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FOR THE COMMISSION:
Audrey Zibelman, Chair
Patricia L. Acampora
Diane X. Burman
Gregg C. Sayre

OLGA RAPTIS - Reporter
Good morning, everyone. Welcome to New York City, and particularly Mr. Van Ryn, I'm so glad to see you here.

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

MR. SAYRE: Good.

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

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

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

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

MS. NEVILLE: Thank you.

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

New York Green Bank is a State sponsored specialty finance entity working in partnership with the private sector to drive investment into New York's clean energy market. New York Green Bank represents a key component of New York's integrated energy
policy and strategy focused on adjusting gaps and barriers in those markets so that participants gain the confidence needed to finance proven scalable technologies.

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

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

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

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

The remaining annual installments in 2016 through 2019 were
proposed to be funded through incremental collections for which authorization is requested in NYSERDA's clean energy fund proposal in Case 14-M-0094.

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

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

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

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

With regard to the level of timing and funding source for the additional capitalization, certainty of capital availability to support continued development of New York Green Bank's pipeline is critical to enabling New York Green Bank to meet its objectives, as well as building and retaining market confidence in New York Green Bank. Staff recommends the Commission support New York Green Bank's growing momentum by providing a 2015 allocation of $150 million to be reallocated from uncommitted SBC3, SBC4, EEPS1 and RPS funds.
To avoid the prospect of overcapitalization, the reallocation is conditioned upon New York Green Bank demonstrating $150 million of previously authorized funds have been committed to New York Green Bank investments. This amount represents approximately 75 percent of New York Green Bank's current capitalization, net of administration cost recovery fee and evaluation.

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

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

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

Staff believes many of the transparency and accountability concerns raised by commenters will be addressed by the recent enhancements to the information provided in New York Green Bank
quarterly reports, the information staff is recommending be included in the compliance filing demonstrating the commitment as just described and ultimately by the information that will be provided in the transaction profiles as detailed in New York Green Bank's Evaluation Metrics and Reporting Plan.

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

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

At this time New York Green Bank will continue to be subject to the eligibility rules created in the initial capitalization order issued December 2013. As laid out in that order, investments made pursuant to the requirements must contribute to green house gas reductions in support of New
York’s clean energy policies. This concludes my presentation on
the New York Green Bank item.

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

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

Peggie, thank you and thank you, Colleen.

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

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

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

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

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

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

So the challenge for us, of course, when thinking about
these things is making sure that we are balancing all potential
competing interests and one interest, for me, is really making
sure that we were not going to be disruptive and I didn't
want -- we didn't want Green Bank to be put in a position where,
in fact, they would have to turn away deals because they didn't have funding. That would be very disruptive, but not only that, not only would it be bad for an initial deal, it would signal to the market something that we wouldn't want to signal, which is lack of full commitment. And so I thought that we needed to address that.

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

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

So for all that when I look at the balance set in the order and while I know there were some concerns raised by
stakeholders, I think that, you know, clearly we can't argue against a success that's happening. And it's clearly gaining momentum and it would be the worst thing of all for us not to support that now. So I think that becomes apparent.

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

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

Any further comments, questions from any other commissioners?

Mr. Sayre?

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

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

And I think we've learned a lot from EEPS and one of the areas that was always a concern was M&V for me, so I know that I guess it was, the ISO was concerned about how we were going to
-- if we were going to have a scorecard, you know, with Green Bank and, you know, how are we going to be more efficient in making sure that if a certain entity that has been chosen all of a sudden falls off the board, you know, how do we get this fixed and how do we move on, you know, once you've invested in a company and if something happens, you know, how quickly do you stop that and say, you know what, this is just not going to work and we don't want to make any more investment in that and we move on from this. So that's my question.

MS. NEVILLE: Thank you.

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

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

And so I think those transaction profiles as deals close and we see the first one coming through, staff will be working with New York Green Bank team to make sure the level of detail that's provided there is sufficient for us so that we can be
looking at those, but because of the nature of the work of the
Green Bank, I think each transaction itself is very unique and
different so those transaction profiles gives that level of
insight by transaction, if you will, for stakeholders and staff,
and the Commission to see that.

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

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

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

So at our request, actually, or I think at Green Bank's
offering, all commissioners had individual briefings, so I just
didn't want people to think they missed this meeting. These
were individual discussions that each of us wanted to have to
get an update and Green Bank accommodated that.
And in response to Commissioner Acampora, I think -- I also echo that. I think that this is new enough for all of us but more importantly we always want to pay attention, but with this in particular I think we all want to watch it and I know that this is something that is also a concern but certainly the NYSERDA board is focused on as well so I believe that continual updates -- and I know from the conversations we had -- or I had had, that the Green Bank folks definitely want to come in and they're very excited about what's going on so any opportunity for them to reveal that and talk to us is actually welcomed but it's good idea. Commissioner Burman? Thank you.

