019 were

1 proposed to be funded through incremental collections for which  
2 authorization is requested in NYSERDA's clean energy fund  
3 proposal in Case 14-M-0094.

4         Additionally, NYSERDA requested the Commission permit New  
5 York Green Bank to invest in any technology considered in the  
6 Generic Environmental Impact Statement issued in the reforming  
7 the energy vision and clean energy fund proceeding given that  
8 New York Green Bank is an important component of the State's  
9 integrated strategy.

10         Comments were received from more than thirty individuals  
11 and organizations. Twenty-two of the commenters were fully  
12 supportive of the petition. The remainder focused their  
13 concerns and/or opposition on four primary issues. First, the  
14 level and timing of additional capitalization; second, the  
15 source of funding for additional capitalization; third,  
16 increased transparency and accountability for the New York Green  
17 Bank; and lastly clarification on the expanded scope of eligible  
18 technologies.

19         The draft item before you seeks to balance continued  
20 support and commitment to New York Green Bank while avoiding a  
21 premature allocation of funds or additional collections prior to  
22 the Commission's consideration of the clean energy fund  
23 proposal. The draft order recommends actions solely on the 2015  
24 allocation at this time. The full \$1 billion dollar  
25 capitalization and any future collections are not addressed in

1 this order and should be considered in the clean energy fund  
2 proceeding.

3 A key indicator of New York Green Bank's early success is  
4 the robust pipeline it has developed. New York Green Bank  
5 issued its ongoing request for proposal on February 5th, 2014.  
6 Through June 12th, 2015, it has received requests from the  
7 private sector for New York Green Bank Capital of \$734 million,  
8 representing approximately \$3 billion of total investment.  
9 These requests span all, new and used customer segments, and  
10 represent a broad range of geographic and technological  
11 diversity. Of these proposals 569 million have passed the New  
12 York Green Bank scoring committee criteria, and New York Green  
13 Bank is actively negotiating \$338 million of transactions. This  
14 strong market response demonstrates the value of New York Green  
15 Bank, as well as the potential for demand to exceed New York  
16 Green Bank's current available capital.

17 With regard to the level of timing and funding source for  
18 the additional capitalization, certainty of capital availability  
19 to support continued development of New York Green Bank's  
20 pipeline is critical to enabling New York Green Bank to meet its  
21 objectives, as well as building and retaining market confidence  
22 in New York Green Bank. Staff recommends the Commission support  
23 New York Green Bank's growing momentum by providing a 2015  
24 allocation of \$150 million to be reallocated from uncommitted  
25 SBC3, SBC4, EEPS1 and RPS funds.

1 To avoid the prospect of overcapitalization, the  
2 reallocation is conditioned upon New York Green Bank  
3 demonstrating \$150 million of previously authorized funds have  
4 been committed to New York Green Bank investments. This amount  
5 represents approximately 75 percent of New York Green Bank's  
6 current capitalization, net of administration cost recovery fee  
7 and evaluation.

8 This demonstration will be made in a compliance filing  
9 detailing all executed agreements including identification of  
10 clients and partners, a description of the transaction and  
11 dollar amount and date upon which the commitment was made.

12 This compliance filling will prevent the premature  
13 allocation of funds without impeding New York Green Bank's  
14 ability to negotiate and approve transactions. As stated  
15 previously, future allocations and associated collections to New  
16 York Green Bank will be considered as part of the clean energy  
17 fund proceeding.

18 The recommendation before you provides certainty to  
19 potential private sector partners and maintains the momentum New  
20 York Green Bank had built to date, while utilizing funds already  
21 selected but currently uncommitted, requiring no new collections  
22 at this time.

23 Staff believes many of the transparency and accountability  
24 concerns raised by commenters will be addressed by the recent  
25 enhancements to the information provided in New York Green Bank

1 quarterly reports, the information staff is recommending be  
2 included in the compliance filing demonstrating the commitment  
3 as just described and ultimately by the information that will be  
4 provided in the transaction profiles as detailed in New York  
5 Green Bank's Evaluation Metrics and Reporting Plan.

6 These transaction profiles will be completed upon closing  
7 upon each transaction posted on New York Green Bank website and  
8 included in the corresponding quarterly reports. They will  
9 include the form of the investment, the location type of client  
10 or partner organization, summary of financial market objectives  
11 and barriers addressed, technologies involved, planned energy  
12 and environmental metrics, planned market characterization  
13 baseline, and market transformational potential and proposed  
14 method of outcome and impact evaluation and timeline.

15 With regard to the expansion of eligible technologies, this  
16 issue should appropriately be considered holistically in the  
17 clean energy fund proceeding. To support such a review, NYSERDA  
18 indicated in a letter dated July 9th, 2015, that they will  
19 propose clean energy fund eligibility rules for consideration  
20 and comment in the clean energy fund proceeding.

21 At this time New York Green Bank will continue to be  
22 subject to the eligibility rules created in the initial  
23 capitalization order issued December 2013. As laid out in that  
24 order, investments made pursuant to the requirements must  
25 contribute to green house gas reductions in support of New

1 York's clean energy policies. This concludes my presentation on  
2 the New York Green Bank item.

3 MS. ZIBELMAN: Thank you, Peggie. And, by the way, I note  
4 we have a number of our colleagues in Albany so hi guys.

5 This is like one of those, you know, debates, when they  
6 have the presidential debates and people wave at you and all  
7 that -- or a reality show, maybe we're it. So first of all,  
8 Peggie, thank you and thank you, Colleen.

9 Also, I know that both of your staffs as well as Ted Kelly  
10 and others have worked long and hard on this so, I think, in  
11 terms of going through the issues and trying to come up with,  
12 really, the right balanced solution you guys have done a  
13 wonderful job.

14 And I also appreciate -- I know the efforts you've made to  
15 make sure that all the information got in front of the  
16 Commission.

17 I also want to note our appreciation as well to the Green  
18 Bank personnel who spent a lot of time with staff and  
19 commissioners, to make sure that we all understood and I  
20 appreciate that. I think that from the standpoint of Green Bank  
21 in general when we first established it we saw the value of  
22 having these types of financial tools as really -- as I would  
23 call -- the execution plan around the REV writ large strategy  
24 that Governor Cuomo initiated.

25 And since that time, you know, it's become pretty clear, if

1 you take a look at what's happening in Green Banks across the  
2 world, that the vehicle of having government supported finance  
3 funding to compliment activities happening in the private market  
4 and doing just what we have hoped, which is they are increasing  
5 the leverage capability of public capital with private capital  
6 and getting to where we would like to go, which is making sure  
7 that investments in clean technology both has the ability to  
8 increase scale and economic sustainability as well as  
9 environmental sustainability, so in terms of using public  
10 dollars it has a huge rebound positive effect.

11 And clearly we see that the private markets are responding  
12 very favorably to Green Banks and also particularly our Green  
13 Bank. I think, Peggie, you listed some of the successes that  
14 the Green Bank has had and really to measure any success of any  
15 start-up really, really, as I look at it, is the pipeline.

16 And the pipeline of Green Bank is extremely strong and, as  
17 you've said, you know, if we take a look at it and we look at  
18 the amount of activity that's happening, it even far exceeds  
19 what they would have for total funding. So clearly we're in  
20 very good shape.

21 So the challenge for us, of course, when thinking about  
22 these things is making sure that we are balancing all potential  
23 competing interests and one interest, for me, is really making  
24 sure that we were not going to be disruptive and I didn't  
25 want -- we didn't want Green Bank to be put in a position where,

1 in fact, they would have to turn away deals because they didn't  
2 have funding. That would be very disruptive, but not only that,  
3 not only would it be bad for an initial deal, it would signal to  
4 the market something that we wouldn't want to signal, which is  
5 lack of full commitment. And so I thought that we needed to  
6 address that.

7 At the same time, we certainly don't want to pre-fund  
8 activities if they're not going on and I think the balance that  
9 we've struck in terms of funding the \$150 million but making  
10 sure that 75 percent commitment was there, gives us -- give me,  
11 anyway, the feeling, the comfort level, of making sure that the  
12 dollars are going to be put to work.

13 One of the things is that you just don't want capital  
14 sitting there, you want it working, and I think we've created  
15 that, the order suggests that balance. The third is really the  
16 issue of transparency and there the issue is not just what's in  
17 quarterly reports, but more importantly that we have an  
18 opportunity as the Commission to actually see -- and everybody,  
19 all the stakeholders, we're not the only stakeholder in this --  
20 when the deals get done, what are they, what's happening, how  
21 are we measuring success, are we hitting it because for  
22 everything we do we want to make sure that we take every  
23 experience and we use it to learn.

24 So for all that when I look at the balance set in the order  
25 and while I know there were some concerns raised by

1 stakeholders, I think that, you know, clearly we can't argue  
2 against a success that's happening. And it's clearly gaining  
3 momentum and it would be the worst thing of all for us not to  
4 support that now. So I think that becomes apparent.

5 And the other elements, I think really create the right  
6 balance of making sure that we can move this forward, so for  
7 that I feel very good about the order.

8 Again and I'm very appreciative and I know of all the extra  
9 work that went into this and I intend to support it, so thank  
10 you.

11 Any further comments, questions from any other  
12 commissioners?

13 Mr. Sayre?

14 MR. SAYRE: I support this item. I think it builds in  
15 sufficient strings so that we will continue to be assured that  
16 this use of funding is in the public interest. So I look  
17 forward to seeing more Green Bank successes the next time this  
18 comes back to us.

19 MS. ACAMPORA: I agree with the Chair and with Commissioner  
20 Sayre. I'd like to really again thank the Green Bank people for  
21 their excellent presentation to us so that we are prepared to  
22 discuss this today.

23 And I think we've learned a lot from EEPS and one of the  
24 areas that was always a concern was M&V for me, so I know that I  
25 guess it was, the ISO was concerned about how we were going to

1 -- if we were going to have a scorecard, you know, with Green  
2 Bank and, you know, how are we going to be more efficient in  
3 making sure that if a certain entity that has been chosen all of  
4 a sudden falls off the board, you know, how do we get this fixed  
5 and how do we move on, you know, once you've invested in a  
6 company and if something happens, you know, how quickly do you  
7 stop that and say, you know what, this is just not going to work  
8 and we don't want to make any more investment in that and we  
9 move on from this. So that's my question.

10 MS. NEVILLE: Thank you.

11 I think one of the things that parties and certainly staff  
12 as well are very interested in is the transaction profiles that  
13 I discussed.

14 In the metrics evaluation and reporting plan that the Green  
15 Bank filed last year, it detailed the types of information that  
16 it will include when upon the transactions are actually closing.  
17 So at that point we are going to see very clearly for each  
18 individual deal what are the metrics for that particular deal,  
19 what is the plan for measuring that and the timeline -- because  
20 part of your question too is what's the timeline of being able  
21 to know when something may be off.

22 And so I think those transaction profiles as deals close  
23 and we see the first one coming through, staff will be working  
24 with New York Green Bank team to make sure the level of detail  
25 that's provided there is sufficient for us so that we can be

1 looking at those, but because of the nature of the work of the  
2 Green Bank, I think each transaction itself is very unique and  
3 different so those transaction profiles gives that level of  
4 insight by transaction, if you will, for stakeholders and staff,  
5 and the Commission to see that.

6 MS. ACAMPORA: And, I also think, you know, let's not  
7 repeat the mistakes of the past and let's keep the Commissioners  
8 involved with regard to projects and, you know, where they are  
9 and, you know, what stages that they are so it's not as if, you  
10 know, okay, we're going to do this today and then everything  
11 falls off the cliff and we never know what's going on again. I  
12 think that's really important, to keep those lines of  
13 communication open.

14 And I agree with the Chair as far as this fits perfectly  
15 with what we're trying to do with the REV proceeding. It sends  
16 a strong message for investment into New York and I will be  
17 voting in favor of this because I think it's a policy that we  
18 need to move forward with. Thank you.

19 MS. ZIBELMAN: Thank you. Commissioner Burman, just a  
20 minute, I just wanted to note something.

21 So at our request, actually, or I think at Green Bank's  
22 offering, all commissioners had individual briefings, so I just  
23 didn't want people to think they missed this meeting. These  
24 were individual discussions that each of us wanted to have to  
25 get an update and Green Bank accommodated that.

1           And in response to Commissioner Acampora, I think -- I also  
2 echo that. I think that this is new enough for all of us but  
3 more importantly we always want to pay attention, but with this  
4 in particular I think we all want to watch it and I know that  
5 this is something that is also a concern but certainly the  
6 NYSERDA board is focused on as well so I believe that continual  
7 updates -- and I know from the conversations we had -- or I had  
8 had, that the Green Bank folks definitely want to come in and  
9 they're very excited about what's going on so any opportunity  
10 for them to reveal that and talk to us is actually welcomed but  
11 it's good idea. Commissioner Burman? Thank you.

12           MS. BURMAN: Thank you. So I support the initiative of the  
13 Green Bank and believe in the effort to accelerate deployment of  
14 clean energy projects by removing the barriers in financing, and  
15 that is both very important, and it's very critical that we do  
16 that and very timely.

17           I look at the Green Bank, though, and look to other Green  
18 Banks for history and perspective, and in doing that research I  
19 see that they're all different. It does not mean that that's,  
20 you know, that we can't fit certain things in with others, but I  
21 think it's a recognition that we have to look to what works for  
22 our State, and by looking at what's being done in other States  
23 in the Green Bank, and then others that may come, I think it  
24 helps us in fine-tuning what we're doing and what we're working  
25 on with the Green Banks.

1           So to the extent that there is not an apples to apples  
2 comparison from one Green Bank to another, I think we have to  
3 recognize that when we're looking for, we're not looking  
4 necessarily to match up one particular program that might work  
5 -- that may be called the same thing, but work in that State --  
6 but we can look to those to see what some of the pros and the  
7 cons are and how that might fit or be able to be fixed to fit in  
8 our State.

9           The Green Bank is just one initiative of many in the  
10 reforming energy vision and actually on page 69 through 109 of  
11 the State Energy Plan, it does list out all of the different  
12 initiatives. There are actually forty-three, so this is 1/43rd  
13 of the initiatives. But it's a very important initiative.

14           So when I look at it, I need to determine what are we doing  
15 to help complement a program that has the potential to be  
16 successful. So when we initially authorized the release of  
17 monies -- and no new monies, they're all monies that are already  
18 preexisting within NYSERDA from other programs -- there was a  
19 recognition that we were going to be looking to start up  
20 something and to get going. There have been some blips along  
21 the way in terms of, I think, the folks are still waiting to see  
22 some closed transactions.

