



### About Reforming the Energy Vision

**Under Governor Andrew M. Cuomo's initiative for Reforming the Energy Vision (REV), New York State will spur clean energy innovation, bring in new investments, and improve consumer choice while protecting the environment and energizing New York's economy. This pioneering approach provides New Yorkers new opportunities for energy savings, local power generation, and enhanced reliability. To achieve the State's economic development and environmental objectives, REV encompasses statewide initiatives such as the Clean Energy Fund and the \$1 billion NY Green Bank to overcome market barriers and attract private capital. By empowering communities and creating jobs through programs like Community Solar NY and K-Solar for schools, the \$40 million NY-Prize competition for community microgrids, and the \$1 billion NY-Sun Initiative, New York is leveraging statewide resources to integrate local energy resources and meet the needs of New York communities.**

As part of the REV initiative, the New York State Public Service Commission (Commission) commenced a proceeding to reform New York's energy industry and regulatory practices. The regulatory portion of REV will align electric utility practices and the Commission's regulatory model with technological advances that have created alternatives to traditional solutions to meeting electricity demand.

The REV initiative will lead to regulatory changes that promote more efficient use of energy and a deeper penetration of renewable resources such

as wind and solar. The Commission is considering a new business model for energy service providers where distributed energy resources (DER) – such as distributed generation, on-site power, micro-grids, demand response, and storage – become a primary tool in the planning and operation of the electric system. These changes will empower customers by allowing them more choice in how they manage and consume electric energy.

The design and development of the reformed electric system will take place over a period of years through the joint efforts of the energy industry, customers, partner government agencies and non-governmental advocates. The REV initiative was instituted as a public proceeding to gather input from all stakeholders into the decision making process.

The Commission identified six policy objectives supporting this effort that will:

- enhance customer knowledge and tools to enable customers to manage their energy bills and provide more choice in how they use energy;
- animate the market and leverage ratepayer contributions;
- promote system-wide efficiency;
- increase fuel and resource diversity;
- enhance system reliability and resiliency; and
- reduce carbon emissions

## The Commission's Framework Order

REV began with a collaborative process where working groups tackled issues related to market structure, platform technology, wholesale markets, microgrids and customer engagement. After extensive public input, the Commission issued the *Order Adopting Regulatory Policy Framework and Implementation Plan (Framework Order)* on February 26, 2015. The Framework Order requires the integration of energy efficiency, solar, wind, and other clean energy technologies onto the electric grid in order to reduce energy bills and give customers more control over their energy use. This will be accomplished through a Distributed System Platform (DSP) operated by the utilities. The Framework Order also requires utilities to improve their ongoing energy efficiency programs and sets the stage for continued development of innovative products and services that will benefit energy consumers. Key directives from the Framework Order include:

- Demonstration projects: to better guide DSP functionalities and determine customer responses to programs and prices associated with future DSP markets, utilities will develop demonstration projects to test DER providers and utility DER services with a limited group of customers.
- Staff will issue a proposed Benefit Cost framework by June 1, 2015.
- Staff and NYSERDA will issue a Large Scale Renewable Options paper by June 1, 2015.
- Utilities are directed to file Efficiency Transition Implementation Plans for sustaining and expanding utility energy efficiency programs no later than July 15, 2015.
- Utilities are required to file a Distributed System Implementation Plan no later than January 15, 2016.

### Ongoing Efforts:

As REV moves forward following issuance of the Framework Order, it will be necessary to consider how traditional utility business models should be revised to accommodate expanding deployment of DER. The objective will be to: transition to an electric industry structure which relies on supply and demand as coequal partners; eliminate uneconomic barriers to entry for DER products and services; and retain investor confidence in traditional regulated and non-regulated energy investments in New York. REV will consider refocusing utility regulation on desired outcomes, such as efficient operation of the electricity system, customer satisfaction including affordability, clean energy and reliable electric power.

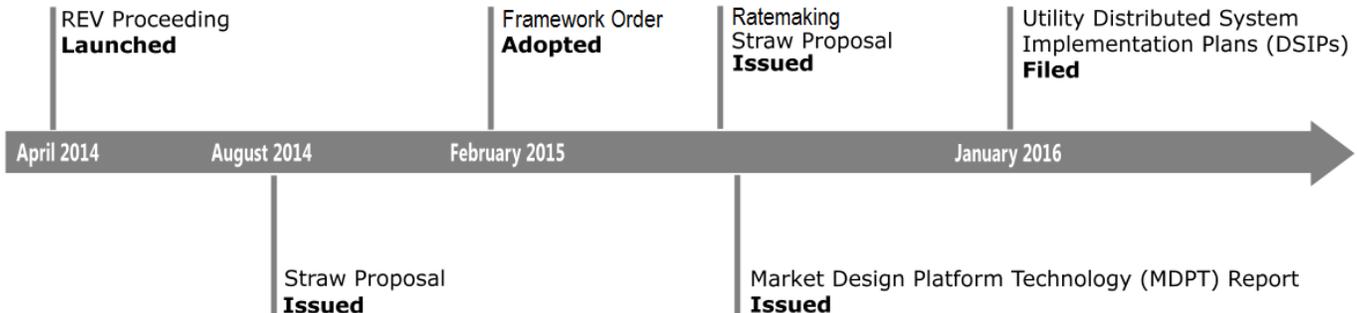
The design and structure of utility rates and charges will need to be assessed to determine whether and how they should be modified to achieve the goals of REV, including providing economic expansion of DER including distributed generation, and increasing the availability of products to give consumers more choices to manage their energy bill.

DPS Staff is expected to issue a Straw Proposal related to ratemaking issues for public comment in mid-2015.

Work is also ongoing by the Market Design and Platform Technology Groups. These groups were directed in the Framework Order to provide guidance to the utilities in creating their Distributed System Implementation Plans on market design and platform technology issues. A report from these groups is expected in July.



The Reforming the Energy Vision (REV) Proceeding launched in April 2014 and will continue with implementation activities into 2016 and beyond.



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