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

I look at the Green Bank, though, and look to other Green Banks for history and perspective, and in doing that research I see that they're all different. It does not mean that that's, you know, that we can't fit certain things in with others, but I think it's a recognition that we have to look to what works for our State, and by looking at what's being done in other States in the Green Bank, and then others that may come, I think it helps us in fine-tuning what we're doing and what we're working on with the Green Banks.
So to the extent that there is not an apples to apples comparison from one Green Bank to another, I think we have to recognize that when we're looking for, we're not looking necessarily to match up one particular program that might work -- that may be called the same thing, but work in that State -- but we can look to those to see what some of the pros and the cons are and how that might fit or be able to be fixed to fit in our State.

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

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

So what I come away with is that initially the Green Bank NYSERDA was looking for a complete authorization for all of the monies that they wanted for the Green Bank, but I think they
heard the message loud and clear from stakeholders that there was still more work to be done before there was a discussion and decision point on what we would do with that.

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

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

I, as a regulator, look and say that I don't want to be a barrier to effective programs that help our State. I actually want to help to break down those barriers. And so when I look at this I say -- I see on the record, the evidence on the record from staffs' analysis, from the Green Bank's analysis, and from stakeholders in the process who have submitted comments, is that they are concerned that there needs to be maintenance of significant funding levels so that they see this is a real and viable program. And we're hearing that from the folks that
filed comments, that they need to have some more regulatory
certainty. So it's not a leap of faith that I take when I say
that I understand that now is the critical point, or at least,
of seeing from the records, that is a critical point.

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

However, I do think that it is a very thoughtful process
and it's very much the right direction. So it's not that I
disagree, it's just that I see that we may -- you know, I'm a
little bit more cautious, as my nature is. So from my
perspective, one of the things that I see is a recognition that
this is sort of the next threshold step. We will have time when
we get to the Clean Energy Fund and review that, to drill down a
little further and also have some more data and have some more
history.

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

So when we come to the time, the decision point on the
clean energy fund, that's some of the things that I will be
looking at to see, has the allotment of monies that have been
given now for this program, where are we at and that not only
just have they gone to come in but what are the closed
transactions. Because like when we see from the different
reports, we've seen sort of a progression downwards. It's not a
bad progression downwards, it's just a natural progression of
interest and then whittling it down to the actually viable
transaction. That's natural and that's necessary and that's
appropriate, but at the end of the day I don't have the data
that I need from what's been committed to what's been closed in a historical perspective so we can understand for the next threshold what is the percentage that would be needed to actually have completed transactions.

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

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

And then, frankly, we do know that not all of these transactions are going to lead to the end result of a successful program. It doesn't mean that it's a failure, it means that it's an ability for us to look and see what works and what doesn't work. From that perspective it's also very important
that we remember that this isn't just about helping to knock
down the barriers to financing, but that we also are focused on
how is the Green Bank going to wind up going from, you know, the
influx initially and now to the second phase of more rate-payer
funds, again, none that are new, but that there is going to be a
whittling down from the Green Bank so that the Green Bank is
self-sustaining. And so those are the things that I'll be
looking at.

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

I am very cognizant of the fact that with the signal that
is important, and I heard loud and clear from looking at the
record, is that they need some regulatory certainty that this
program is viable to the extent that it can be and we can flush out some more details, and also have a much more diverse portfolio.

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

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

MR. SAYRE: Aye.

MS. ACAMPORA: Aye.

MS. ZIBELMAN: Opposed?

MS. BURMAN: I concur.

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

Thank you very much.

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

I think Scott is going to begin. Welcome.

MR. WEINER: Thank you, Chair Zibelman and Commissioners.
I am very lawyered up this morning.

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

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

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

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

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

These facilities are generally funded, in part, through grants supported by the renewable portfolio standard surcharge
and electricity utility bills that customers pay, and therefore, it is important as a foundation that we recognize that community DG is both equitable and will also promote New York's clean energy policies.

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

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

Turning to the initiative itself, and let me begin by talking about the framework of community Distributed Generation. It's centered and grounded on the Net Metering paragon authorized under statute, and again, it's a simple concept that
a group of customers can now join together into a membership that would associate as or contract with another form of business, a not-for-profit or governmental entity, that would serve as a sponsor. And that sponsor is going to be responsible for principally three activities: Building the community DG generation facility, interconnecting to the grid, and then owning or operating in conformance with the Net Metering requirements of the Public Service laws. The sponsor would also interface with the generation facility developer in the event that the sponsor did not act as the developer itself, and the membership.

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

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

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

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

So in that regard, the order provides that membership in a
community DG project is set up in a minimum of ten members.
There was extensive comments that there should be no limit, there should be lower limit or that there should be a higher limit. Ten was selected as a reasonable compromise in order to make sure that the opportunity of community DG was, in fact, made available to a reasonable number of participants and did not become taken up by one or two large projects -- one or two large members within a project.

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

Conversely, or as a corollary, that means at least 60 percent of a DG, DG community facility's output, would be devoted to the smaller size customers. And this, again, strikes that balance of allowing larger customers or larger members to serve as anchors for the project to facilitate project financing and help in the organization of the membership.
As with other net metering projects, all members of a community DG project must be located in the same service territory, and in the New York independent system operator load zones where the sponsor project is located.

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

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

But at the heart of the sponsor's responsibility is the building of the facility and owning and operating it in accordance to law. The sponsor would coordinate the project's operation with the utility, and would supervise, of course, the
corporation among the membership, in essence, they're the manager of the project.