23           So what I come away with is that initially the Green Bank  
24 NYSERDA was looking for a complete authorization for all of the  
25 monies that they wanted for the Green Bank, but I think they

1 heard the message loud and clear from stakeholders that there  
2 was still more work to be done before there was a discussion and  
3 decision point on what we would do with that.

4 And that was really flushed out in the clean energy fund  
5 supplement and I think that to me was a recognition that they  
6 were sending a message to us that they were not looking to just,  
7 you know, take all the monies and not have some sort of  
8 accountability and transparency, but that they were trying to  
9 now explain some of the decision points.

10 Also looking at all of the different reports, you see a  
11 progression from the first report filed to the last, which was  
12 the annual report, of a further explanation and further changing  
13 of what exactly they were reporting. It wasn't that they were  
14 changing what they were doing, but they were trying to be  
15 responsive to some of the concerns and questions. I think  
16 that's healthy, I think that's robust.

17 I, as a regulator, look and say that I don't want to be a  
18 barrier to effective programs that help our State. I actually  
19 want to help to break down those barriers. And so when I look  
20 at this I say -- I see on the record, the evidence on the record  
21 from staffs' analysis, from the Green Bank's analysis, and from  
22 stakeholders in the process who have submitted comments, is that  
23 they are concerned that there needs to be maintenance of  
24 significant funding levels so that they see this is a real and  
25 viable program. And we're hearing that from the folks that

1 filed comments, that they need to have some more regulatory  
2 certainty. So it's not a leap of faith that I take when I say  
3 that I understand that now is the critical point, or at least,  
4 of seeing from the records, that is a critical point.

5 So for me the leap of faith that I'm taking is that I  
6 believe that if we're going to have a viable program, we need to  
7 be able to give them the tools to do that. There are no new  
8 funding that is being taken at this point, that will be a  
9 decision for in the clean energy fund and I'm sure there would  
10 be a robust discussion, but it does, it does mean that we have  
11 to look at the existing funding that we have and make sure that  
12 we are complementing all the different programs and also during  
13 this transition phase, effectively making sure that what we are  
14 doing is going in the right direction. So when I support this,  
15 it is because there are certain backstops that are being done to  
16 ensure that the monies are not just brought to NYSERDA, diverted  
17 from other programs and then not accelerated out the door. And  
18 those backstops are something that I think are very important.  
19 I am going to concur rather than vote with others for it because  
20 I think that we could go a little further.

21 However, I do think that it is a very thoughtful process  
22 and it's very much the right direction. So it's not that I  
23 disagree, it's just that I see that we may -- you know, I'm a  
24 little bit more cautious, as my nature is. So from my  
25 perspective, one of the things that I see is a recognition that

1 this is sort of the next threshold step. We will have time when  
2 we get to the Clean Energy Fund and review that, to drill down a  
3 little further and also have some more data and have some more  
4 history.

5 Right now we have previously committed monies that would be  
6 used for implementation and an evaluation and I would hope that  
7 folks in the Green Bank would be focused on looking at -- and I  
8 believe that they are -- focused on looking at what's working,  
9 what's not working, hearing from others in terms of how easily  
10 accessible getting information from the Green Bank is, and how  
11 they can be much more working with the stakeholders who want to  
12 be a part of taking advantage of this. So from my perspective,  
13 I want to see that the monies don't just languish when they're  
14 over there and that they actually get out the door.

15 So when we come to the time, the decision point on the  
16 clean energy fund, that's some of the things that I will be  
17 looking at to see, has the allotment of monies that have been  
18 given now for this program, where are we at and that not only  
19 just have they gone to come in but what are the closed  
20 transactions. Because like when we see from the different  
21 reports, we've seen sort of a progression downwards. It's not a  
22 bad progression downwards, it's just a natural progression of  
23 interest and then whittling it down to the actually viable  
24 transaction. That's natural and that's necessary and that's  
25 appropriate, but at the end of the day I don't have the data

1 that I need from what's been committed to what's been closed in  
2 a historical perspective so we can understand for the next  
3 threshold what is the percentage that would be needed to  
4 actually have completed transactions.

5       So when I look at that, those are the things that I am  
6 going to be looking at to actually have from that some  
7 takeaways. With the transaction too, I want to be able to  
8 identify what exactly the portfolio is, what types of  
9 technologies and it's about the method of, you know, I don't  
10 want us to be sort of picking the technologies but rather the  
11 method to allow emerging technologies to foster in New York.

12       So from my perspective, it also comes down to looking at a  
13 geographical location. It doesn't mean that the selection  
14 should be based on geography, however, when we evaluate it and  
15 actually when the Green Bank evaluates it and comes back to us,  
16 I'd like to see that they have done the detailed work on where  
17 it falls, not just in where their transaction has started but  
18 actually in all the different folks that may be participating in  
19 it, as well as what other complementary programs may have helped  
20 to make up that robust package so that things can be successful.

21       And then, frankly, we do know that not all of these  
22 transactions are going to lead to the end result of a successful  
23 program. It doesn't mean that it's a failure, it means that  
24 it's an ability for us to look and see what works and what  
25 doesn't work. From that perspective it's also very important

1 that we remember that this isn't just about helping to knock  
2 down the barriers to financing, but that we also are focused on  
3 how is the Green Bank going to wind up going from, you know, the  
4 influx initially and now to the second phase of more rate-payer  
5 funds, again, none that are new, but that there is going to be a  
6 whittling down from the Green Bank so that the Green Bank is  
7 self-sustaining. And so those are the things that I'll be  
8 looking at.

9       Again, I don't expect that when we look at the clean energy  
10 fund that all the answers will be there, but I want to see that  
11 the analysis and some of the thought process has been carefully  
12 evaluated. I also think it's very important that as much as  
13 they can be and they've committed to and they've publicly  
14 committed to this, that they would try to be as more transparent  
15 as they can be, understanding that there are, in any business  
16 transaction, a sensitivity to some of the confidential  
17 competitive marketplace issues that need to be considered so  
18 that we do not have a hampering as another barrier. So, I'm  
19 very comfortable that there are a number of backstops. I'd like  
20 to see it go a little further, however, I do think that it is  
21 there. I do not think that the backstops -- that all these  
22 backstops should be perceived as a barrier.

23       I am very cognizant of the fact that with the signal that  
24 is important, and I heard loud and clear from looking at the  
25 record, is that they need some regulatory certainty that this

1 program is viable to the extent that it can be and we can flush  
2 out some more details, and also have a much more diverse  
3 portfolio.

4 Those are the things that I will be looking at so I will be  
5 concurring.

6 MS. ZIBELMAN: So for all of those in favor of the  
7 recommendations to authorize the reallocation of \$150 million  
8 dollars of uncommitted NYSERDA SBC3 and 4 and EEPS1 and  
9 arguments proposed by Green Bank in 2015 contingent upon its  
10 commitment of 75 percent of its current capital as described --  
11 I think I just read the whole order -- please indicate by saying  
12 aye.

13 MR. SAYRE: Aye.

14 MS. ACAMPORA: Aye.

15 MS. ZIBELMAN: Opposed?

16 MS. BURMAN: I concur.

17 MS. ZIBELMAN: And there being no opposition, the  
18 recommendations are adopted.

19 Thank you very much.

20 Next moving on to item 301 and that's the proceeding for a  
21 Community Net Metering Program presented by Scott Weiner, Deputy  
22 for Markets and Innovation and Leonard Van Ryn, Managing  
23 Attorney.

24 I think Scott is going to begin. Welcome.

25 MR. WEINER: Thank you, Chair Zibelman and Commissioners.

1 I am very lawyered up this morning.

2 MS. ZIBELMAN: I see that. I see that.

3 MR. WEINER: The draft order that's before you this morning  
4 presents an initiative that is extraordinarily  
5 far-reaching and important.

6 And it's based on its very simple concept and that is to  
7 allow multiple customers to participate in and share the benefit  
8 of distributed generation through net metering from a single  
9 renewable energy facility, all to the objective that the program  
10 be open to participation to those individuals that were  
11 previously foreclosed to participation, due to such problems as  
12 location and financial restrictions.

13 Before I discuss the order itself, I want to take a moment  
14 to thank the staff team that really led the work on this. Tina  
15 Palmero together with Steve Burger, Kelly Connell and Len Van  
16 Ryn deserve a very special recognition, in addition to all those  
17 other members of the DPS staff that contributed to today's  
18 initiative.

19 At its heart, this is also an issue of equity. While some  
20 utility customers may have lacked control over a site that was  
21 adequate for distributed generation or may have faced financial  
22 obstacles, they nonetheless supported the financing of clean  
23 generation facilities at other customer locations.

24 These facilities are generally funded, in part, through  
25 grants supported by the renewable portfolio standard surcharge

1 and electricity utility bills that customers pay, and therefore,  
2 it is important as a foundation that we recognize that community  
3 DG is both equitable and will also promote New York's clean  
4 energy policies.

5 Community net metering, community distributed generation  
6 shared solars, shared renewables, are all aliases of the same  
7 initiative, which we are referring to today as Communities  
8 Distributed Generation in this order, but it's also aptly named  
9 shared renewables. The roots, the procedural roots, of today's  
10 order initiated in February. The notice was issued on February  
11 10th along with a straw proposal and a series of question. A  
12 consultative meeting to solicit views of stakeholders was  
13 conducted on March 6th. Extensive comments were received  
14 through a commentary that ended on April 20th.

15 Just as one indicator over 1200 emails were received in  
16 support of this initiative and we benefited from the extensive  
17 and very valuable participation of the utilities, solar project  
18 developers, community groups, and others who responded to the  
19 notices and participated in the proceedings. The identity of  
20 those that commented, the summary of their comments and their  
21 reply comments all appended as an appendix of the draft order.

22 Turning to the initiative itself, and let me begin by  
23 talking about the framework of community Distributed Generation.  
24 It's centered and grounded on the Net Metering paragon  
25 authorized under statute, and again, it's a simple concept that

1 a group of customers can now join together into a membership  
2 that would associate as or contract with another form of  
3 business, a not-for-profit or governmental entity, that would  
4 serve as a sponsor. And that sponsor is going to be responsible  
5 for principally three activities: Building the community DG  
6 generation facility, interconnecting to the grid, and then  
7 owning or operating in conformance with the Net Metering  
8 requirements of the Public Service laws. The sponsor would also  
9 interface with the generation facility developer in the event  
10 that the sponsor did not act as the developer itself, and the  
11 membership.

12 And as with other Net Metering projects, generation and  
13 excess of consumption would create a credit that the utility is  
14 responsible for tracking and distributing. No party that  
15 commented on the proceeding or participated in any of the  
16 consultative discussions presented arguments contradicting the  
17 legal foundation for this initiative.

18 The success of community DG is really best understood as we  
19 think about the interrelationship with the various parties and  
20 roles of a project. So we start with the Net Metered Generation  
21 Facility and the construct for that is laid out in the order.  
22 To begin with, the community DG project will consist of a  
23 generation facility that would otherwise be eligible for a Net  
24 Metering in conformance with the Public Service law.

25 Accordingly its limited in size consistent with the

1 statues, and is located behind-the-host-meter to unload under  
2 demand or under demand classification. It's going to be  
3 interconnected to a major electric distribution utility in  
4 conformance, again, with the same statutes, and it may be  
5 configured in conformance with the remote Net Metering  
6 provisions of those statutes, which raises the question in some  
7 people's mind, what's the difference between remote Net Metering  
8 and community DG, and it really has to do with the level of  
9 ownership.

10 As mentioned, in the community DG there a facility that is  
11 co-owned or shared by multiple individuals and members. In  
12 remote, the owner of the generation facility is also the owner  
13 of the meter upon which the credits are applied. The  
14 membership, of course, is at the heart of the project, and in  
15 developing the requirements for membership which was extensively  
16 discussed during the development of the program. The design  
17 that was developed seeks to ensure that the community  
18 development project, the community DG projects, accomplish the  
19 goal to expand availability of participation in net metering, to  
20 utility customers that otherwise encountered the obstacles I  
21 mentioned before. We needed to develop membership criteria  
22 there was straightforward, clearly defined and represented a  
23 balancing of a number of different interests.

24 So in that regard, the order provides that membership in a  
25 community DG project is set up in a minimum of ten members.

1 There was extensive comments that there should be no limit,  
2 there should be lower limit or that there should be a higher  
3 limit. Ten was selected as a reasonable compromise in order to  
4 make sure that the opportunity of community DG was, in fact,  
5 made available to a reasonable number of participants and did  
6 not become taken up by one or two large projects -- one or two  
7 large members within a project.

8 Also a demand of 25 kilowatts was established as indicative  
9 of being a smaller customer and I'm about to describe a  
10 balancing that was struck there but the 25 kilowatts was picked  
11 because it is the same criteria that is used in NYSERDA's  
12 programs. So in order to strike a balance between keeping the  
13 opportunity open to smaller customers, smaller usage customers,  
14 yet providing an opportunity for larger customers to serve as an  
15 anchor for a project and provide the advantages that a larger  
16 member might bring in terms of financial capacity and the like,  
17 the program as described in the order, limits the aggregate  
18 distribution of credits to no more than 40 percent for larger  
19 members whose individual demands would exceed 25KW.

20 Conversely, or as a corollary, that means at least 60  
21 percent of a DG, DG community facility's output, would be  
22 devoted to the smaller size customers. And this, again, strikes  
23 that balance of allowing larger customers or larger members to  
24 serve as anchors for the project to facilitate project financing  
25 and help in the organization of the membership.

1           As with other net metering projects, all members of a  
2 community DG project must be located in the same service  
3 territory, and in the New York independent system operator load  
4 zones where the sponsor project is located.

5           There were a number of commentators who oppose these  
6 restrictions, however, as the order points out in grave detail,  
7 these restrictions are specifically set forth in the Public  
8 Service law and so they need to be complied with and they also,  
9 not surprisingly, contain a certain logic and reflect a certain  
10 logic since a utility is the one that will be doing the credit,  
11 its members must reside within the same service territory. The  
12 third important participant in the project is the sponsor who is  
13 going to provide the organizing and managing function for the  
14 project.

15           The sponsor, as I mentioned before, could be any single  
16 entity, it could be a generation facility developer, it could be  
17 ESCO, it could be a municipal corporation, it could be a  
18 business or not-for-profit. Perspective members could form  
19 their own sponsorship, their own sponsor organization, they  
20 could be solicited by or organized by a third-party acting as  
21 sponsor.

