

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 14-M-0101 - Proceeding on Motion of the Commission in  
Regard to Reforming the Energy Vision.

RULING POSING QUESTIONS ON SELECTED POLICY ISSUES AND  
POTENTIAL OUTCOMES, ESTABLISHING COMMENT PROCESS,  
AND REVISING SCHEDULE

(Issued June 4, 2014)

ELEANOR STEIN and JULIA SMEAD BIELAWSKI,  
Administrative Law Judges:

This ruling conveys questions on major policy issues for party comment, as anticipated by our letter ruling emailed to the parties on May 28, 2014. Comments on these Track 1 policy issues will supplement the data gathering carried out by the working groups and will be taken into account in the preparation of the Staff straw proposal. In addition, we attach Staff's working document of contemplated outcomes of this proceeding (outcomes matrix). The outcomes matrix is intended both to prompt comment from the parties on whether the identified outcomes are appropriate measures of success, as well as to inform the parties' responses both to the Track 1 policy questions, identified herein, and the Track 2 questions issued for comment on May 1, 2014.

Several parties and groups of parties have recently raised concerns that they were not consulted in the compilation of the policy issue list; a group of environmental non-governmental organizations filed a statement listing the right

questions, from their perspective.<sup>1</sup> We urge these parties and others to see the list of policy questions in this ruling as first, preliminary; second, derived from the current issues in controversy in the proceeding; and third, broad enough to encompass most of the concerns they raise.

We remind parties that every party will have the opportunity to file comments after the issuance of the Staff straw proposal. Neither the outcomes matrix nor the list of policy questions is intended to be definitive, or preclusive of other issues and desirable outcomes that may arise. This round of comments is intended to provide early input for parties to assist Staff in formulating policy recommendations.

QUESTIONS ON TRACK 1 POLICY ISSUES<sup>2</sup>

I. Potential REV Outcomes

Please comment on whether the anticipated outcomes identified in the outcomes matrix are the appropriate results that the Commission should be striving for in this effort. Once the Commission has established the appropriate outcomes, parties will be asked to weigh in on the metrics to be used to most effectively achieve those results.

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<sup>1</sup> Letter from the Columbia Center for Climate Change Law, Natural Resources Defense Council, Pace Energy and Climate Center, and Environmental Defense Fund (filed May 27, 2014). Unsolicited record filings are inappropriate in this proceeding as a schedule for comments has been established and informal discussion with Staff and the judges is available to resolve process issues.

<sup>2</sup> The questions on outcomes and on benefits and costs are also, of course, relevant for Track 2.

II. Optimal Ownership Structures for Distributed Energy Resources (DER)

Please comment on the framework of analysis presented in the Staff Report, see pages 26-28, and discuss which of the potential approaches to utility engagement in DER and other models is preferable to ensure a robust DER market, and why.<sup>3</sup>

III. DSPP Identity

Please address the analysis contained in the Staff Report, see pages 24-26, as related to the question of whether incumbent utilities, or an independent entity, should serve as the DSPP.

IV. Benefits and Costs

Discuss the preferred analytical framework to assessing benefits and costs, with particular attention to the different ways that benefits and costs may need to be considered in various stages of this initiative, and the methodologies and tools that may be appropriate to each. For example, what benefits and costs related to environmental externalities should be monetized in considering DER pricing? Consider that the outlook on broad, long-term benefits and costs that informs a Commission policy decision may be different from the business case supporting a utility investment plan, which may in turn differ from the analysis supporting a particular investment, or supporting the pricing of products and services that contribute to DSPP objectives.

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<sup>3</sup> In this context, we are interested in party comments on the implications of the D.C. Circuit Court of Appeals decision on May 23, 2014 (*Electric Power Supply Association v. FERC*, Case No. 11-1486) concerning state jurisdiction with respect to demand response.

V. Transition for Clean Energy Programs

The Staff Report (see page 21) envisions the integration of distributed energy resources into DSPP system planning to maximize system value, with NYSERDA's portfolio expected to refocus on market and technology transformative strategies to provide temporary intervention to overcome specific market barriers while continuing to provide access to clean energy for low-income customers. How can we ensure the transition from current renewable and energy efficiency programs without backsliding on the State's environmental goals?

VI. Enhanced Services

The Staff Report (see page 61) describes the potential for a regulated utility offering enhanced services to create revenues, some or all of which may accrue to revenue requirements. Please discuss the regulatory issues related to this potential, e.g. the definition of basic services, and the relationship between enhanced services offered by a regulated utility and the monopoly function of the utility.

VII. Access to Data

Issues concerning access to data are currently the subject of a formal comment period Case 12-M-0476, pursuant to a Notice Seeking Comments issued February 25, 2014. Initial comments were filed June 2, 2014, and reply comments are due June 16, 2014, as detailed in a Notice issued April 3, 2014. Staff will review those comments before determining whether additional written input on issues related to access to data should be obtained through separate comments in this proceeding as well.