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

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

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

Again, in striking a balance, the order provides that
members must take a percentage amount of at least a minimum of a 1000 KW hours annually, and I want to assure the commissioners that we bettered that number and we do not see it as an obstacle for any particular individual's participation.

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

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

So an exception is expressly called out in the order and then for purposes of deterring compliance with requirement that customers of more than 25 kilowatts would be attributed no more
than 40 percent of the project output, a multi-unit building owner will not be treated as a single large customer within those limitations, and instead the individual residents whose output is less than 25 kilowatts will be considered members for the purposes of that particular project.

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

One of the challenges that we saw in developing the program was the need to develop a time when all the participants, all those roles I mentioned, the utility, the sponsor, the members, could begin to sort out the complexities of building practices, relationships, creating their own membership rules and the like. So we wanted to
provide for a phased implementation where during a brief and
finite period the opportunity of community DG would be provided
on a somewhat limited geographic basis throughout each company's
service territory, providing an opportunity for learning that
could then be drawn upon during a subsequent phase 2. So an
initial implementation period that will run from mid-October of
this year until May 1st of 2016 is established by the order.

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

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

However, importantly this does not prevent projects that
don't qualify as a phase 1 project from moving forward and
preparing for interconnection by filing preliminary
interconnection applications with the utility at any time after
tariffing of the community DG program occurs. The only
difference would be they would have a lower priority during this
The locational benefits, once we identify the objective, the question became, well, how do you define that, so we drew upon a process that was similar to one used in New York Prize in creating opportunity zones. And the draft order details the process and the criteria by which each utility is being asked to create an opportunity zone, drawing upon the information they have from New York Prize, from New York Sun, the recently filed Non-Wires Alternative and importantly these opportunity zones must encompass at least 40 percent of the utility's geographic service territory, as a reasonable interim approach during this first phase.

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

Also utility tariffs implementing the community DG program must be filed within 60 days of the date of the order, and those tariffs will bear an effective date of October 19th, 2015, and then as I mentioned before, phase 1 will run until April 30,
2016. The order also provides, importantly, and almost essentially, that the utilities must cooperate together in two important respects.

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

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

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

The order also discusses the issue of fees and charges.
The joint utilities, for example, during within their comments sought to allocate a portion of the implementation costs to project sponsors and members of the projects through fees and charges.

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

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

The draft order reflects the view that that should be rejected because of the uncertainty that it would create in the
Also discussed in the order are certain issues and limitations in terms of membership and participation in community DG programs. For example, New York City raised some comments that address the ability or, frankly the inability of the City and NYPA and NYCHA, Con Edison, to collaborate with regard to an implemented program in part because NYPA is beyond the PSL jurisdiction for rate purposes.

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

The order also discusses two important further proceedings. The first I alluded to earlier, there will be a low-income customer collaborative that will discuss a number of related issues in addition to creating the mechanisms for removing various participation, the collaborative is directed to consider the use of demonstration projects directed towards encouraging broad low-income participation in community DG, and I know it will be a topic of further commission discussions, but in the
first set of filings there was some mention of some very
exciting possible demonstration projects addressing those
issues. Staff is directed to intimate that collaborative within 60 days and to report back by January 15th, 2016.

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

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

The energy value in New York is established by the paramarkets and it's called the locational based marginal price or LMP. The distribution level value can be added to the LMP once its established to create what is referred to LMPD, reflecting the full value of the distribution level resource on a time and location basis. This value can include load
reduction and frequency regulation, a whole list of items including locational values, and can also encompass values not directly related to delivery services such as installed capacity and emission avoidance.

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

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

It's needless to say this work should take into account and will take into account consideration of any comments received in the REV proceedings on this issue, and also will consider the discussions that come out of the comments that will be filed on the DCA framework document that was recently released and other related studies that are taking place.
Hereto staff is asked to complete the report by January 15th, 2016. Lastly, and yes lastly, I want to briefly mention the utility ceilings on net meter capacity. As with any net meter facility the capacity of the community DG facilities will be totaled to the capacities of all other Net Meter facilities located in the utility service territory in determination of compliance with the ceiling on the amount of Net Meter capacity each utility must purchase, subject to the commission's determination on the implementation of ceilings adopted in conformance with the Public Service law. Now following the issuance of the transition plan order, however, utilities continue to receive applications for interconnection of Net Meter facilities at a rapid pace, as the New York Sun program has been met with great success in the industry and continues to flourish in New York.

The introduction of the community DG program may induce a substantial number of additional applications once the phase 1 introductory period concludes. Therefore, the draft order memorializes direction of staff to report to the commission at an appropriate time about the status of the interconnecting applications completed and actual interconnections accomplished for Net Meter facilities in each utility service territory. Staff is also charged to make such recommendations for addressing capacity ceiling as are necessary in utilities service territory to ensure that the processing of the
completion of the interconnection applications is not interrupted.

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

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

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

Let me just start. All of us know that there has been a sort of a movement of foot in the food industry to go from farm to table. And one of the great things about that is that we can also see these community gardens getting developed, actually in urban areas, where people who were previously in food deserts
were now able to access really great food and healthy food and locally grown food -- which you probably are wondering where am I headed.