22           But at the heart of the sponsor's responsibility is the  
23 building of the facility and owning and operating it in  
24 accordance to law. The sponsor would coordinate the project's  
25 operation with the utility, and would supervise, of course, the

1 corporation among the membership, in essence, they're the  
2 manager of the project.

3       The draft order addresses circumstances where the sponsor  
4 itself might be accumulating credits and what happens to those  
5 credits. Those are extraordinary circumstances that might be  
6 due to a particular member exiting the organization and there's  
7 details as to what's done with those credits. A number of  
8 consumer protection provisions are provided for in the draft  
9 order. Since sponsors clearly fault in definition of an entity  
10 that sells or facilitates the sale of electricity too  
11 residential customers. A sponsor will have to comply with the  
12 Home Energy Fair Practices Act in terms of relationship with its  
13 residential members. So consequently, the complaint resolution  
14 process provided for in HEFPA is the one that will apply.

15       Solicitation activity of perspective members will also be  
16 governed by the Uniform Business Practices provisions. And in  
17 the future the sponsors would be viewed as DER providers,  
18 Distributed Energy Recourses providers, as envisioned in our REV  
19 proceeding, and we also reference the ongoing proceeding to  
20 develop oversight criteria that would be applicable there.

21       The membership of the community DG project has its  
22 relationship defined through contract or other agreement whereby  
23 the individual member requires a proportion of the credits  
24 accumulated at the generation facilities meetings.

25       Again, in striking a balance, the order provides that

1 members must take a percentagary amount of at least a minimum of  
2 a 1000 KW hours annually, and I want to assure the commissioners  
3 that we bettered that number and we do not see it as an obstacle  
4 for any particular individual's participation.

5       On the other hand, we thought it's important to have some  
6 reasonable floor that provided for consistency. A customer  
7 would be required to provide information about their annual  
8 consumption and that could be provided by them, they can  
9 authorize the sponsor to require it from the utility or for  
10 somebody who is new at a location, they can forecast what that  
11 might be.

12       An interesting challenge is presented by multi unit  
13 buildings and where there is a single meter, the building owner  
14 would be viewed as a single member. And where there's a  
15 sub-metering arrangement or the owner of the building otherwise  
16 has entered into a relationship with the tenants and the other  
17 residents in the building to allocate costs either by contract  
18 or by lease, those provisions would apply, or the sub-metering  
19 plan would apply. But we did not want the single ownership to  
20 be a barrier to participation by the individual residents that  
21 were located within the building, because the building owner  
22 would have been treated as a single customer.

23       So an exception is expressly called out in the order and  
24 then for purposes of deterring compliance with requirement that  
25 customers of more than 25 kilowatts would be attributed no more

1 than 40 percent of the project output, a multi unit building  
2 owner will not be treated as a single large customer within  
3 those limitations, and instead the individual residents whose  
4 output is less than 25 kilowatts will be considered members for  
5 the purposes of that particular project.

6       Recently the Commission adopted a transition plan  
7 addressing remote net metering proceeding, and that transition  
8 plan and its provisions would apply here. However, the draft  
9 order expressly calls out that a project that was grandfathered  
10 under the transition plan, may decide that it rather be  
11 developed as a community DG project and it is provided the  
12 option to surrender its grandfather rights to the policies in  
13 effect on or before June 1, and if it agrees to comply with all  
14 the community DG practices and requirements. Of course, the  
15 community DG initiative arrives at a time when the commission is  
16 in the midst of its consideration of the REV proceeding and this  
17 provides an opportunity to coordinate the implementation of the  
18 program and its operation with the developing policies and  
19 initiatives coming out from under REV.

20       One of the challenges that we saw in developing the program  
21 was the need to develop a time when all the participants, all  
22 those roles I mentioned  
23 the utility, the sponsor, the members, could begin to sort out  
24 the complexities of building practices, relationships, creating  
25 their own membership rules and the like. So we wanted to

1 provide for a phased implementation where during a brief and  
2 finite period the opportunity of community DG would be provided  
3 on a somewhat limited geographic basis throughout each company's  
4 service territory, providing an opportunity for learning that  
5 could then be drawn upon during a subsequent phase 2. So an  
6 initial implementation period that will run from mid-October of  
7 this year until May 1st of 2016 is established by the order.

8 So then that begs the question of if there's going to be an  
9 initial implementation period, how does one define the projects  
10 that would be able to participate or at the end be  
11 interconnected during this initial implementation and to answer  
12 that question we drew upon two fundamental objectives of the REV  
13 proceeding.

14 One was the recognition of locational value and the other  
15 was promoting the participation of low income customers. So  
16 during this period, this phase 1 period, those projects that  
17 meet the criteria that I'm going to briefly outline, would be  
18 prioritized for interconnection during the period of October of  
19 this year through April of next year.

20 However, importantly this does not prevent projects that  
21 don't qualify as a phase 1 project from moving forward and  
22 preparing for interconnection by filing preliminary  
23 interconnection applications with the utility at any time after  
24 tariffing of the community DG program occurs. The only  
25 difference would be they would have a lower priority during this

1 first phase.

2       The locational benefits, once we identify the objective,  
3 the question became, well, how do you define that, so we drew  
4 upon a process that was similar to one used in New York Prize in  
5 creating opportunity zones. And the draft order details the  
6 process and the criteria by which each utility is being asked to  
7 create an opportunity zone, drawing upon the information they  
8 have from New York Prize, from New York Sun, the recently filed  
9 Non-Wires Alternative and importantly these opportunity zones  
10 must encompass at least 40 percent of the utility's geographic  
11 service territory, as a reasonable interim approach during this  
12 first phase.

13       And in order to provide for timely implementation, the  
14 draft order provides that utilities must file their maps setting  
15 forth these community DG opportunity zones within 45 days of the  
16 date of the order. In order to address the interests of low  
17 income participation, the draft also provides that during this  
18 first phase, this preliminary phase 1, the community DG projects  
19 will be deemed appropriate for implantation during phase 1 if,  
20 at least, 20 percent of the members of the project are low  
21 income customers and it sets forth the definition for that.

22       Also utility tariffs implementing the community DG program  
23 must be filed within 60 days of the date of the order, and those  
24 tariffs will bear an effective date of October 19th, 2015, and  
25 then as I mentioned before, phase 1 will run until April 30,

1 2016. The order also provides, importantly, and almost  
2 essentially, that the utilities must cooperate together in two  
3 important respects.

4 First the utilities must establish uniform formats and  
5 procedures for requesting and providing information upon a  
6 customer's written request to release that information. This  
7 has the obvious benefit of reducing complexity and transaction  
8 costs in the organization. And secondly the utilities are  
9 called upon to establish a uniformed format for the sponsor's  
10 submission of the information on membership and distribution of  
11 credits as prerequisite to the utility's issuance of bills that  
12 reflect that credit. Now at the end of April and beginning on  
13 May 1st, 2016, phase 2 begins and that's when the utilities open  
14 up and make available the entire service territories.

15 And during that time period we understand and might  
16 anticipate that there will be some policies or requirements  
17 adopted in the REV proceeding addressing that would impact this  
18 program or other net metered programs and those would be  
19 considered at that time.

20 The order also discusses, in addition to the phase 1  
21 priority for low income customers, the appropriateness and the  
22 need for initiatives for more low income customer participation  
23 as part of the project, as I will discuss in a minute, a  
24 collaborative in that regard will be initiated.

25 The order also discusses the issue of fees and charges.

1 The joint utilities, for example, during within their comments  
2 sought to allocate a portion of the implementation costs to  
3 project sponsors and members of the projects through fees and  
4 charges.

5 However, since the community DG project is structured under  
6 the Net Metering paragon insofar as utility and community DG  
7 project sponsors interact, the program does not raise  
8 implementation cost issues, that at this time bestowing from  
9 other forms of Net Metering they were sufficient to justify  
10 singling out for fees and charges not imposed on other  
11 participants in net metering so the net metering paragons that  
12 exist will apply here.

13 Now that said, there may be opportunities once these  
14 programs begin for a utility to earn revenues through incentive  
15 or shared saving, and from those services where the services add  
16 value can be viewed as competitive such as through reducing  
17 transaction expenses or combining, for example, an electric  
18 storage facility. So the order notes that the utilities may  
19 make filings proposing for a consideration comparative platform  
20 services and other revenue mechanisms together with an  
21 implementation schedule. Other issues are discussed in the  
22 order, I just briefly want to call out that there was a proposal  
23 by the joint utilities to sunset the community DG program.

24 The draft order reflects the view that that should be  
25 rejected because of the uncertainty that it would create in the

1 program.

2       Also discussed in the order are certain issues and  
3 limitations in terms of membership and participation in  
4 community DG programs. For example, New York City raised some  
5 comments that address the ability or, frankly the inability of  
6 the City and NYPA and NYCHA, Con Edison, to collaborate with  
7 regard to an implemented program in part because NYPA is beyond  
8 the PSL jurisdiction for rate purposes.

9       The draft order reflects the ongoing position of the  
10 Commission, that those kinds of issues should be addressed  
11 through the parties working together and that staff will be  
12 available and we stand ready to bring our resources to assist  
13 any cooperative effort. Similarly community Distributed  
14 Generation in LIPA service territory is discussed in a similar  
15 vein, and while that's subject to provisions of this order, we  
16 as staff stand available to assist LIPA in implementing a  
17 program of community DG so they can be available statewide.

18       The order also discusses two important further proceedings.  
19 The first I alluded to earlier, there will be a low-income  
20 customer collaborative that will discuss a number of related  
21 issues in addition to creating the mechanisms for removing  
22 various participation, the collaborative is directed to consider  
23 the use of demonstration projects directed towards encouraging  
24 broad low-income participation in community DG, and I know it  
25 will be a topic of further commission discussions, but in the

1 first set of filings there was some mention of some very  
2 exciting possible demonstration projects addressing those  
3 issues. Staff is directed to intimate that collaborative within  
4 60 days and to report back by January 15th, 2016.

5 A second initiative, not in the form of a collaboration,  
6 though, is also launched and this one is one that has been  
7 discussed throughout the REV proceeding, and is at a cornerstone  
8 of those deliberations. And that's determining distribution  
9 system evaluation defining the full value of "D," as we'd like  
10 to say.

11 The commissioners discussed that throughout the REV  
12 proceeding making effective reforms to rate design and to DR  
13 compensation mechanisms, both to facilitate community DG and for  
14 broader purposes and in order to do this, it requires a strong  
15 foundational understanding of the system value that distributing  
16 resources can provide. And for the purposes of this discussion  
17 as reflected in the order system value consists of what the  
18 energy value and all the other values offered by distribution  
19 level resources.

20 The energy value in New York is established by the  
21 paramarkets and it's called the locational based marginal price  
22 or LMP. The distribution level value can be added to the LMP  
23 once its established to create what is referred to LMPD,  
24 reflecting the full value of the distribution level resource on  
25 a time and location basis. This value can include load

1 reduction and frequency regulation, a whole list of items  
2 including locational values, and can also encompass values not  
3 directly related to delivery services such as installed capacity  
4 and emission avoidance.

5         One thing that the draft order calls out and one thing I  
6 what to be very clear about is that this initiative, and looking  
7 at the evaluation of D, does not imply -- and in the order the  
8 Commission points out that it does not imply -- that the  
9 calculation of LMPD is in any way inconsistent with the possible  
10 continuation of the mechanism of Net Metering. This, in fact,  
11 is going to be a topic considered in the REV track 2  
12 proceedings, which are literally just around the corner.

13         Work on determining the value of the distribution level  
14 resources, though, must begin immediately, and therefore the  
15 draft order will direct staff to commence a study and to begin  
16 that study within 60 days of the date of the order, and in  
17 active consultation with the utilities and other interested  
18 parties, and to prepare this report and recommendation on the  
19 evaluation of distribution system benefits provided by the DER.

20         It's needless to say this work should take into account and  
21 will take into account consideration of any comments received in  
22 the REV proceedings on this issue, and also will consider the  
23 discussions that come out of the comments that will be filed on  
24 the DCA framework document that was recently released and other  
25 related studies that are taking place.

1           Hereto staff is asked to complete the report by January  
2 15th, 2016. Lastly, and yes lastly, I want to briefly mention  
3 the utility ceilings on net meter capacity. As with any net  
4 meter facility the capacity of the community DG facilities will  
5 be totaled to the capacities of all other Net Meter facilities  
6 located in the utility service territory in determination of  
7 compliance with the ceiling on the amount of Net Meter capacity  
8 each utility must purchase, subject to the commission's  
9 determination on the implementation of ceilings adopted in  
10 conformance with the Public Service law. Now following the  
11 issuance of the transition plan order, however, utilities  
12 continue to receive applications for interconnection of Net  
13 Meter facilities at a rapid pace, as the New York Sun program  
14 has been met with great success in the industry and continues to  
15 flourish in New York.

16           The introduction of the community DG program may induce a  
17 substantial number of additional applications once the phase 1  
18 introductory period concludes. Therefore, the draft order  
19 memorializes direction of staff to report to the commission at  
20 an appropriate time about the status of the interconnecting  
21 applications completed and actual interconnections accomplished  
22 for Net Meter facilities in each utility service territory.

23           Staff is also charged to make such recommendations for  
24 addressing capacity ceiling as are necessary in utilities  
25 service territory to ensure that the processing of the

1 completion of the interconnection applications is not  
2 interrupted.

3       The draft order also reminds utilities that as first  
4 prescribed in the New York Sun order, they must continue to  
5 accept applications for net metering and process interconnection  
6 notwithstanding the level of ceilings on net meter capacity.  
7 And while it's noted in the net energy meeting cap order, the  
8 utility must advise if a ceiling is in need of revision and the  
9 obligation to add net meter generation continues nonetheless,  
10 notwithstanding the provision of such notice.

11       I apologize for the length of this presentation but it is  
12 -- this is an important and a robust program and community DG is  
13 now poised to extend the opportunities of distributed  
14 generation, clean distributed generation, to be a valuable  
15 contributor to the success of New York's clean energy programs,  
16 while actively expanding the access of customers formerly  
17 excluded to the benefit of these programs and that concludes my  
18 presentation.

19       MS. ZIBELMAN: Thank you. Thank you, Scott, and I know  
20 that both you and Mr. Van Ryn are available for questions.

21       Let me just start. All of us know that there has been a  
22 sort of a movement of foot in the food industry to go from farm  
23 to table. And one of the great things about that is that we can  
24 also see these community gardens getting developed, actually in  
25 urban areas, where people who were previously in food deserts

1 were now able to access really great food and healthy food and  
2 locally grown food -- which you probably are wondering where am  
3 I headed.