VIII. Other issues

This initial list of issues is drawn largely from the Staff Report, but contains other issues in response to concerns raised in the working groups or directly by parties, as we want to ensure that we include for consideration those policy issues of concern to the parties. Although the questions listed above are very broad, parties should use this section to raise their concerns not encompassed by our specific questions.

Format and Schedule

Parties may file comments up to 25 pages in length. Groups of four or more parties filing jointly may combine their comments and responses but in no event can any filing exceed 40 pages in length. Filings should be organized by the Roman numeral designating each policy issue, to facilitate a systematic review by Staff. That is, even if parties choose to respond to some, but not all, questions their filing should reflect the numbering in this ruling.

Policy comments on these issues should be filed by July 18, 2014. Because the attached outcomes matrix may also inform the parties' responses called for in the May 1, 2014 Ruling Issuing Track 2 Questions and Establishing a Response Schedule, we extend the deadline for filing those responses to July 18, 2014 to coincide with the deadline for comments on the Track 1 policy issues. These changes necessitate the extension of the other dates in the schedules for both tracks as set forth in our May 1, 2014 Ruling Establishing Collaborative Agenda and Working Schedule. The revised Track 1 schedule is as follows:

Track 1

July 10 PSC Session technical conference to present  
status report from the working groups

July 18 Party responses to Staff questions filed

August 22 Staff straw proposal issued for comment

September 22 Party comments filed on Staff straw proposal

The revised Track 2 schedule will be forthcoming.

(SIGNED)

ELEANOR STEIN

(SIGNED)

JULIA SMEAD BIELAWSKI

## REV-POTENTIAL OUTCOMES

### Category I: Advancement of Clean Energy

<b>Subject</b>	<b>Goal</b>
<b>Greenhouse gas emissions</b>	<i>Reduce greenhouse gases</i>
<b>Regulated air contaminants</b>	<i>Reduce regulated air contaminants</i>
<b>Energy efficiency</b>	<i>Improve uptake of energy efficiency measures</i>
<b>Clean generation</b>	<i>Install new renewable power sources</i>

### Category II: Customer Engagement

<b>Subject</b>	<b>Goal</b>
<b>Customer information</b>	<i>Increase accessibility of customer energy usage information [Consistent with privacy and legal considerations]</i>
<b>Customer aggregation</b>	<i>Remove barriers to aggregation of customers to the extent practical</i>
<b>Customer/ESCO facilitation (financing, billing systems, etc.)</b>	<i>Establish competitive markets for energy and energy-related value added services for all customer classes</i>
<b>New communication technology</b>	<i>Adopt next generation networks for enhanced customer interaction</i>
<b>Interconnection</b>	<i>Connect DG to distribution systems in a timely manner</i>
<b>Market liquidity</b>	<i>Facilitate availability of DER and energy-related value added services by ESCOs, non-commodity vendors and other entities.</i>
<b>Uniform rules</b>	<i>Provide nondiscriminatory access to DER Platform and consistent rules across all utility service territories</i>
<b>Low income and underserved communities</b>	<i>Ensure access and support to DER and energy-related value-added services</i>

### Category III: Safe, Reliable & Resilient Systems

<b>Subject</b>	<b>Goal</b>
<b>System resiliency/Safety</b>	<i>Improve system resiliency</i>
<b>System reliability</b>	<i>Maintain overall system reliability while adding non-utility resources</i>
<b>DSPP platform</b>	<i>Implement an effective DSPP model in a timely manner</i>
<b>DER investment</b>	<i>Maximize beneficial DER investment</i>
<b>Fuel diversity</b>	<i>Sustain a mix of diverse fuels in a manner that enhances reliability and reduces price volatility</i>

### Category IV: Operational Efficiency

<b>Subject</b>	<b>Goal</b>
<b>Peak Load</b>	<i>Reduce peak load in a manner that improves system efficiency</i>
<b>DSPP market coordination</b>	<i>Establish DSPP rules, protocols, and prices to improve system efficiency</i>
<b>Net Benefits and/or Costs</b>	<i>Improve long-term cost efficiency of the utility to consider overall bill impacts</i>

## REV-POTENTIAL OUTCOMES

### Category V: Innovation

<b>Subject</b>	<b>Goal</b>
<b>DER promotion</b>	<i>Promote DER through contracting, grants, technical assistance, and financing</i>
<b>System Intelligence/ Modernization</b>	<i>Improve system intelligence/ automation that will facilitate DER, system monitoring, power flow management, etc.</i>
<b>Unanticipated New Innovations</b>	<i>Achieve greater technological innovation than currently occurs in this sector</i>

### Category VI: Customer Satisfaction

<b>Subject</b>	<b>Goal</b>
<b>Bill Impacts</b>	<i>Ensure bill impacts are reasonable</i>
<b>Customer Service</b>	<i>Maintain/improve customer service quality to meet customer expectations</i>
<b>Customer Choice</b>	<i>Availability of robust choices of products and services for customers of all service classifications.</i>