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

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

And one of the things that I know, frankly, the staff despite, you know, what other people might think and I know the Commissions also do, is that we actually like going to these public statement hearings, because it's actually one of the few opportunities we have to actually hear from people who are affected by the things we do, you know, given the job we do, we
affect people every day, in fact, we affect them throughout their days. So actually sitting in these hearings and really getting that sort of feet-on-the-ground view is very important. What is great is that when we can, through our own action, directly improve the lot of what people are concerned about.

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

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

Since 2011 to 2014 as Governor Cuomo announced last week, we've seen a 300 percent increase, a 300 percent increase in the amount of solar penetration in New York, which people thought was not a really good solar State but it's growing. And it's growing because of programs like New York Sun, that we
implemented, it's growing because actually the price of solar
has gone down, and it's growing because as a result of these
activities we are actually seeing a growing industry around
solar development which means jobs, and these are local jobs and
particularly when you're thinking about community solar, they're
very local jobs. So if anything is a win-win-win, it's all of
that.

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

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

So by doing this in a community way what that does is, it
provides that same democratization as people talk about
throughout the State and it provides that opportunity to
everyone. So for me it's sort of the -- we want to say -- the
quintessential Public Service is looking at it as a problem, trying to solve that problem and doing it in a way that everyone gets to participate and I think that is something that, at least for me, it's an opportunity to crow about.

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

One of the things that we've done at the Commission recently is we've launched the proceeding on low income, we're looking at affordability, but quite frankly I think we can all rather solve the affordability program issue, not by saying we're going to give people a discount on their bill but actually we're going to reduce their bills, and one thing that this can do is actually reduce the cost for low income folks. So that if affordability is there -- in other words, if we say that affordability is less than 10 percent of your income, you can do that by being able to consume through solar and getting credits.
So I think that these are huge opportunities for us to start solving what people thought were intractable problems but we're finding are not so intractable if we look at the issues in a slightly different way.

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

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

At the same time, we need to think about where we are headed and there's two pieces of that. The constructive net
metering, which has been used in the solar industry is one of the success stories. It's been proved to be of an extremely strong and valuable mechanism for solar providers to get customers into the programs without worrying, without a lot of confusion.

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

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

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

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

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

So thank you staff for all your great work. I know this
was complex, you had to look at every angle. I don't think there was an angle or avenue that wasn't explored and it's a great order and I intend to support it. So thank you.

Any further comments from any of my other fellow Commissioners?

Commissioner Burman, do you want to start?

MS. BURMAN: No. Go ahead.

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

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

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

MS. ZIBELMAN: Commissioner Acampora?
MS. ACAMPORA: Scott, I have a question.

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

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

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

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

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

MR. WEINER: Very true.

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

So thank you for all your work on this.

MS. ZIBELMAN: Commissioner Burman?

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

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

There are many other aspects in there, there was a recognition that we have to look at but we also have to now ask ourselves how are we going to get where we want to be. There's certain inspirational goals that were given but we really do need to take care of our infrastructure and ensure that we have all of the systems in place.
Again, I'm supportive of community DG, I just -- you, know, I know there is, and you recognized it, Scott, that there is confusion over remote net metering versus community DG. I think there's even other aspects. When you talk about community DG or community owned DG, one of the things that pops out for me is crowd-funding DG, and that really is not, you know, a community owned-prospect, that's really a financial-owned technique, and it may be good, it may be bad, it depends on sort of the systems in place. But that's really where investors are owning the systems.

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

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

And I think there might be some misconception that that
transition plan, you know, was taking care of the net metering aspects.

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

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

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

My position publicly has been at other sessions where I think that net metering needs to be addressed holistically, and if there is a transition to something else, or continuing on, we need to have a frank and real discussion and fix what needs to
be fixed rather than doing short-term or pieces of the puzzle.
To me I'd rather sit down and finish the whole complete puzzle.
When I look at it, the thing that troubles me about the order,
also gives me comfort.

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

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

I do think the order does a very good forward step process
in looking at making sure that we are having some discussion on
some of the issues. I think there's a recognition that the implementation of this is going to be quite cumbersome and frankly quite bumpy. I'm looking to make it a much better and more smoother ride. So when I look at this from my perspective, we're sort of picking favorites.

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

   As it goes to the REV demonstration projects and in recognition of looking at the low-income programs and community DG in REV demonstration projects, I have a strong interest in the Commission as a body being in part of that. I think that it's, you know, the first of something very brand new and I think that I could -- and the Commission as a body -- can play a vital role in sending the right market signals and regulatory certainty rather than going too far down the road and causing disruption when they come back later to say they want to
implement it either broader or more holistically or ask for, you know, cost recovery above what is there.

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

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

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

And so to the extent that the federal program may be involved in different projects that are in New York, we should be a partner from the front end making sure that it's actually what works for New York, and actually we, you know, have a better sense, and the local communities have a better sense, of what they may need.
So we should work together, so again, from the front end we're much more involved and make right decisions that work for folks. I do want to also talk about the billing issues that I see as, sort of, sticking out like a sore thumb, those are something that, I think, there is a recognition. There are I think whole hosts of good solutions and I think that it's also important that it's not sort of directed from the Commission on that but that there is a stakeholder process in working through some of those, what I think, are realistic billing issues that can actually harm the program and the intent behind the program. So I do look forward to continuing dialogue on this issue and I really just have to sort of drill down on the importance of making sure that we do these things in a very organized way that helps.