4       But elsewhere besides New York these programs are actually  
5 called solar farms, and they are really, sort of, under the same  
6 concept as communities are getting together where, in fact, they  
7 might not have access to renewable energy either because they  
8 lived in multi housing dwellings or because of the nature of the  
9 house was not accessible for solar or frankly that they couldn't  
10 afford a lot of it but they could afford a little of it, it  
11 gives people an opportunity to actually participate in the solar  
12 revolution in a way that they couldn't be before.

13       So I think about this as our farm to socket program. So  
14 but I think, you know, one of those moments, you know, when  
15 frankly in this job that you can sort of really crow and say  
16 this is great, this is -- what a wonderful opportunity. And I  
17 think for me personally this is one of them. Last night Gregg  
18 Sayre and I attended with staff a public statement hearing on  
19 telecom.

20       And one of the things that I know, frankly, the staff  
21 despite, you know, what other people might think and I know the  
22 Commissions also do, is that we actually like going to these  
23 public statement hearings, because it's actually one of the few  
24 opportunities we have to actually hear from people who are  
25 affected by the things we do, you know, given the job we do, we

1 affect people every day, in fact, we affect them throughout  
2 their days. So actually sitting in these hearings and really  
3 getting that sort of feet-on-the-ground view is very important.  
4 What is great is that when we can, through our own action,  
5 directly improve the lot of what people are concerned about.

6 And one of the things that people are concerned about in  
7 New York and we're concerned about, obviously, is helping people  
8 manage their energy bill. The other thing that folks are  
9 concerned about is how do we access clean energy in a way that  
10 we can afford it, and the third thing that folks are worried  
11 about is, is that how can I participate in a program if I don't  
12 own a roof. And so this program really solves all of those  
13 issues and one of thing that I think is exciting about is when  
14 you think about what's happening with solar, not just in New  
15 York but in the United States.

16 But in New York we have about 300 megawatts of solar in the  
17 ground and there's a little bit more today and that's enough to  
18 power 51,000 homes. And in states other than New York that  
19 would be considered a small city. And so we have the ability  
20 right now to think about how that's happened.

21 Since 2011 to 2014 as Governor Cuomo announced last week,  
22 we've seen a 300 percent increase, a 300 percent increase in the  
23 amount of solar penetration in New York, which people thought  
24 was not a really good solar State but it's growing. And it's  
25 growing because of programs like New York Sun, that we

1 implemented, it's growing because actually the price of solar  
2 has gone down, and it's growing because as a result of these  
3 activities we are actually seeing a growing industry around  
4 solar development which means jobs, and these are local jobs and  
5 particularly when you're thinking about community solar, they're  
6 very local jobs. So if anything is a win-win-win, it's all of  
7 that.

8       The other thing that I think is important to note is that  
9 the growth is not just in one area, it's actually throughout the  
10 State. So we're seeing some of our larger areas of growth are  
11 in the Finger Lakes region, in the north country, in central New  
12 York and New York City, as well as we have seen historically  
13 LIPA. So this is an opportunity that's really a State-wide  
14 opportunity.

15       And for us then the question becomes, well, how do I make  
16 sure that the opportunities that exist for people who can put  
17 solar on their roof, or people or companies that happen to own  
18 their businesses and the buildings the businesses are in, or  
19 happen to own a parking lot and can put solar there, how do we  
20 extend that to other consumers who may not have that opportunity  
21 because of where they live or where they work.

22       So by doing this in a community way what that does is, it  
23 provides that same democratization as people talk about  
24 throughout the State and it provides that opportunity to  
25 everyone. So for me it's sort of the -- we want to say -- the

1 quintessential Public Service is looking at it as a problem,  
2 trying to solve that problem and doing it in a way that everyone  
3 gets to participate and I think that is something that, at least  
4 for me, it's an opportunity to crow about.

5         With that in mind, and I think, Scott, you focused on, I  
6 think, the many things that this order would accomplish, any  
7 changes somewhat complex, we need to launch the transition, we  
8 need to make sure that we're doing the first things easy, you  
9 know, doing things in a sort of granular way but making sure  
10 we're attacking the problem in a way that is truly executable  
11 and I like the idea, certainly, of looking at locations first,  
12 that's worked in other programs. And I particularly am pleased  
13 in the order of the proposal, you know, about looking at  
14 prioritizing around low income participation. We've talked  
15 about this a lot.

16         One of the things that we've done at the Commission  
17 recently is we've launched the proceeding on low income, we're  
18 looking at affordability, but quite frankly I think we can all  
19 rather solve the affordability program issue, not by saying  
20 we're going to give people a discount on their bill but actually  
21 we're going to reduce their bills, and one thing that this can  
22 do is actually reduce the cost for low income folks. So that if  
23 affordability is there -- in other words, if we say that  
24 affordability is less than 10 percent of your income, you can do  
25 that by being able to consume through solar and getting credits.

1 So I think that these are huge opportunities for us to start  
2 solving what people thought were intractable problems but we're  
3 finding are not so intractable if we look at the issues in a  
4 slightly different way.

5 The other thing that I think it's very important to note is  
6 that, as we've said in other proceedings about solar, as we've  
7 moved forward with REV, as we look at more sustainable  
8 solutions, we don't want to be destructive of things that are  
9 working. There's no question the solar industry is working in  
10 New York -- and in the US -- but in New York. So making sure we  
11 maintain that continuity.

12 So two things I think are important, that you stressed,  
13 Scott, I think I just want to make sure that I note as well, is  
14 that there has been historically a concern about hitting the  
15 caps. And we understand from the perspective of the solar  
16 industry that when you approach a cap, people get nervous  
17 because they're trying to sign up deals or trying not to lose  
18 customers, the utilities are unsure, and so we need to provide  
19 some clarity. I think the way the order proposes we deal with  
20 it is the right way, which is that we say, look, we're not going  
21 to use the caps as a barrier, we want to stay informed as to  
22 where we are in terms of the penetration levels, but that we  
23 don't want to create some uncertainty in the industry.

24 At the same time, we need to think about where we are  
25 headed and there's two pieces of that. The constructive net

1 metering, which has been used in the solar industry is one of  
2 the success stories. It's been proved to be of an extremely  
3 strong and valuable mechanism for solar providers to get  
4 customers into the programs without worrying, without a lot of  
5 confusion.

6 One of the things that we've heard about it that it's  
7 simple and it's executable and people understand it. And so the  
8 mechanism of crediting through the utility bill has been an  
9 extremely good mechanism. The question then becomes the extent  
10 of the credit. And really what the order is proposing is that  
11 we get on with it. We understand that there is a value to  
12 distributed energy resources, which may be in excess of the  
13 average retail rate in some instances and in certain times and  
14 sometimes may not, but we need to understand what that full  
15 value is. So when we talk about the LMPD approach, it really is  
16 getting to what we've heard from a number of people in the solar  
17 industry as understanding the full value as well as all other  
18 distributed energy resources, and really it's under REV, is  
19 understanding the full value of the DER on the system.

20 We use the convention of locational marginal pricing, which  
21 is the value of the node, understanding what that is in the  
22 distribution level. It's going to be critically -- it's a  
23 complex issue and no doubt it's going to take time and a lot of  
24 really smart people to figure it out. But in the meantime, what  
25 we don't want to do is signal that there's going to be any

1 disruption in the marketplace.

2       So I think that the order sets the right balance that  
3 people can move forward, they can move forward with confidence.  
4 At the same time we're going to make sure that we are examining  
5 the issue and we're doing it in other contexts as well, the work  
6 as you said on the benefit cost analysis certainly gets us  
7 going, and I think it's important though that we move this  
8 forward.

9       So with that, I am very, obviously, very excited about this  
10 -- if you haven't figured that out. I think it's a great  
11 opportunity for the State. I think it shows again the  
12 leadership that New York is becoming known for in terms of the  
13 solar industry and certainly for people today who don't have a  
14 chance to participate it's, you know, this gives them the  
15 chance.

16       And I think about it, the excitement of maybe, you know, in  
17 a year's time somebody shows up and they're going to rent an  
18 apartment in a building and they go and look at it and someone  
19 says, oh, by the way, we're a green building, we're so green we  
20 actually get 40 percent of our energy from a solar plant and if  
21 you come in here you'll get a chance to participate in that  
22 program. And that's the type of thing that I think is going to  
23 really change the world, and I'm glad we got a chance to be a  
24 part of it.

25       So thank you staff for all your great work. I know this

1 was complex, you had to look at every angle. I don't think  
2 there was an angle or avenue that wasn't explored and it's a  
3 great order and I intend to support it. So thank you.

4 Any further comments from any of my other fellow  
5 Commissioners?

6 Commissioner Burman, do you want to start?

7 MS. BURMAN: No. Go ahead.

8 MR. SAYRE: I've seen a recent study that larger scale  
9 solar is more efficient and, therefore, more cost-effective than  
10 single-family rooftop solar. So I think this is not only a  
11 redress of existing unfairness among customers but it is also  
12 potentially an improvement in the overall use of society's  
13 resources.

14 I agree with staff, with Scott, that this concept may  
15 really take off, and I think it's smart to limit initial  
16 deployment to areas where the installation is not only  
17 economical for the participating members, but also furthers our  
18 REV goals, including the goal of increasing market participation  
19 by low-income customers.

20 On the issue of Net Metering caps, I think both this and  
21 some of our other recent orders on this subject demonstrate that  
22 we're not inclined to pull the plug out from under long-term  
23 established business relationships that are entered into under  
24 Commission policies.

25 MS. ZIBELMAN: Commissioner Acampora?

1 MS. ACAMPORA: Scott, I have a question.

2 You mentioned 20 percent on eligibility for low-income  
3 people. Once you go to phase 2 and the entire territory is  
4 taken in, will that number change?

5 MR. WEINER: That number, as well as other aspects to  
6 increased low income participation will be the subject of the  
7 collaborative. That would be taking place and it's geared up so  
8 that the outcome of that can be implemented during phase 2.

9 MS. ACAMPORA: Okay. Also I know the states like  
10 Massachusetts and Colorado have net metering programs. I was  
11 wondering if, you know, when you put this together had you  
12 looked to try to pick out the best pieces of what has worked?

13 MR. WEINER: Yes. We have no hesitancy to take best  
14 practices from other jurisdiction.

15 MS. ACAMPORA: I agree with the Chair and Commissioner  
16 Sayre with regard to this fits very well into our REV proceeding  
17 and, you know, I do like solar and solar goes well geothermal --  
18 I just had to get the plug in.

19 MR. WEINER: Very true.

20 MS. ACAMPORA: But it is exciting times. And the  
21 eligibility of people to be able to choose even here in New York  
22 City, I think, is a good thing.

23 So thank you for all your work on this.

24 MS. ZIBELMAN: Commissioner Burman?

25 MS. BURMAN: Thank you.

1 I have a different perspective. I am very supportive of  
2 the concept of community distributed generation or community net  
3 metering. However, I don't think that it's fully defined.  
4 There are many different aspects of it. We've heard today  
5 really about it being about solar and it really -- it's not  
6 limited to solar. Commissioner Acampora talked about  
7 geothermal, but there are many other clean energies that can be  
8 used, you know, fuel cells, I mean I don't want to go on through  
9 the list, natural gas as well, and all of them can complement  
10 each other.

11 For me the issue comes down to reliability and what are we  
12 doing to ensure that when we have the full diversity, we're  
13 making sure that all the tools are there. And Chairwoman talked  
14 about farm to socket, the analogy, under her scenario, is farm  
15 to solar. For me it's farm to something, some fuel, and along  
16 the way, whatever it is, there may be other aspects that have to  
17 get done so that we can have a robust energy system. And I  
18 think that's what the State energy plan set out to do. In it,  
19 actually, number 4 was the community DG to shared renewables.

20 There are many other aspects in there, there was a  
21 recognition that we have to look at but we also have to now ask  
22 ourselves how are we going to get where we want to be. There's  
23 certain inspirational goals that were given but we really do  
24 need to take care of our infrastructure and ensure that we have  
25 all of the systems in place.

1        Again, I'm supportive of community DG, I just -- you, know,  
2 I know there is, and you recognized it, Scott, that there is  
3 confusion over remote net metering versus community DG. I think  
4 there's even other aspects. When you talk about community DG or  
5 community owned DG, one of the things that pops out for me is  
6 crowd-funding DG, and that really is not, you know, a community  
7 owned-prospect, that's really a financial-owned technique, and  
8 it may be good, it may be bad, it depends on sort of the systems  
9 in place. But that's really where investors are owning the  
10 systems.

11        So from my perspective, I just want to make sure when we  
12 look at this, especially when there's more drill down, the folks  
13 are looking at all of the different things and making sure that  
14 people understand that it's similar to a microgrid, what someone  
15 thinks of a microgrid, depends on what it is.

16        So I really don't want us to be speaking different  
17 languages, especially speaking different languages as it affects  
18 our reliability. And then also looking at the different aspects  
19 that we need to do. One of the takeaways for me in this order  
20 is I go back to the December 2014 order and there were really  
21 three things that were done under that order. And this is  
22 addressing one of them, but two of them were done after several  
23 other orders from the December 2014 order and were addressed in  
24 a transition plan.

25        And I think there might be some misconception that that

1 transition plan, you know, was taking care of the net metering  
2 aspects.

3 This order does nicely tie into the fact that we need to be  
4 looking at that transition plan and factoring it in, so I just  
5 want to make sure before we go through this process that we are  
6 also looking at other proceedings that people are expecting are  
7 either resolved for the time being or, you know, is where the  
8 issues will be.

9 The low-income proceeding is another one, and here we're  
10 addressing another low-income aspect, very appropriate, very  
11 necessary, but I just want to make sure that we're not having  
12 things all over the place and about connecting the proceedings  
13 and making sure that everyone has the appropriate information  
14 and understands it and that it's not a cumbersome process to  
15 figure out in how to participate, and also that we're doing a  
16 better job of organizing that process.

17 I am truly concerned about the caps and I'm concerned we  
18 addressed this, you know, a few months ago in looking at it in a  
19 different proceeding in the caps, and there's a recognition now  
20 that we are reaching the caps again. I don't think it's  
21 appropriate to not address the issue and to drill down.

22 My position publicly has been at other sessions where I  
23 think that net metering needs to be addressed holistically, and  
24 if there is a transition to something else, or continuing on, we  
25 need to have a frank and real discussion and fix what needs to

1 be fixed rather than doing short-term or pieces of the puzzle.  
2 To me I'd rather sit down and finish the whole complete puzzle.  
3 When I look at it, the thing that troubles me about the order,  
4 also gives me comfort.

