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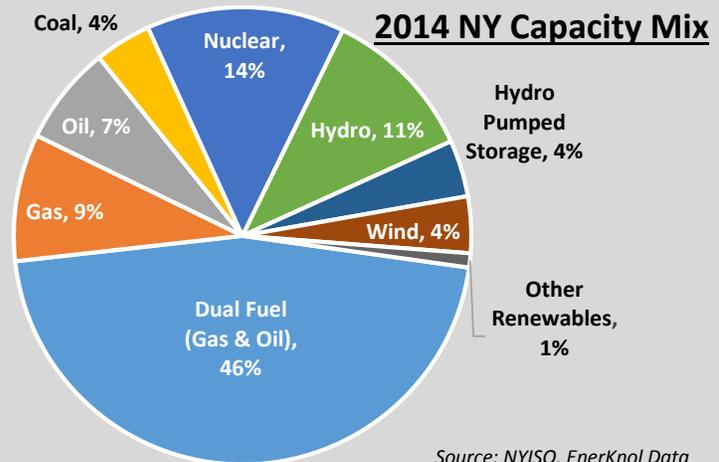
Models for the Future Utility: Examining New York State’s Distributed Service Platform Provider Vision

Clean Energy Connections – March 11, 2015

The New York Public Service Commission (PSC) Reforming the Energy Vision proceeding (Case 14-M-0101) aims to reorient the state’s electric industry and ratemaking structure toward a more consumer-centered digital economy. On February 26, 2015, the PSC issued an order adopting a regulatory policy framework for utilities to develop a new Distributed System Platform (DSP). The DSP is “an intelligent network platform that will provide safe, reliable and efficient electric services by integrating diverse resources to meet customers’ and society’s evolving needs.” A new electric distribution system platform will allow distributed energy resources such as solar energy, wind energy, storage, and demand response to more widely benefit customers and the grid.

According to the New York Independent System Operator (NYISO), renewable and hydroelectric power made up approximately 16 percent of the state’s 2014 energy mix. Wind energy capacity accounts for four percent (1,730 MW) of the total, and has grown 36 percent since 2010.

Renewable energy supplied 23 percent (32,227 GWh) of the state’s energy demand in 2013. Hydroelectric power made up the majority (25,631 GWh) of this total.



Efficient DER integration will require consistent treatment of market dynamics and values across all segments of the grid. This will open market opportunities for technology innovators and third party aggregators (energy service companies, retail suppliers, and demand-management companies) to develop products and services to further enable customer engagement. The PSC emphasizes that utility DSP functions fall into three main categories: integrated system planning, grid operations, and market operations.

Key States to Watch

California
<ul style="list-style-type: none"> • In October 2013, the California Public Utilities Commission (CPUC) adopted an energy storage target of 1,325 MW by 2020 for the state’s large investor-owned utilities, with installations required by the end of 2024 • AB 327 – signed into law in October 2013 – enacts comprehensive rate reforms to address electricity rate inequities, protect low-income energy users, and maintain renewable investment incentives • In July 2014, CPUC adopted rulemaking (R.) 14-07-002 to develop a successor to existing net energy metering (NEM) tariffs • In August 2014, CPUC initiated rulemaking (R. 14-08-013) to establish policies, procedures, and rules to guide Utility Distribution Resource Plans (DRPs) to address impacts of increased DER integration
Hawaii
<ul style="list-style-type: none"> • Hawaii has various dockets open to address system reliability and DER integration, including but not limited to: distributed energy resource policy investigations (Docket No. 2014-0192), utility power supply improvement plan reviews (Docket No. 2014-0183), and interconnection rule modifications (Docket No. 2014-0130)
Other States
<ul style="list-style-type: none"> • In June 2014, Massachusetts Department of Public Utilities (DPU) issued grid modernization order (12-76-B) requiring electric distribution companies to submit a 10-year plan to achieve grid modernization objectives and initiated investigation (14-04-B) setting forth its anticipated framework for time varying electricity rates • Minnesota’s E21 Initiative Phase 1 Report - Charting a Path to a 21st Century Energy System in Minnesota – proposed in December 2014 provides recommendations to shift to a more customer-centric and sustainable framework for utility regulation that better enables innovation, new customer options, modernization of the grid, and achievement of public policy goals

Sources: State Legislatures and Public Utility Commissions, EnerKnol Data

Looking Ahead

The New York REV proceeding design and implementation will be supplemented by other jurisdictions’ experiences with active market participation and developments. Likewise, New York’s DSP could – if designed, tested, and coupled with flexible rate structures – be a gateway to a more efficient and reliable electric grid for other jurisdictions. The February PSC Order directs Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation (National Grid), Orange and Rockland Utilities, and Rochester Gas and Electric Corporation to each file an initial Distributed System Implementation Plan (DSIP) by December 15, 2015. The DSIPs are regulatory filings containing multi-year DSP system capital and operating expenditure proposals. The filings will be updated regularly, subject to public comment, and will provide information for third parties to effectively participate in the new DSP market.

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