I will say that there are a couple of mentions in the order that talks about reporting, whether it's reporting on low income or reporting on the caps. In the December 2014 order we also talked about the study that was being done by NYSERDA. That's been subsumed into a larger study and we're still waiting for the results on that. That is also sort of threshold for me, I said it last time in December and I'm going to say it again. If we're going to issue and do the due diligence in the studies, we really need to make sure that they match up and that we're time sensitive to that, because we don't have that study, we don't have that information, and it would be very helpful now. So to
the extent that that gets factored in and to the extent that all
the other different types of studies and reports that are going
on that might intersect, that we're making sure that we're not
sort of spinning wheels on that.

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

MS. ZIBELMAN: Did you want to comment?

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

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

It's a complex undertaking. I foresee that we will move
through this and it's not going to be something that is, you
know, somebody just needs to sit down with a piece of paper and
then calculate it out. It's an extremely complex undertaking and we've never operated a distribution system in quite this way and as we move forward. So what I perceive will happen is that as we get these studies and really what we're talking about is clearly, truly trying to figure out is the payment of average retail rate to customers who use distributed energy resources too high or too low a pavement and we may find, as many states have found, it probably just may be just about right, so we will have to see. So I don't think we should prejudge whether caps are even -- or whether or not the idea around caps or subsidization, whether it's truly a subsidization or not. That's the purpose of all these studies to prove. And I don't think any of us are prejudging on that concept.

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

MS. ACAMPORA:  Aye.

MR. SAYRE:  Aye.

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

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

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

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

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


MR. DREXLER: Good afternoon, Chair and Commissioners.

Like I said, I will be providing an overview of the background and process here and then I'll turn it over to Diane to discuss some of the substantive proposals that are on the
table and the recommendations that are before you. To give this
item some context, you should note that the ISO has three
planning processes that it uses to evaluate needs for
transmission on its Bulk System.

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

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

To give some context of where we are now, the ISO began its
public policy transmission planning process the same month,
August of last year. It started with the solicitation for
public policy requirements within 60 days. In October of last
year the ISO filed these proposals with the Commission for its
consideration. The Commission issued a SAPA notice to solicit
comments on those proposals, it sought additional comments in a
supplemental notice, and that is essentially what's before you.
It's worth noting that a public policy requirement is defined under the New York ISO's Open Access Transmission Tariff or OAT as a state, federal or local statute regulation or a PSE order that's been adopted pursuant to the state administrative procedure act that relates to planning on the Bulk Power Transmission Facility.

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

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

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

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

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

The first solicitation for PPR has resulted in eight entities recommending seven public policy needs. They are:

First, relief of congestion on the central east and upstate New York southeast New York interfaces, which is currently the subject of the AC transmission proceeding; second is the Western New York transmission upgrades to help unbottle generation from Niagara and imports from Ontario; third is generation retirement contingency transmission relief specifically for a possible
Indian Point retirement; fourth is renewable portfolio standards; fifth, EPA's clean power plan; sixth is fuel diversity and finally greenhouse gas reduction.

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

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

Again, to make it very clear, we are not passing judgment on what should be a public policy. We are focused on which public policy goal should be determined as public policy requirements that would require transmission upgrades specifically for the purpose of the Order 1000 requirements. The importance of such a designation is, if transmission is built to satisfy the PPR, the project developers are entitled to project cost recovery under the ISO tariffs. The need to study possible system upgrades in the western New York portion of the system stood out based on a variety of
There is a consensus among NYPA, National Grid and the ISO that there is a significant and persistent transmission congestion within Western New York that is adversely impacting New York's ability to import from Ontario and adversely impacting generation dispatch and performance of the transmission system. There have been times when New York's largest renewable resource, NYPA's Niagara facility, with a capacity of 2700 megawatts has had its output limited, requiring dispatch of additional fossil fuel generations.

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

The current western New York system situation fits the goals of the public policy transmission planning process by incorporating future reliability and existing congestion system issues with public policy direction to take a comprehensive long-term view of system needs. Therefore, the recommendation is for the Commission to consider relief of congestion in Western New York a public policy requirement and forward it to
the ISO for solicitation of possible solutions and analysis based on criteria identified in the draft order. The suggestion to designate AC transmission upgrades between upstate and downstate should be deferred to the AC transmission proceeding.

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

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

MS. ZIBELMAN: Thank you, David and Diane. You know, we are sort of guilty of our own Rube Goldberg contraptions but I have to say the Order 1000 and the relationship between our decisions and the New York ISO and the FERC's is about as
complex intertwining as jurisdictional issues that I could imagine.

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

So I think that's great and I note that it also supports imports of probably hydro from Ontario and that also has both economic value and certainly environmental value and, you know, that's why we're part of the Eastern interconnect and unlike
Texas have a lot more secure resources for that reason so I think that's all good. In terms of the other items, you know, I know it's well-stated in the order but I think it's worth stressing.