5 We are recognizing that the caps are about to be reached so  
6 we are sending a signal that folks should continue in doing what  
7 they're doing regardless of the cap. I think that's  
8 understandable in trying to make sure that there is no  
9 disruption, it's appropriate, but since we recognize that there  
10 is already going to be a potential of going above the cap, I  
11 think we need to now fix that and address it. I do not mean  
12 that I'm suggesting that we increase the cap. I do not mean to  
13 suggest that we get rid of the cap. I do not mean to suggest  
14 anything other than we have a frank discussion and go drill down  
15 on what we need to do and where we're looking to go long-term on  
16 the issue.

17 So for me the same theme of continue doing what you're  
18 doing even if it's, you know, doing something different than  
19 what is supposed be done, which is to ask for an increase to cap  
20 or some other thing, Orange and Rockland just submitted, you  
21 know, a filing on it. I think they have some ideas. I'm not  
22 weighing in on that, but I do think that that's what we need to  
23 be doing. So I look forward to that sooner rather than later.

24 I do think the order does a very good forward step process  
25 in looking at making sure that we are having some discussion on

1 some of the issues. I think there's a recognition that the  
2 implementation of this is going to be quite cumbersome and  
3 frankly quite bumpy. I'm looking to make it a much better and  
4 more smoother ride. So when I look at this from my perspective,  
5 we're sort of picking favorites.

6 Every time I hear the word "solar," I'm very supportive of  
7 solar but I think about all the people who have other ideas  
8 other than solar. So I just want to recognize that we need to  
9 be cognizant of the message that we're sending, that we're not  
10 picking winners and losers in technology, and we're also looking  
11 at the whole portfolio and diversity of our fuel and energy  
12 system. From my perspective, the thing that does trouble me  
13 about the order, although I understand it, from the policy  
14 perspective, we have different philosophies and I recognize the  
15 validity of the other perspectives, I just happen to have a  
16 different one.

17 As it goes to the REV demonstration projects and in  
18 recognition of looking at the low-income programs and community  
19 DG in REV demonstration projects, I have a strong interest in  
20 the Commission as a body being in part of that. I think that  
21 it's, you know, the first of something very brand new and I  
22 think that I could -- and the Commission as a body -- can play a  
23 vital role in sending the right market signals and regulatory  
24 certainty rather than going too far down the road and causing  
25 disruption when they come back later to say they want to

1 implement it either broader or more holistically or ask for, you  
2 know, cost recovery above what is there.

3       So from my perspective it's not looking to be a regulatory  
4 barrier, it's actually looking to be much more forward thinking  
5 in that I want to from the front be involved so that from the  
6 back end it doesn't cause concern or trouble.

7       So I'm looking at it from the push and pull; how much do  
8 you get involved and allow things to go forward and how much do  
9 you say, wait, I need more information. That's why I have to  
10 abstain at this time because I think that I do need more  
11 information and a do need things to fit better. However, I do  
12 recognize the importance of this, but I just do want to, you  
13 know, give my thoughts on some of the concerns that I see.

14       I also do want to recognize that to the extent that there  
15 are other funding sources out there, whether it's private or  
16 federal, in the federal government, we do have a need when we  
17 look at the funding streams that the State gives, that we do  
18 make sure that we are maximizing other funding sources and that  
19 we're not overstepping and not complementing each other.

20       And so to the extent that the federal program may be  
21 involved in different projects that are in New York, we should  
22 be a partner from the front end making sure that it's actually  
23 what works for New York, and actually we, you know, have a  
24 better sense, and the local communities have a better sense, of  
25 what they may need.

1           So we should work together, so again, from the front end  
2 we're much more involved and make right decisions that work for  
3 folks. I do want to also talk about the billing issues that I  
4 see as, sort of, sticking out like a sore thumb, those are  
5 something that, I think, there is a recognition. There are I  
6 think whole hosts of good solutions and I think that it's also  
7 important that it's not sort of directed from the Commission on  
8 that but that there is a stakeholder process in working through  
9 some of those, what I think, are realistic billing issues that  
10 can actually harm the program and the intent behind the program.  
11 So I do look forward to continuing dialogue on this issue and I  
12 really just have to sort of drill down on the importance of  
13 making sure that we do these things in a very organized way that  
14 helps.

15           I will say that there are a couple of mentions in the order  
16 that talks about reporting, whether it's reporting on low income  
17 or reporting on the caps. In the December 2014 order we also  
18 talked about the study that was being done by NYSERDA. That's  
19 been subsumed into a larger study and we're still waiting for  
20 the results on that. That is also sort of threshold for me, I  
21 said it last time in December and I'm going to say it again. If  
22 we're going to issue and do the due diligence in the studies, we  
23 really need to make sure that they match up and that we're time  
24 sensitive to that, because we don't have that study, we don't  
25 have that information, and it would be very helpful now. So to

1 the extent that that gets factored in and to the extent that all  
2 the other different types of studies and reports that are going  
3 on that might intersect, that we're making sure that we're not  
4 sort of spinning wheels on that.

5 So I look forward to hearing more about that study. I do  
6 recognize the enormous amount of work being done and I am  
7 anxiously awaiting. Thank you.

8 MS. ZIBELMAN: Did you want to comment?

9 MR. WEINER: No, I just wanted to assure you that those  
10 reports will be taken into consideration and the timing is we're  
11 expecting receipt some time, I'm going to say, in early  
12 September, so the timing works out perfect. In fact, it would  
13 be very material bit of information that will be considered by  
14 the staff on that work.

15 MS. ZIBELMAN: First of all, you know, the effort that New  
16 York is making, frankly, to take a look at the full value of  
17 distributed energy resources, an issue that is current  
18 throughout the industry, and I think we are clearly being seen  
19 as a worldwide leader in this topic. Nobody has -- we've done  
20 locational marginal pricing at the wholesale level, we're  
21 actually doing locational marginal value at the distribution  
22 level.

23 It's a complex undertaking. I foresee that we will move  
24 through this and it's not going to be something that is, you  
25 know, somebody just needs to sit down with a piece of paper and

1 then calculate it out. It's an extremely complex undertaking  
2 and we've never operated a distribution system in quite this way  
3 and as we move forward. So what I perceive will happen is that  
4 as we get these studies and really what we're talking about is  
5 clearly, truly trying to figure out is the payment of average  
6 retail rate to customers who use distributed energy resources  
7 too high or too low a pavement and we may find, as many states  
8 have found, it probably just may be just about right, so we will  
9 have to see. So I don't think we should prejudge whether caps  
10 are even -- or whether or not the idea around caps or  
11 subsidization, whether it's truly a subsidization or not.  
12 That's the purpose of all these studies to prove. And I don't  
13 think any of us are prejudging on that concept.

14 I just wanted to hark in and sort of again, I think this is  
15 a great piece of work. When my children were young and they  
16 would do something like this I would say it was a pizza night so  
17 I'm saying it's a pizza day for the commission and I'm very  
18 excited about what we're doing and I'd like to call for a vote.  
19 So all those in favor of the proceeding for community net  
20 metering program to adopt a community distributed generation  
21 program as described, please indicate by saying aye.

22 MS. ACAMPORA: Aye.

23 MR. SAYRE: Aye.

24 MS. BURMAN: And I abstained based on my comments at  
25 session and past history on voting on these types of items.

1 Thank you.

2 MS. ZIBELMAN: So for that we have a majority of ayes so  
3 the recommendation is adopted and now we're done. Thank you  
4 very much. Thank you to the team in Albany. I know there's  
5 been a considerable amount of work on this so I very much  
6 appreciate it.

7 Next item up, is number 302 which would be New York  
8 Independent System Operator's Proposed Public Policy  
9 Transmission Needs. David Drexler, Assistant Counsel, and Diane  
10 Barney, Chief of Bulk Electric Systems. We can begin.

11 And we will be presenting this item. And I found out  
12 something, you know, this week we've had a chance to be together  
13 more normally than we are together and I found out that Diane  
14 and Fred's -- who is sitting here today -- daughter is a rocket  
15 scientist. So I wouldn't question Diane, 'cause she truly has a  
16 daughter who is a rocket scientist. So as a mother, we know how  
17 smart she must be. But I  
18 think -- David, are you presenting?

19 MR. DREXLER: I'm going to start and Diane is going to  
20 present some other pieces, too.

21 MS. ZIBELMAN: Okay. Great. Thank you.

22 MR. DREXLER: Good afternoon, Chair and Commissioners.

23 Like I said, I will be providing an overview of the  
24 background and process here and then I'll turn it over to Diane  
25 to discuss some of the substantive proposals that are on the

1 table and the recommendations that are before you. To give this  
2 item some context, you should note that the ISO has three  
3 planning processes that it uses to evaluate needs for  
4 transmission on its Bulk System.

5 One of those processes is for liability, another one is for  
6 economics and the newest process that is has adopted is for  
7 public policy. This process grew out of an order from FERC,  
8 which is referred to as FERC order 1000 which directed the ISO  
9 to develop a public policy transmission planning process. In  
10 order to comply with FERC order 1000, the New York ISO along  
11 with the New York transmission owners proposed a set of  
12 procedures that it would employ which include a specific role  
13 for this commission to play.

14 In August of last year, this commission adopted a policy  
15 statement which laid out the procedure and process that it would  
16 use in order to guide its process. I will be walking through  
17 some of those aspects of that process.

18 To give some context of where we are now, the ISO began its  
19 public policy transmission planning process the same month,  
20 August of last year. It started with the solicitation for  
21 public policy requirements within 60 days. In October of last  
22 year the ISO filed these proposals with the Commission for its  
23 consideration. The Commission issued a SAPA notice to solicit  
24 comments on those proposals, it sought additional comments in a  
25 supplemental notice, and that is essentially what's before you.

1 It's worth noting that a public policy requirement is defined  
2 under the New York ISO's Open Access Transmission Tariff or OAT  
3 as a state, federal or local statute regulation or a PSE order  
4 that's been adopted pursuant to the state administrative  
5 procedure act that relates to planning on the Bulk Power  
6 Transmission Facility.

7 Now before you will be a number of public policy  
8 requirements that were proposed by parties, which Diane will go  
9 through. Where the Commission identifies a public policy  
10 requirement that may drive the need for transmission, the  
11 Commission may refer that to the New York ISO for its evaluation  
12 or of its, first of all, solicitation for any proposals to meet  
13 those needs. When the ISO solicits its proposals, they can be  
14 the transmission, generation or demand response. The ISO will  
15 first conduct a study which will evaluate all of the resources  
16 to determine whether or not they are viable and sufficient to  
17 meet the proposed transmission needs.

18 That initial study would then be coming back to this  
19 commission for it to consider. If the commission decides that  
20 transmission should proceed to further evaluation, it would be  
21 referred back to the New York ISO for the ISO to conduct  
22 additional studies. It's a more comprehensive analysis using a  
23 number of criteria, which the commission also sought comment on.  
24 Diane may be getting into some of those criteria as well.

25 If the ISO conducts its further analyses and it goes to a

1 final study, it may select the most efficient or cost-effective  
2 transmission solution to meet the public policy needs. When the  
3 ISO does select a transmission project, that project would then  
4 be eligible for cost recovery under the New York ISO's OAT. A  
5 project developer would still need to obtain all the necessary  
6 approvals that they need in order to construct their project  
7 such as a certificate under Article 7 of the Public Service law.  
8 But essentially that is the process that was laid out in the  
9 commission's policy statement, and as I said, where we are right  
10 now is considering a number of proposed public policy  
11 requirements that were presented to the Commission back in  
12 October and we solicited a number of comments.

13 I will turn it over to Diane now to talk about the  
14 substantive matters that are before you.

15 MS. BARNEY: Good afternoon. While this is the first time  
16 we're bringing public policy requirements to you and it is a  
17 complex issue, it does not quite rise to rocket science, so.

18 The first solicitation for PPR has resulted in eight  
19 entities recommending seven public policy needs. They are:  
20 First, relief of congestion on the central east and upstate New  
21 York southeast New York interfaces, which is currently the  
22 subject of the AC transmission proceeding; second is the Western  
23 New York transmission upgrades to help unbottle generation from  
24 Niagara and imports from Ontario; third is generation retirement  
25 contingency transmission relief specifically for a possible

1 Indian Point retirement; fourth is renewable portfolio  
2 standards; fifth, EPA's clean power plan; sixth is fuel  
3 diversity and finally greenhouse gas reduction.

4       Of the seven, the recommendation before the Commission is  
5 to forward one of the nominations to the ISO for solicitation of  
6 solutions at this time, for possible upgrades to the Western New  
7 York portion of the Bulk Electric System. There is currently a  
8 similar consideration under review in the AC transmission  
9 proceeding, and it is expected that a public policy  
10 determination will be made in that proceeding.

11       The other proposals, as explained in the draft order, are  
12 for the most part under study or development in separate efforts  
13 or lack sufficient definition to be considered PPRs for  
14 solicitation of rate payer fund or transmission projects at this  
15 time.

16       Again, to make it very clear, we are not passing judgment  
17 on what should be a public policy. We are focused on which  
18 public policy goal should be determined as public policy  
19 requirements that would require transmission upgrades  
20 specifically for the purpose of the Order 1000  
21 requirements. The importance of such a designation is, if  
22 transmission is built to satisfy the PPR, the project developers  
23 are entitled to project cost recovery under the ISO tariffs.  
24 The need to study possible system upgrades in the western New  
25 York portion of the system stood out based on a variety of

1 conditions that are becoming apparent.

2       There is a consensus among NYPA, National Grid and the ISO  
3 that there is a significant and persistent transmission  
4 congestion within Western New York that is adversely impacting  
5 New York's ability to import from Ontario and adversely  
6 impacting generation dispatch and performance of the  
7 transmission system. There have been times when New York's  
8 largest renewable resource, NYPA's Niagara facility, with a  
9 capacity of 2700 megawatts has had its output limited, requiring  
10 dispatch of additional fossil fuel generations.

11       Situations have also arisen where close coordination  
12 between the ISO and local system operators have had to take  
13 place to prevent system overloads, suggesting a significant loss  
14 of operational flexibility in the area, which if allowed to  
15 degrade, could lead to reliability issues. Relief in this area  
16 of the system would likely allow increased development of local  
17 renewable resources, provide flexibility to allow generation  
18 retirements and help reduce statewide capacity requirements.