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

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

So there's a host of things that the plan will identify and I think it's correct to say that when we think about referring things to the ISO needs to be not in the abstract. Are we for fuel diversity, yes, we're for fuel diversity, but is there something very tangible that we can send to the ISO that we think is a project that can solve a very important public policy issue. So when we say in the order, as the order says, that they are premature, it's premature in the sense that we need
more information. The parties can certainly, right, bring us more information, assuming that's correct, counselors?

You're both nodding.

MR. DREXLER: Definitely.

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

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

Any comments, Mr. Sayre?

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

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

MS. ZIBELMAN: Thank you. Commissioner Acampora?

MS. ACAMPORA: Ditto.

I will say Gregg. You know, we always pride ourselves in
New York as having a lot of diversity and when I first came on the commission I had the opportunity to see the NYPA plant and it is absolutely incredible.

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

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

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

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

MS. BURMAN: Okay. I had RGGI and greenhouse gas reduction as two separate ones, so. I just wanted to make sure that we were on the same page, sorry.
So when I look at this, I think that we are doing a good job of trying to address the public policy transmission requirement and we're being forward, you know. We set out a robust stakeholder process with specific steps that people can see. And that have within each step details on what's to be done and what that means for the next step. And we are really on track with following the steps and going through it and at each point so far it's been ensuring that there is more than just the ISO or the commission of being a part of it. It is a robust stakeholder process and we saw that from having eight submissions to the ISO and then they did their analysis.

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

MS. BARNEY: Basically what would happen is the system would continue to degrade, there would be continued curtailments at Niagara. We have very limited import capability at peak right now from Ontario which includes also emergency support if we were to need it from them. Operationally, there is very little flexibility.
The fact that the ISO has to at times closely coordinate with the local transmission operators to ensure there aren't overloads means there are very few remedies if there are contingencies out there at the moment. Basically the system was designed to push energy up onto the 345 KV system. Currently what we're seeing is it's being pulled south rather than north, which is causing overloads on the 230 KV system. That's expected to continue to get worse as there are many retirements scheduled in Western Pennsylvania and that has a result of trying to pull energy south out of this portion of the system. So everything will just become worse and it will become a reliability problem at some point if we don't address it. And it's basically one area that basically is consistent with -- I'd like to say -- our old time planning where we did a future look ahead where there were many problems coming together and trying to see what could be done as a whole world solution rather than just trying to solve these things individually and end up with a less efficient solution.

MS. BURMAN: So it really, for me, speaks to whether or not by not acting we're putting at risk the system and having a reliability issue, and it is. If we do not act, we will have, you know, a problem so therefore on the public policy transmission requirement as it applies to Western New York, it's a real no-brainer that it needs to go now and start the next step of the process.
And again, as Commissioner Sayre said, it does not mean that it is not coming back to us for a fuller discussion and with several different options depending on what the analysis and the input, again, from the stakeholders with the ISO as the technical expert would present to us, so from that perspective I'm very comfortable, I am very happy with the process. When we get to the AC transmission aspect, you know, it is under the State energy plan, it is the only list I count between pages 69 and 109, it comes up as number 25 on the list of being one of the 43.

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

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

With that being said, I am really making it very clear that my expectation is that when it moves over there, it does not
languish and not get decided. That decision point is just as
important as Western New York.

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

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

As to the others that are not being decided and the
generation retirement one as it goes to Indian Point is fit in
another category because it's, again, in another proceeding and
I'm comfortable with that, but as to the others that are not right or premature for decision point at this point, when I look at it I have a difficult time figuring out why. When I go back to it I look to what was the difference between Western New York and the other requirements or the other potential requirements to make it that Western New York is more important.

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

Frankly a lot of times I abstain because I don't feel I have enough information. In this case I'm am trying to figure out what the sweet spot is, because it could be weeks, it could be months and frankly, it could be years before we had some of the real drill-down in the clean power plan and the state energy plan and other things that will help give us comfort. So at some point we need to figure out where do we determine that we have enough information to do what we need to do, to make sure that these other issues that are there, regardless of how we
decide, again, it's regulatory certainty and it's also helping
because it goes to the heart of what we're trying to do with the
public policy transmission requirement.

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

MS. ZIBELMAN: Mr. Addepalli?

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

So when you think of field diversity today, look at the
energy mix in New York State. We have about 20+ percent coming
from hydro resources and about 30 percent from nuclear, and a
few from other renewables and then the demand from fossil fuels.
That's our fuel, the diversity mix, in the State. And it has
improved over the years in terms of carbon emissions going down.
So when we are looking at moving forward here and not being
overly dependent on natural gas, so when we look at what we need
to do to increase fuel diversity and how does it relate to
transmission needs. So we're trying to improve on non-fossil
fuel-based resources in this fuel diversity mix so that brings
you to hydro and nuclear and other renewables.

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

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

The Western New York recommendation now plus the easy
transmission go towards promoting fuel diversity in that sense
what we're saying is these two projects are the right ones to
accommodate that goal and to the extent the state resource plan
that Diane is leading with the help of a lot of stakeholders to
be completed sometime early next year identifies, that would
look at implementing the clean power plan coming out in the
summer from EPA plus the state energy plan goals, to the extent
it identifies other base of procuring resources and if they
require additional transmission, maybe that's the time to pursue
those opportunities at that time.

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

That is the distinction we're making.

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

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

So I can at some point -- again it goes back to is it a few
weeks, is it a few months or years for some of the decision
points. At some point we need to evaluate what point along the
chain do we say, wait, maybe we need to bring it back to this
proceeding. I know this proceeding is being closed and that's fine but to the extent that we're going to need the vehicle, or, you know, the proceeding to help address the issue.

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

MR. ADDEPALLI: We're using a different terminology, State resource plan. What we're trying to do in the State Resource plan is look long-term. Instead of the typical ten year term that is the standard with the existing reliable planning process, look long term at what would be the system, like if the business as usual continued with no changes to the system, but then also look at different scenarios, how the system would look like if it were to implement the clean power plan from APA with specific requirements, or another scenario what would it look like if we accomplish the state energy goals, specific, emission deductions, what kind of resource would be needed for either of these scenarios, and what does it mean to the system from a reliability perspective and economic perspective of intergrading these immense amounts of potential renewables from different sources. And come up with an analysis, I think we are at the beginning stages of building up the base case this summer. And we will run through the analysis with the scenarios and there could be other scenarios that the stakeholders bring and this is not a closed process, this has been an open process and Diane has actually presented this material at one of the ISO
stakeholder meetings for input and is working with the utilities and ISO stakeholders including other state partners, agencies. And hopefully early next year we'll have some results as to what might the system need to satisfy these expectations.

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

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

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

MS. BURMAN: From my perspective again is looking to, you know, when will it fit in further decision point. And I think that David, Diane and you, Raj, have done a good job of sort of flushing out the issues, you know, explaining the sensitivity of the need to move forward on Western New York. Again, you know, for the AC transmission proceeding and I look, you know, the
June 4th, 2015 ISO letter which I think helps encourage the necessity of expediting that so the movement towards the AC transmission of this PP, public policy transmission requirement, is not necessarily one that is, you know, putting it there to never be decided and, in fact, it should be done and I think that is everyone's expectation.

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

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

Then the other issue for the others I would say, you know, I think that it could fit into many different buckets. It looks like it's the state -- the final state resource plan report. That is sort of the natural next decision point, so I do think that from my perspective that's when it should be submitted to the commission, and the decisions being looked at on what we need to do, whether it's addressing the public policy transmission requirements or saying no, it's not ready, but
having that full discussion at a session where we look at those
issues and then what else also do we need to have, that might be
unrelated to the public policy transmission requirement
directly, but may be indirectly related, and the information
that we've learned from that state planning resource, you know,
that we've done, so.

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

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

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

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

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

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

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

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

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

MS. ACAMPORA: Aye.

MR. SAYRE: Aye.

MS. ZIBELMAN: Opposed?

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

MS. ZIBELMAN: Therefore, the recommendations are adopted.

Okay. Item number 501, which is the proceeding to evaluate options for making additional central office codes available in the 315 area code region presented by Mike Rowley.
Mike, we're here because of you, to make your life easier.

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

MS. ZIBELMAN: Mike, please begin.

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

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

The North American Numbering Plan Administrator, or NANPA, is charged with area code oversight via its affiliation with the federal communications commission. In February of 2015 NANPA informed the Commission that the 315 area code is nearing exhaustion of available central office codes and is, therefore, in need of relief. NANPA forecasts that 315 numbers will be
exhausted beginning in the first quarter of 2017. This
determination as with nearly all numbering concerns falls under
federal jurisdiction.

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

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

An overlay option, on the other hand, would not affect any
current customers in the 315 service area in any material way.
Consumers with 315 numbers would retain them and only new
customers acquiring new phone services, be it wired or wireless,
would receive numbers with the new area code and that's only
after the remaining codes are exhausted. Furthermore, if additional area code relief is required at some point in the future, there may be difficulty in continuing to split regions into smaller areas.

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

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

It should be noted that three times previously, in 1999 in 2007 and in 2013 NANPA made similar determinations that 315 was impending exhaust but in each case number conservations measures such as local number portability, number pooling and reclamation delayed the exhaust date, really just pushing it out. So while
conservations measures have prolonged the life of 315 for the past fifteen years, there are no additional conservations methods or measures that can eliminate the need for area code relief or significantly extend the time when relief would be needed currently.

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

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

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

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

MR. ROWLEY: I think NANPA would probably institute what's called a jeopardy of exhaust process, where, you know, numbers would be rationed and, I guess, it's technically possible that the FCC or NANPA would then, if we did nothing further, they would implement it on their own.
MS. ZIBELMAN: So, yeah, I mean, that's what I thought. I mean, no one -- we're never -- no one is ever going to want anyone to get into a situation where people can't get telephone numbers because we don't have area codes, and so the FCC -- if we did nothing, the FCC would assert jurisdiction, or NANPA, and they would take care of it so this really has been delegated to the State so that we have an opportunity to do it before the feds step in, essentially.

MS. HARRIMAN: Yes.