19       The current western New York system situation fits the  
20 goals of the public policy transmission planning process by  
21 incorporating future reliability and existing congestion system  
22 issues with public policy direction to take a comprehensive  
23 long-term view of system needs. Therefore, the recommendation  
24 is for the Commission to consider relief of congestion in  
25 Western New York a public policy requirement and forward it to

1 the ISO for solicitation of possible solutions and analysis  
2 based on criteria identified in the draft order. The suggestion  
3 to designate AC transmission upgrades between upstate and  
4 downstate should be deferred to the AC transmission proceeding.

5 We agreed that many of the other goals proposed such as  
6 fuel diversity, RPS and RGGI, are public policy goals as  
7 enunciated by this Commission or in the State energy plan, and  
8 in fact, Western New York upgrades and AC transmission case  
9 proposed upgrades will go a long way in meeting some of these  
10 policy goals.

11 As we discussed before with you, we are also in the midst  
12 of developing a state resource plan that is studying the impact  
13 of implementing the clean power plan which is also known as EPA  
14 Part 1.11D, and the state energy plan emission reduction  
15 objectives. This study should be ready early next year and  
16 would shed more light on what other transmission upgrades might  
17 be necessary. The study results would inform the need for many  
18 further designations of PPRs. Accordingly, at this time a  
19 recommendation is limited to designating Western New York  
20 congestion relief as a public policy requirement. This ends my  
21 presentation.

22 MS. ZIBELMAN: Thank you, David and Diane. You know, we  
23 are sort of guilty of our own Rube Goldberg contraptions but I  
24 have to say the Order 1000 and the relationship between our  
25 decisions and the New York ISO and the FERC's is about as

1 complex intertwining as jurisdictional issues that I could  
2 imagine.

3       So I've had an opportunity to share that observation with  
4 foreman Chairman Wellinghoff this week, and he certainly  
5 out-Rubed us in setting this process up but it does seem to  
6 work. So, you know, I think the idea around making certain that  
7 we have an opportunity to identify potential transmission  
8 projects that we believe have served a broad state interest and  
9 that, therefore, should be socialized through a tariff is  
10 actually a great opportunity to weigh in. Certainly building  
11 transmission for other than standard reliability has confounded  
12 us, and I say "us," I think the US, in many regions, so the  
13 purpose of Order 1000 is really to unlock that because we do  
14 understand in many instances transmission serves more than pure  
15 reliability but also has other ancillary benefits, and clearly I  
16 don't see any question that the idea that we have one of our  
17 most valuable resources not being able to run full out because  
18 of a transmission bottleneck makes no sense. I mean, so I think  
19 clearly the Western New York projects are one that need clearly  
20 be looked at under the Order 1000 Rubrics and that provides a  
21 benefits to just about everyone in the State.

22       So I think that's great and I note that it also supports  
23 imports of probably hydro from Ontario and that also has both  
24 economic value and certainly environmental value and, you know,  
25 that's why we're part of the Eastern interconnect and unlike

1 Texas have a lot more secure resources for that reason so I  
2 think that's all good. In terms of the other items, you know, I  
3 know it's well-stated in the order but I think it's worth  
4 stressing.

5 The decision here today not to move those on, is not a  
6 decision because of the fact that we've weighed them and decided  
7 they're not in the favor of public policy.

8 With respect to the AC proceeding, that is clearly an  
9 ongoing proceeding, and one of the purposes of that proceeding  
10 is really to determine the needs of those resources and the  
11 public policy that those resources can serve. And then for the  
12 other items, I agree, as the order notes, we're undergoing a  
13 study, we're looking at what do we need to do to build up the  
14 grid to meet multiple public policy-related issues associated  
15 with, not only, implementation of what comes of the clean power  
16 plan, but also our own RPS requirements looking at generation  
17 retirements, looking at other potential congestion bottlenecks.

18 So there's a host of things that the plan will identify and  
19 I think it's correct to say that when we think about referring  
20 things to the ISO needs to be not in the abstract. Are we for  
21 fuel diversity, yes, we're for fuel diversity, but is there  
22 something very tangible that we can send to the ISO that we  
23 think is a project that can solve a very important public policy  
24 issue. So when we say in the order, as the order says, that  
25 they are premature, it's premature in the sense that we need

1 more information. The parties can certainly, right, bring us  
2 more information, assuming that's correct, counselors?

3 You're both nodding.

4 MR. DREXLER: Definitely.

5 MS. ZIBELMAN: So this is just really a decision to move  
6 forward one of the proposals, the others can certainly come back  
7 as they develop more information.

8 So with that, I'm prepared to support moving on and I do  
9 think that certainly getting on with it on the Western New York  
10 is an important aspect of what we're doing. So thank you.

11 Any comments, Mr. Sayre?

12 MR. SAYRE: I very much concur that we need to be cautious  
13 about declaring public policy requirements and starting the ISO  
14 process on them, especially if they are vague, but this one for  
15 me is not vague and it passes the test.

16 I think we have strong evidence of probable need here. And  
17 I think it's right to refer it to the ISO and I don't view our  
18 order as our last word on need or cost or feasibility because  
19 this thing, if it passes the ISO process, it's going to come  
20 back to us in an Article 7 and if we think the ISO is acting  
21 contrary to the public interest, we can stop it. So I support  
22 the item.

23 MS. ZIBELMAN: Thank you. Commissioner Acampora?

24 MS. ACAMPORA: Ditto.

25 I will say Gregg. You know, we always pride ourselves in

1 New York as having a lot of diversity and when I first came on  
2 the commission I had the opportunity to see the NYPA plant and  
3 it is absolutely incredible.

4 And as the Chair said, to think that that cannot be  
5 utilized to its fullest extent actually doesn't make any sense.  
6 And, you know, when we talk about transmission capability, I  
7 think we also have to think about the problems that Western New  
8 York has had with economic development and just the economy in  
9 general in that area, and I think this ties in with it so I  
10 think we're making the proper move at this time right now. And  
11 I will vote in favor of it.

12 MS. BURMAN: So I'll say ditto, ditto, ditto, but I'm going  
13 to add.

14 So, when I look at it -- can I just clarify with Diane, I  
15 have one question on -- can you give me the list of the seven  
16 again? You can just do bullets or whatever makes it easier.

17 MS. BARNEY: Basically relief of congestion on central East  
18 which is the subject of the AC Transmission proceeding; western  
19 New York generation retirement contingency transmission relief  
20 specifically for Indian Point; renewable portfolio standard;  
21 EPA's clean power plan; fuel diversity and greenhouse gas  
22 reduction/RGGI.

23 MS. BURMAN: Okay. I had RGGI and greenhouse gas reduction  
24 as two separate ones, so. I just wanted to make sure that we  
25 were on the same page, sorry.

1           So when I look at this, I think that we are doing a good  
2 job of trying to address the public policy transmission  
3 requirement and we're being forward, you know. We set out a  
4 robust stakeholder process with specific steps that people can  
5 see. And that have within each step details on what's to be  
6 done and what that means for the next step. And we are really  
7 on track with following the steps and going through it and at  
8 each point so far it's been ensuring that there is more than  
9 just the ISO or the commission of being a part of it. It is a  
10 robust stakeholder process and we saw that from having eight  
11 submissions to the ISO and then they did their analysis.

12           As to Western New York the focus really was on if there was  
13 a significant need to address and to look at environmental  
14 economic reliability benefits and the question I have on in  
15 determining that this is the one out of the 7/8 that needs to be  
16 submitted over to the ISO for their decisions and analysis, what  
17 if we said there was no PPR, or PPTR, public policy transmission  
18 requirement, what would be the effect on the Western New York  
19 portion?

20           MS. BARNEY: Basically what would happen is the system  
21 would continue to degrade, there would be continued curtailments  
22 at Niagara. We have very limited import capability at peak  
23 right now from Ontario which includes also emergency support if  
24 we were to need it from them. Operationally, there is very  
25 little flexibility.

1           The fact that the ISO has to at times closely coordinate  
2 with the local transmission operators to ensure there aren't  
3 overloads means there are very few remedies if there are  
4 contingencies out there at the moment. Basically the system was  
5 designed to push energy up onto the 345 KV system. Currently  
6 what we're seeing is it's being pulled south rather than north,  
7 which is causing overloads on the 230 KV system. That's  
8 expected to continue to get worse as there are many retirements  
9 scheduled in Western Pennsylvania and that has a result of  
10 trying to pull energy south out of this portion of the system.

11           So everything will just become worse and it will become a  
12 reliability problem at some point if we don't address it. And  
13 it's basically one area that basically is consistent with -- I'd  
14 like to say -- our old time planning where we did a future look  
15 ahead where there were many problems coming together and trying  
16 to see what could be done as a whole world solution rather than  
17 just trying to solve these things individually and end up with a  
18 less efficient solution.

19           MS. BURMAN: So it really, for me, speaks to whether or not  
20 by not acting we're putting at risk the system and having a  
21 reliability issue, and it is. If we do not act, we will have,  
22 you know, a problem so therefore on the public policy  
23 transmission requirement as it applies to Western New York, it's  
24 a real no-brainer that it needs to go now and start the next  
25 step of the process.

1           And again, as Commissioner Sayre said, it does not mean  
2 that it is not coming back to us for a fuller discussion and  
3 with several different options depending on what the analysis  
4 and the input, again, from the stakeholders with the ISO as the  
5 technical expert would present to us, so from that perspective  
6 I'm very comfortable, I am very happy with the process. When we  
7 get to the AC transmission aspect, you know, it is under the  
8 State energy plan, it is the only list I count between pages 69  
9 and 109, it comes up as number 25 on the list of being one of  
10 the 43.

11           As I say to my children -- I have two -- when they ask me  
12 who do I like better, I say, well, I like you Monday, Wednesday  
13 and Friday and I like the other Tuesday, Thursday and Saturday  
14 and Sunday I hate both of you. So what I don't want is I don't  
15 want the number 25, the energy highway, to be perceived as the  
16 one I hate on Sunday.

17           So when I look to it, I say so why are we not deciding it  
18 today. And we're deciding -- not deciding it today because, I  
19 think, there's been some recognition that -- and maybe it's  
20 because I've done the drum beat -- there's been some  
21 recognition of looking at where do things naturally fit and in  
22 this case it fits in the ongoing AC proceeding where there is  
23 already a process in place.

24           With that being said, I am really making it very clear that  
25 my expectation is that when it moves over there, it does not

1 languish and not get decided. That decision point is just as  
2 important as Western New York.

3         The June 4th filing from 2015 from the ISO made it very  
4 clear that the southeastern New York is a critical , you know,  
5 point that we need to address so when I see this I am really  
6 sort of making sure that we are very cognizant of the need to  
7 look at this in the context of the AC transmission. I think  
8 that there is expectation that that will happen. The difficulty  
9 is that folks want to know with regulatory certainty when will a  
10 decision be made.

11         Regardless of what that decision is, people feel they need  
12 and have a right to know based on, you know, what we are doing  
13 not only from the community and not only from the developer but  
14 from everyone. And again reliability, for me, it's not about  
15 necessarily letting folks know even though that's important, the  
16 most important aspect, for me, is making sure we look and say  
17 what are we doing and are we addressing this issue. If there's  
18 a potential reliability issue, I want to drill down and  
19 determine that and then start the next process. So I'm really  
20 just sounding, you know, the horn in terms of making sure that  
21 you hear me loud and clear on the movement of it to the AC  
22 transmission proceeding.

23         As to the others that are not being decided and the  
24 generation retirement one as it goes to Indian Point is fit in  
25 another category because it's, again, in another proceeding and

1 I'm comfortable with that, but as to the others that are not  
2 right or premature for decision point at this point, when I look  
3 at it I have a difficult time figuring out why. When I go back  
4 to it I look to what was the difference between Western New York  
5 and the other requirements or the other potential requirements  
6 to make it that Western New York is more important.

7 Now if it wasn't for the AC transmission piece being, you  
8 know, sort of similar to Western New York, I would -- if that  
9 wasn't there, then I would have more of a difficult time. The  
10 AC transmission is being put into a different bucket and that  
11 bucket is a defined proceeding with a timeline and a process  
12 even though we need to expedite it as much as we can, sooner  
13 rather than later. But for these other ones, there's no real  
14 bucket, it can fit into many different things. And my concern  
15 when I look at it is, you know, I understand the need to decide  
16 things with more information.

17 Frankly a lot of times I abstain because I don't feel I  
18 have enough information. In this case I'm am trying to figure  
19 out what the sweet spot is, because it could be weeks, it could  
20 be months and frankly, it could be years before we had some of  
21 the real drill-down in the clean power plan and the state energy  
22 plan and other things that will help give us comfort. So at  
23 some point we need to figure out where do we determine that we  
24 have enough information to do what we need to do, to make sure  
25 that these other issues that are there, regardless of how we

1 decide, again, it's regulatory certainty and it's also helping  
2 because it goes to the heart of what we're trying to do with the  
3 public policy transmission requirement.

4       So from my perspective, when I looked to the Western New  
5 York portion, we talk there about environmental economic and  
6 reliability benefit is in the final state energy plan and that  
7 is what is important along with other things but then here a lot  
8 of the things that we are saying is we need more time because we  
9 have to look at the very same things that also need to be taken  
10 into account with Western New York. So I'm having a little bit  
11 of a difficult time knowing and I wonder if you can comment on  
12 that.

13       MS. ZIBELMAN: Mr. Addepalli?

14       MR. ADDEPALLI: Let me try to articulate the distinction  
15 between the Western New York recommendation versus take, for  
16 example, the field diversity. The field diversity is clearly a  
17 public policy that we have articulated many times before and this  
18 Commission has and the state energy plan has.

19       So when you think of field diversity today, look at the  
20 energy mix in New York State. We have about 20+ percent coming  
21 from hydro resources and about 30 percent from nuclear, and a  
22 few from other renewables and then the demand from fossil fuels.  
23 That's our fuel, the diversity mix, in the State. And it has  
24 improved over the years in terms of carbon emissions going down.  
25 So when we are looking at moving forward here and not being

1 overly dependent on natural gas, so when we look at what we need  
2 to do to increase fuel diversity and how does it relate to  
3 transmission needs. So we're trying to improve on non-fossil  
4 fuel-based resources in this fuel diversity mix so that brings  
5 you to hydro and nuclear and other renewables.

6 So clearly the Western New York, as Diane has articulated,  
7 is a hydro issue and even bringing some renewables from Canada,  
8 Western Ontario is renewable, promoting fuel diversity in that  
9 sense, this is accomplishing that.