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

What I understand at this point is that we feel based on all the information that we have, we will be in the position that if we don't act -- because it does take eighteen months to put something together -- that we will find ourselves behind the 8-ball, if you will, and not have had enough time to implement a plan and, therefore, create even more disruption and more harm
to the people of the community so it's sort of, I think for us then, I think the way the order is suggesting we go forward I'm comfortable that we have to.

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

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

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

And again, I want to echo that I'm very appreciative of Senator Griffo and the other elected individuals who represent these areas that we need to do everything we can to avoid disruption and we'll do everything we can, but in the meantime,
we need to make sure that we're keeping ourselves in a good position and not put ourselves in a worse position because of timing.

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

    Commissioner Acampora?

    MS. ACAMPORA: I agree with the Chair.

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

    MR. ROWLEY: Yes, the order --

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

    But the overlay I think is the least harmful of what there is out there. So, I think, as the Chair has said, we're going to proceed and move on with this, and we'll wait also for that
October report, because my favorite word, as you all know, is "flexible," and, you know, we can be flexible if there is further information that shows that something has changed, but I think for now I will vote in favor of this item.

MS. ZIBELMAN: Commissioner Sayre?

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

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

MS. ZIBELMAN: Commissioner Burman?

MS. BURMAN: Thank you.

So when I look at this, I look at it from -- you know, I wouldn't presume to know what one community thinks is appropriate for them, you know, whether it's the overlay or something else. So from my perspective, it's about what was the outreach in the community to make sure that we properly got an understanding where the community was at and, you know, there was a robust discussion.
Since 2008 there has been, you know, a push and pull in terms of, you know, pushing to change the area code in some fashion, and then the pull in that, you know, the forecasts have been wrong but for the local community, that includes the elected officials who are speaking on behalf of their community, we've stopped. But if we had not, we would have gone forward.

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

So from my standpoint, you know, the October forecast is an important one to look at. But then also we have to do a deep dive into our process and our outreach and here it was done not robustly as it had been done before. We had this on the agenda last session and we didn't act on it but from June through now we've received, you know, a significant number of comments for it so whether it's the notice or that it was on the agenda and then there was information -- when we looked at doing the Long Island area code change, we had it on a session and we had decided that there might not have been enough process and we were able to, because of the factors of the time that we had, we were able to wait and have one more public outreach before, and then we were able to take that feedback from the community and make the decision that works for the community.
Here I do think we do have a time sensitive issue, if the forecast is right, so we need to be mindful of that. So from my perspective I look at it and say based on all these factors, you know, we have to figure out how to embrace potential solutions and outreach from the community as well, during this time period. The proceeding technically is going to be closed so what if people have comments where would they go?

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

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

So I'm going to concur insofar as based on the official record that we have before us we must act since the North American Numbering Plan Administrator determined that there is a pending area code exhaust. Our own failure to act now may trigger the federal government in unilaterally acting in imposing its own plan on the affected communities, or more importantly, our failure to act now may put in harm's way residents and business owners in the affected areas if there is no action and the area code exhausts.
However, based on the concerns raised, all viable options must be further explored which includes looking at the continuing accuracy of the forecast estimate from the North American Numbering Plan Administrator.

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

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

Thanks.

MS. ZIBELMAN: Counsel?

MS. HARRIMAN: I just want to address Commissioner Burman on your one question with respect to the fact that the last ordering clause closes the proceeding upon the completion of the
two compliance filing requirements in ordering clauses 1 and 2. The Commission can at its own discretion, or on its own discretion, reopen a proceeding and as the Chair has charged the staff to look at the NANPA — what an acronym — October report on where things stand with respect to number exhaustion, we'll do that and bring that information to the Chair. And if it's appropriate, the Commission can reopen its proceeding and reexamine the time frame with moving forward with the overlay recommendation in the order.

MS. BURMAN: I just have a question. So does that mean if between now and then folks have comments, would they get filed publically on the — under our proceeding? I'm confused by your answer, I'm sorry.

MS. HARRIMAN: No, they can file comments in the docket. The docket is open until a minimum of the forty-five day period from the compliance filing from the issuance of the order. People can always file comments, we have a PSC helpline, we take comments regardless of whether or not the docket is open and we'll respond to those and find a home for those as appropriate. So that's part of the information that I would expect to give to the Chair, in addition to what comes out of the October report from NANPA.

So it wouldn't just be solely limited to the October report. And then, obviously, in consultation with the Chair
there would be a determination by her as to whether or not to
bring the issue back to the Commission for reconsideration as to
the timeline for the overlay recommendation.

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

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

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

MS. ZIBELMAN: Counsel, I think, for me, one of the things
that's helpful in this process is that it's a process and the
process is to recognize, you need to make an initial decision to
do a split or to do an overlay. Once you do that, it's an
elongated education process so that people can get used to the
10-digit dialing.

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

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

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

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

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

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

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

MS. ACAMPORA: Aye.

MR. SAYRE: Aye.

MS. ZIBELMAN: Opposed?

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

MS. ZIBELMAN: There being no opposition, the
Okay. We're going to move to the consent agenda.

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

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

MS. ACAMPORA: Aye.

MR. SAYRE: Aye.

MS. BURMAN: Aye.

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

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

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

The next commission meeting is August 13th in Albany.

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

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 RAPTIS