10 Second, the AC transmission project is also going to help  
11 some of the upstate generation including renewables, large scale  
12 wind renewable. So those two projects are focused on increasing  
13 fuel diversity. Then you get to what does it mean for nuclear  
14 and now we don't necessarily have transmission issues to  
15 accommodate existing nuclear power plants. Then what else is  
16 left, there's nothing really tangible that hits you that this is  
17 what we need to do.

18 The Western New York recommendation now plus the easy  
19 transmission go towards promoting fuel diversity in that sense  
20 what we're saying is these two projects are the right ones to  
21 accommodate that goal and to the extent the state resource plan  
22 that Diane is leading with the help of a lot of stakeholders to  
23 be completed sometime early next year identifies, that would  
24 look at implementing the clean power plan coming out in the  
25 summer from EPA plus the state energy plan goals, to the extent

1 it identifies other base of procuring resources and if they  
2 require additional transmission, maybe that's the time to pursue  
3 those opportunities at that time.

4 That's the reason we said for fuel diversity or renewable,  
5 let's defer it to until we have a better feel from the state  
6 resource plan as to what transmission may be tangible projects  
7 that may be needed to move forward. At this time we are very  
8 confident with Western New York knowing the bottleneck issues  
9 and imports limitation. It's time to move forward on that.

10 That is the distinction we're making.

11 MS. BURMAN: Okay. I appreciate that and I think it makes  
12 sense.

13 I don't necessarily fully agree with not deciding some of  
14 it at least from the -- you know, it's sort of a push and pull  
15 issue. So in an open proceeding, you know, there has been times  
16 even when I have an open generic proceeding when I have not  
17 necessarily agreed and abstained, there have been times that  
18 we've tried to drill down on certain, you know, specific issues  
19 and say this is the guidance that we have and this is the  
20 decision point so that it can go then fit into the specific  
21 proceedings that it might affect.

22 So I can at some point -- again it goes back to is it a few  
23 weeks, is it a few months or years for some of the decision  
24 points. At some point we need to evaluate what point along the  
25 chain do we say, wait, maybe we need to bring it back to this

1 proceeding. I know this proceeding is being closed and that's  
2 fine but to the extent that we're going to need the vehicle, or,  
3 you know, the proceeding to help address the issue.

4 Can you talk a little bit about the integrated resource  
5 planning?

6 MR. ADDEPALLI: We're using a different terminology, State  
7 resource plan. What we're trying to do in the State Resource  
8 plan is look long-term. Instead of the typical ten year term  
9 that is the standard with the existing reliable planning  
10 process, look long term at what would be the system, like if the  
11 business as usual continued with no changes to the system, but  
12 then also look at different scenarios, how the system would look  
13 like if it were to implement the clean power plan from APA with  
14 specific requirements, or another scenario what would it look  
15 like if we accomplish the state energy goals, specific, emission  
16 deductions, what kind of resource would be needed for either of  
17 these scenarios, and what does it mean to the system from a  
18 reliability perspective and economic perspective of intergrading  
19 these immense amounts of potential renewables from different  
20 sources. And come up with an analysis, I think we are at the  
21 beginning stages of building up the base case this summer. And  
22 we will run through the analysis with the scenarios and there  
23 could be other scenarios that the stakeholders bring and this is  
24 not a closed process, this has been an open process and Diane  
25 has actually presented this material at one of the ISO

1 stakeholder meetings for input and is working with the utilities  
2 and ISO stakeholders including other state partners, agencies.  
3 And hopefully early next year we'll have some results as to what  
4 might the system need to satisfy these expectations.

5 And to your point, we will come back to the Commission to  
6 explain what we found and to the extent that there are  
7 additional transmission needs or public policy requirements that  
8 would need to be promoted, we could make the commitment to come  
9 back and give you our recommendations and thoughts at that time.

10 MS. BURMAN: Can you explain the final state resource plan  
11 report?

12 MR. ADDEPALLI: As I said, it's looking at both from a  
13 reliability and economic and emissions, all are together. What  
14 will the system need to look like in 2024, 2030 -- I think those  
15 are the two years we're looking at, and if these kinds of  
16 resources were to come on what additional tools are needed to  
17 manage the reliability of the system and at the same time we  
18 would look at how would the emissions change and how would the  
19 production costs/savings, the economic metrics look like, so.

20 MS. BURMAN: From my perspective again is looking to, you  
21 know, when will it fit in further decision point. And I think  
22 that David, Diane and you, Raj, have done a good job of sort of  
23 flushing out the issues, you know, explaining the sensitivity of  
24 the need to move forward on Western New York. Again, you know,  
25 for the AC transmission proceeding and I look, you know, the

1 June 4th, 2015 ISO letter which I think helps encourage the  
2 necessity of expediting that so the movement towards the AC  
3 transmission of this PP, public policy transmission requirement,  
4 is not necessarily one that is, you know, putting it there to  
5 never be decided and, in fact, it should be done and I think  
6 that is everyone's expectation.

7 MR. ADDEPALLI: I think there's full commitment to move  
8 forward, staff has put out a report recently on its findings  
9 based on the proposals that came in that case and we have  
10 technical conferences scheduled, that was an interim report and  
11 we should have a final report sometime in August. And the  
12 expectation is to bring something to you before the end of the  
13 year on the projects.

14 MS. BURMAN: That gives me great comfort and also again,  
15 it's just about the information and you're providing that, so,  
16 therefore, I do feel comfortable from the movement towards there  
17 and do I think it's a natural fit.

18 Then the other issue for the others I would say, you know,  
19 I think that it could fit into many different buckets. It looks  
20 like it's the state -- the final state resource plan report.  
21 That is sort of the natural next decision point, so I do think  
22 that from my perspective that's when it should be submitted to  
23 the commission, and the decisions being looked at on what we  
24 need to do, whether it's addressing the public policy  
25 transmission requirements or saying no, it's not ready, but

1 having that full discussion at a session where we look at those  
2 issues and then what else also do we need to have, that might be  
3 unrelated to the public policy transmission requirement  
4 directly, but may be indirectly related, and the information  
5 that we've learned from that state planning resource, you know,  
6 that we've done, so.

7 MR. ADDEPALLI: We'd be happy to do that.

8 MS. ZIBELMAN: So first of all, I'm going to echo  
9 Commissioner Sayre's and Commissioner Acampora's comments  
10 relative to the importance of the Article 7. This is the  
11 process we're looking at now, is not a process necessarily of  
12 saying we're moving forward with transmission.

13 What we're doing is we're asking the New York ISO to  
14 undertake an analysis. Even the Order 1000 analysis requires  
15 the New York ISO to consider alternatives other than  
16 transmission.

17 The issue is that the information that is received in the  
18 petition is that there is a particular congestion bottleneck and  
19 that that congestion bottleneck could be resolved by additional  
20 transmission and now the New York ISO needs to do a study as to  
21 whether that transmission would relieve the bottleneck or  
22 whether other alternatives which should be considered equally,  
23 such as generation or demand response, could achieve the same  
24 amounts. So this is really to start the analysis. That is why  
25 -- and I just want to be clear so there's no confusion going

1 forward that is where we are in the process.

2 With respect to the AC proceeding, as we call it, there was  
3 already a determination that there was a potential bottleneck  
4 that could be solved by transmission. We're now undergoing the  
5 analysis of the transmission solutions that have been proposed  
6 and we're doing it in a competitive way. That's why we've  
7 decided it was premature, I just don't want any concern that  
8 somehow we're delaying AC. We're proceeding with AC and we are  
9 also now initiating a new study on Western New York. I just  
10 have a slightly different perspective of Commissioner Burman. I  
11 don't think that we should be just looking at things as  
12 transmission just for reliability. I want to note that  
13 transmission has historically, as people thought about it, is  
14 just a reliability solution.

15 It also is a solution for congestion reduction, integration  
16 of renewables in a more cost-effective way, essentially creating  
17 a more flexible and nimble system that accommodates a lot of  
18 different portfolios. And so while I understand, you know, any  
19 time you see congestion, ultimately, you have a reliability  
20 concern, but one of the advantages that is really put forth in  
21 the Order 1000 policy that I just wanted to note my support for,  
22 is that you don't just look at transmission as only a  
23 reliability issue, it can solve other issues as well, but the  
24 question is -- and that's what Order 1000 and that's what  
25 Article 7 is about -- but what else could you do so that you're

1 ultimately determining the least cost solution to a multitude of  
2 problems.

3       So again, I just wanted it to be clear at least my  
4 perspective. That's my position.

5       MS. BURMAN: And if I can take a moment, I would just want  
6 to clarify that I agree with you on that, and that my focus on  
7 reliability is that that's the paramount concern. But I do  
8 understand and agree with you on the other aspects of it.

9       MS. ZIBELMAN: So with that we're going to move to a vote.  
10 So in item 302 with respect to the recommendation to identify  
11 and refer to the New York ISO public policy requirement on the  
12 potential need for additional transmission capability in Western  
13 New York as described please indicate by saying aye.

14       MS. ACAMPORA: Aye.

15       MR. SAYRE: Aye.

16       MS. ZIBELMAN: Opposed?

17       MS. BURMAN: I concur based on my comments at session and  
18 looking to it being moved expeditiously in the AC transmission  
19 proceeding, as well as the final state resource planning report  
20 coming back to the Commission and being actively looked at and  
21 reported on.

22       MS. ZIBELMAN: Therefore, the recommendations are adopted.

23       Okay. Item number 501, which is the proceeding to evaluate  
24 options for making additional central office codes available in  
25 the 315 area code region presented by Mike Rowley.

1 Mike, we're here because of you, to make your life easier.

2 MR. ROWLEY: It's like being in a remote office; you have  
3 to carry your own name tag.

4 MS. ZIBELMAN: Mike, please begin.

5 MR. ROWLEY: Good afternoon, Chair Zibelman and  
6 Commissioners. Being from the New York City office I just want  
7 to -- and being able to present, it's great. And it's great to  
8 be live from New York once again, so.

9 The draft order before you concerns the 315 area code and  
10 the need for code relief in that region. For context the 315  
11 area code region is located within all or part of eighteen  
12 counties in North Central New York. Much of the population of  
13 more than 1 million is in the greater Syracuse area, but other  
14 population centers include Utica, Watertown, Messina and some of  
15 the surrounding areas. Thus, the 315 area code region covers  
16 not only a large geographic area but also a large residential  
17 and business community and they're supported by a wide range of  
18 wired and wireless telecom and telecommunication service  
19 providers.

20 The North American Numbering Plan Administrator, or NANPA,  
21 is charged with area code oversight via its affiliation with the  
22 federal communications commission. In February of 2015 NANPA  
23 informed the Commission that the 315 area code is nearing  
24 exhaustion of available central office codes and is, therefore,  
25 in need of relief. NANPA forecasts that 315 numbers will be

1 exhausted beginning in the first quarter of 2017. This  
2 determination as with nearly all numbering concerns falls under  
3 federal jurisdiction.

4 While states do not have authority to determine whether or  
5 not area code relief will be effectuated once NANPA has  
6 determined such relief is necessary, the FCC delegates to state  
7 commissions the authority to determine what form the relief will  
8 take. And the two principal options for providing code relief  
9 are the geographic split, which has three other sub -- or three  
10 other options within it, and then the overlay option whereby a  
11 new area code is overlaid and available throughout the existing  
12 region in this case 315. Each of the two relief options has its  
13 advantages and disadvantages.

14 However it is staff's determination from past code relief  
15 experience that the disadvantages and difficulties associated  
16 with a geographic split are much greater than those associated  
17 with area code overlay. If a code split was instituted, roughly  
18 half of the population in the 315 region would need to change  
19 their existing telephone numbers to accommodate the new area  
20 code. This results in consumer confusion and expense.

21 An overlay option, on the other hand, would not affect any  
22 current customers in the 315 service area in any material way.  
23 Consumers with 315 numbers would retain them and only new  
24 customers acquiring new phone services, be it wired or wireless,  
25 would receive numbers with the new area code and that's only

1 after the remaining codes are exhausted. Furthermore, if  
2 additional area code relief is required at some point in the  
3 future, there may be difficulty in continuing to split regions  
4 into smaller areas.

5 In contrast, the main drawback of an overlay code relief,  
6 is that it requires 10-digit dialing for all local calls,  
7 however, 10-digit dialing is currently in place in other areas  
8 of the State and across the country. Future code relief via  
9 overlay is much simpler and managed more efficiently.

10 Our experience in New York and our knowledge in other  
11 states indicate that overlay codes generally provide more  
12 effective and longer lasting relief opportunities than area code  
13 splits. Over the course of this proceeding which indicated by  
14 the number started in 2007, staff has conducted extensive public  
15 outreach, has held more than twenty public statement hearings  
16 and received over 400 public comments. After reviewing the case  
17 record including a 2008 recommended decision for overlay issued  
18 by Judge Howard Jack, staff also recommends that the Commission  
19 adopt an area code overlay for relief of the exhausting of the  
20 315 area code at the current time.

21 It should be noted that three times previously, in 1999 in  
22 2007 and in 2013 NANPA made similar determinations that 315 was  
23 impending exhaust but in each case number conservations measures  
24 such as local number portability, number pooling and reclamation  
25 delayed the exhaust date, really just pushing it out. So while

1 conservations measures have prolonged the life of 315 for the  
2 past fifteen years, there are no additional conservations  
3 methods or measures that can eliminate the need for area code  
4 relief or significantly extend the time when relief would be  
5 needed currently.

6 Because of the significant lead time necessary, for staff  
7 to oversee really the industry's implementation planning and  
8 public outreach, and the additional follow-up processes  
9 associated with area code relief, it is very important for the  
10 Commission to approve the 315 area code relief today so that  
11 implementation efforts may commence immediately. The lead time  
12 usually takes about eighteen months, which puts us in the first  
13 quarter of 2017, which is NANPA's current target for exhaustion.

14 That concludes my presentation and joining us in Albany  
15 today is Dave Kitchen, our area code relief expert, and we will  
16 be happy to answer any questions you may have.

17 MS. ZIBELMAN: Thank you Mike and thank you Dave.

18 Just so it's clear to me, if in fact we got to the point  
19 that there was exhaustion and we hadn't done anything, what  
20 happens?

21 MR. ROWLEY: I think NANPA would probably institute what's  
22 called a jeopardy of exhaust process, where, you know, numbers  
23 would be rationed and, I guess, it's technically possible that  
24 the FCC or NANPA would then, if we did nothing further, they  
25 would implement it on their own.

1 MS. ZIBELMAN: So, yeah, I mean, that's what I thought.

2 I mean, no one -- we're never -- no one is ever going to  
3 want anyone to get into a situation where people can't get  
4 telephone numbers because we don't have area codes, and so the  
5 FCC -- if we did nothing, the FCC would assert jurisdiction, or  
6 NANPA, and they would take care of it so this really has been  
7 delegated to the State so that we have an opportunity to do it  
8 before the feds step in, essentially.

9 MS. HARRIMAN: Yes.

10 MS. ZIBELMAN: I note that this is a difficult issue.  
11 We've received comments from both local residents but more  
12 importantly from many local elected, and most recently a letter  
13 from Senator Griffo yesterday, voicing the concern about the  
14 fact that we sort of seem to have been at this place before and  
15 then there was not a need so therefore can we make sure -- and  
16 this is how I read it -- that before we proceed with this  
17 disruption we're not putting people through the inconvenience  
18 only to find out that that exhaustion -- we weren't at the  
19 precipice of exhaustion.

20 What I understand at this point is that we feel based on  
21 all the information that we have, we will be in the position  
22 that if we don't act -- because it does take eighteen months to  
23 put something together -- that we will find ourselves behind the  
24 8-ball, if you will, and not have had enough time to implement a  
25 plan and, therefore, create even more disruption and more harm

1 to the people of the community so it's sort of, I think for us  
2 then, I think the way the order is suggesting we go forward I'm  
3 comfortable that we have to.

4 At the same time, I'm very cognizant and with the concerns  
5 raised and also sensitive that we just don't want to do  
6 something and only find out we didn't have to so I would like to  
7 in the same time while proceeding really make sure that, first  
8 of all, staff, that we work with the legislative staff here and  
9 there's been some suggestions that we need to look at  
10 alternatives, and I'd like to make sure that -- I know we feel  
11 that we have but let's make sure that we've looked over every  
12 rock for and done everything we can, and then secondarily  
13 NANPA's going to come up with, I understand, with a new analysis  
14 we expect in Q3 this year?

15 MR. ROWLEY: Yes, NANPA releases its projections in April  
16 and October of each year, so we'll get something back or we'll  
17 see something in October.

18 MS. ZIBELMAN: Okay. So let's you know, make sure as we're  
19 proceeding if there's new information that changes where we are,  
20 let's make sure that the Commission has an update to look at it.  
21 And with that I'm comfortable with proceeding.

22 And again, I want to echo that I'm very appreciative of  
23 Senator Griffo and the other elected individuals who represent  
24 these areas that we need to do everything we can to avoid  
25 disruption and we'll do everything we can, but in the meantime,

1 we need to make sure that we're keeping ourselves in a good  
2 position and not put ourselves in a worse position because of  
3 timing.

4 So I think, in my perspective, that's the right way to  
5 proceed. So I intend to vote in favor of the order.

6 Commissioner Acampora?

7 MS. ACAMPORA: I agree with the Chair.

8 I mean, as a former elected official I certainly understand  
9 the senator's and the other elected officials' concerns, but I  
10 think that we have looked at this for quite some time, am I  
11 right, Michael?

12 MR. ROWLEY: Yes, the order --

13 MS. ACAMPORA: This isn't the first time this has come  
14 before us so we have been thoughtful in this process and I think  
15 it would be a real neglect on our part if we didn't, at least,  
16 put the safeguard in for another area code and not leave it up  
17 to the feds to do. You know, we would be negligent, I believe,  
18 in our duties. I happen to have three different area codes.  
19 It's something -- you know, people now you have wireless, things  
20 have changed. And I know particularly for older people and  
21 those who have mom-and-pop businesses it's difficult to absorb  
22 the changes that could occur.

23 But the overlay I think is the least harmful of what there  
24 is out there. So, I think, as the Chair has said, we're going  
25 to proceed and move on with this, and we'll wait also for that

1 October report, because my favorite word, as you all know, is  
2 "flexible," and, you know, we can be flexible if there is  
3 further information that shows that something has changed, but I  
4 think for now I will vote in favor of this item.

5 MS. ZIBELMAN: Commissioner Sayre?

6 MR. SAYRE: I would not get out my wallet and vote against  
7 Senator Griffo on this one. He was right the last time when he  
8 said he wasn't convinced that there was a need, and his  
9 constituents were not convinced there was a need, and urged us  
10 to go slow and it turned out, at that time, that there wasn't a  
11 need.

12 But I agree with staff and the Chair. It looks like this  
13 time may be the time that we've got to go ahead with the new  
14 area code and it would be negligence in our public duties if we  
15 don't have that backup plan. But if it turns out that there  
16 isn't a need, come back to us and we'll put it on hold again.

17 MS. ZIBELMAN: Commissioner Burman?

18 MS. BURMAN: Thank you.

19 So when I look at this, I look at it from -- you know, I  
20 wouldn't presume to know what one community thinks is  
21 appropriate for them, you know, whether it's the overlay or  
22 something else. So from my perspective, it's about what was the  
23 outreach in the community to make sure that we properly got an  
24 understanding where the community was at and, you know, there  
25 was a robust discussion.

1           Since 2008 there has been, you know, a push and pull in  
2 terms of, you know, pushing to change the area code in some  
3 fashion, and then the pull in that, you know, the forecasts have  
4 been wrong but for the local community, that includes the  
5 elected officials who are speaking on behalf of their community,  
6 we've stopped. But if we had not, we would have gone forward.

7           I think that here there's balance, in that there's a  
8 recognition that the past opportunities where we had set up the  
9 plan based on the forecasts that were given to us by the federal  
10 government has changed, and the change is based on the data  
11 that they have received.

12           So from my standpoint, you know, the October forecast is an  
13 important one to look at. But then also we have to do a deep  
14 dive into our process and our outreach and here it was done not  
15 robustly as it had been done before. We had this on the agenda  
16 last session and we didn't act on it but from June through now  
17 we've received, you know, a significant number of comments for  
18 it so whether it's the notice or that it was on the agenda and  
19 then there was information -- when we looked at doing the Long  
20 Island area code change, we had it on a session and we had  
21 decided that there might not have been enough process and we  
22 were able to, because of the factors of the time that we had, we  
23 were able to wait and have one more public outreach before, and  
24 then we were able to take that feedback from the community and  
25 make the decision that works for the community.

1 Here I do think we do have a time sensitive issue, if the  
2 forecast is right, so we need to be mindful of that. So from my  
3 perspective I look at it and say based on all these factors, you  
4 know, we have to figure out how to embrace potential solutions  
5 and outreach from the community as well, during this time  
6 period. The proceeding technically is going to be closed so  
7 what if people have comments where would they go?

8 And again, that's just a technical process for me but I  
9 would hate to see that -- you know, since June we've had a  
10 number of comments. I would hate to see if we get more comments  
11 that they don't go anywhere or get noticed in some public way.

12 So that's my only concern, and you know, insuring that we  
13 do reach out to the community before October, you know, even if  
14 it's informally talking to the folks that have raised the  
15 issues, which I think, you know, Chair Zibelman is expressing  
16 that is a good thing.

17 So I'm going to concur insofar as based on the official  
18 record that we have before us we must act since the North  
19 American Numbering Plan Administrator determined that there is a  
20 pending area code exhaust. Our own failure to act now may  
21 trigger the federal government in unilaterally acting in  
22 imposing its own plan on the affected communities, or more  
23 importantly, our failure to act now may put in harm's way  
24 residents and business owners in the affected areas if there is  
25 no action and the area code exhausts.

1           However, based on the concerns raised, all viable options  
2 must be further explored which includes looking at the  
3 continuing accuracy of the forecast estimate from the North  
4 American Numbering Plan Administrator.

5           We do need to be mindful of not being locked in to action  
6 that is ultimately potentially deemed not necessary. That,  
7 based on the commitment from Chair Zibelman that the concerns  
8 raised will be actively worked through and a careful examination  
9 will be done to ensure that if there is no need to activate this  
10 plan we will reconsider the necessary next steps. Previously in  
11 November of 2013 Chair Zibelman put on hold the 315 area code  
12 proceeding based on the revised forecast, thus, I have every  
13 confidence that based on the articulated next steps, if there is  
14 similar evidence found to suggest the area code will not exhaust  
15 in that timeframe forecasted, that Chair Zibelman will, without  
16 delay, bring it back to the Commission for reconsideration, to  
17 place on hold the proceeding and essentially extend the life of  
18 the 315 area code.

19           So accordingly, I concur with the plan of action that we  
20 have.

21           Thanks.

22           MS. ZIBELMAN: Counsel?

23           MS. HARRIMAN: I just want to address Commissioner Burman  
24 on your one question with respect to the fact that the last  
25 ordering clause closes the proceeding upon the completion of the

1 two compliance filing requirements in ordering clauses 1 and 2.

2 The Commission can at its own discretion, or on its own  
3 discretion, reopen a proceeding and as the Chair has charged the  
4 staff to look at the NANPA -- what an acronym -- October report  
5 on where things stand with respect to number exhaustion, we'll  
6 do that and bring that information to the Chair. And if it's  
7 appropriate, the Commission can reopen its proceeding and  
8 reexamine the time frame with moving forward with the overlay  
9 recommendation in the order.

10 MS. BURMAN: I just have a question.

11 So does that mean if between now and then folks have  
12 comments, would they get filed publically on the -- under our  
13 proceeding?

14 I'm confused by your answer, I'm sorry.

15 MS. HARRIMAN: No, they can file comments in the docket.  
16 The docket is open until a minimum of the forty-five day period  
17 from the compliance filing from the issuance of the order.

18 People can always file comments, we have a PSC helpline, we  
19 take comments regardless of whether or not the docket is open  
20 and we'll respond to those and find a home for those as  
21 appropriate. So that's part of the information that I would  
22 expect to give to the Chair, in addition to what comes out of  
23 the October report from NANPA.

24 So it wouldn't just be solely limited to the October  
25 report. And then, obviously, in consultation with the Chair

1 there would be a determination by her as to whether or not to  
2 bring the issue back to the Commission for reconsideration as to  
3 the timeline for the overlay recommendation.

4 MS. BURMAN: And what if after if the forecast -- and I  
5 just thought of this now -- if the forecast is the same, the  
6 proceeding is closed, and then during the implementation phase  
7 people have concerns, how does that go into which bucket for  
8 being from a public filing perspective?

9 MS. HARRIMAN: I just want to be clear. If it looks like  
10 the October forecast is consistent with what we see now and the  
11 basis for the staff's recommendation to the Commission to adopt  
12 an overlay for the 315 area code, any concerns -- as Mike was  
13 talking about -- there's an eighteen month education plan and  
14 outreach program and sometimes that has a tendency to spur  
15 additional comments and questions, those will be treated and  
16 they will be responded to. And we will work with Michael Corso  
17 who is the head of officer consumer services to help, again, be  
18 a partner in the educational process for that area in dealing  
19 with learning about how the overlay is going to work.

20 So I don't want to have anyone believe that just because  
21 you have a last ordering clause that this proceeding is closed,  
22 that all responsibility in that area is done, whether it's  
23 staff's or the Commission's.

24 MS. ZIBELMAN: Counsel, I think, for me, one of the things  
25 that's helpful in this process is that it's a process and the

1 process is to recognize, you need to make an initial decision to  
2 do a split or to do an overlay. Once you do that, it's an  
3 elongated education process so that people can get used to the  
4 10-digit dialing.

5 My own experience, like Commissioner Acampora's, is that  
6 I've gone through this twice in different places and you get --  
7 now you're so used to it where even where there is 7-number  
8 dialing, I always forget and do it and then for the most of us,  
9 as we know, a lot of us have the people we normally call on  
10 speed-dial and you don't even pay attention to it anymore  
11 anyway, so.

12 I think that I know that there's initial changes and  
13 there's initial disruption, it seems like because this has been  
14 done so many times across the United States now, that people  
15 kind have gotten this down to an art so that makes me feel  
16 better. It's not like you wake up one day and you dial the  
17 number and you can't get through. It's a very elongated process  
18 and, you know, that gives all of us a quite bit of comfort.

19 So with that, unless there are any more comments --

20 MS. BURMAN: Yes, I have a comment. I think it also is not  
21 just the forecast but it's also looking at how we interact with  
22 the communities and with the North American Planning  
23 Administrator so that there is more of a, you know, stakeholder  
24 process, and also just making sure that we are doing all that we  
25 can to look at viable options, and make sure that we're

1 affectively working through that. So that, I think, is that we  
2 need to consider.

3 We've gone through this a number of times and depending on,  
4 you know, how well we do it, sometimes there's great  
5 understanding and other times there's not. In this case it's  
6 just the same way with the Long Island area code. I just want  
7 to be sensitive to the fact that, you know, our process was not  
8 as robust as it had been done before.

9 So from that process, you know, we did follow, you know --  
10 and again, I know that it had been done several times, but still  
11 I think from the fact that we had put it on hold until now, I  
12 think we just need to be cognizant of the fact, and I think  
13 that's why the interest of folks in the community like Senator  
14 Griffo and Senator Ritchie are helpful to us just to give us  
15 pause in our own internal processes and in how we communicate,  
16 so thanks.

17 MS. ZIBELMAN: All those in favor of the recommendation to  
18 approve the establishment of an area code overlay to provide  
19 additional numbering resources in the 315 area code region as  
20 described, please indicate by saying aye.

21 MS. ACAMPORA: Aye.

22 MR. SAYRE: Aye.

23 MS. ZIBELMAN: Opposed?

24 MS. BURMAN: And I concur based on my concurring statement.

25 MS. ZIBELMAN: There being no opposition, the

1 recommendations are adopted.

2 Okay. We're going to move to the consent agenda.

3 Do any of the Commissioners wish to recuse or abstain on  
4 voting on any of the consent agenda items?

5 All those in favor on the recommendation on the consent  
6 agenda, please indicate by saying aye.

7 MS. ACAMPORA: Aye.

8 MR. SAYRE: Aye.

9 MS. BURMAN: Aye.

10 MS. ZIBELMAN: Opposed? There being no opposition the  
11 recommendations are adopted.

12 Secretary Burgess, is there anything further to come before  
13 us today?

14 MS. BURGESS: There is nothing further to come today.

15 The next commission meeting is August 13th in Albany.

16 MS. ZIBELMAN: Okay. Mr. Rowley, thank you for welcoming  
17 us to your home and to the other New York City staff, we're so  
18 happy to be here with you. Thank you.

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C E R T I F I C A T E

I, Olga Raptis, a reporter and Notary Public within and for the State of New York, do hereby certify:

That the witness(es) whose testimony is hereinbefore set forth was duly sworn by me, and the foregoing transcript is a true record of the testimony given by such witness(es).

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



OLGA RAPVIS