



Energy Policy Innovation Outside VA: Views from NY and CA

November 12, 2015

Focus of Remarks

1. New York
 - Reforming the Energy Vision
2. California
 - “Rolling Portfolios” for Energy Efficiency
 - Existing Buildings Energy Efficiency Action Plan





Reforming the Energy Vision

NY Reforming the Energy Vision: Why now?

- **Hurricane Sandy** was a wake-up call for the vulnerability of the NY energy system
- Over the last ten years, **\$17 billion was invested** in New York State's electricity infrastructure.
- Over the next ten years, **an additional \$30 billion in capital investments is needed** just to maintain NY infrastructure
- Rate of **capacity utilization: ~55%**
- New York has some of the **highest electricity prices** in the nation



What is Reforming the Energy Vision (REV)?

Comprehensive reform aimed at reorienting the electric industry and ratemaking paradigm toward a customer-centric approach, and one that uses distributed energy resources (DER) as a primary tool in the planning and operation of efficient and resilient electric distribution systems.

Key Components

- Customers as active market participants with choice
- Utilities will become Distribution System Platform Providers integrating DER
- Shift toward performance and incentive based rate design
- New Benefit-Cost Analysis approach for valuation/monetization of DER benefits and costs



Six Objectives of NY REV:

1. Enhanced customer knowledge and tools that will support effective management of the total energy bill
2. Market animation and leverage of customer contributions
3. System wide efficiency
4. Fuel and resource diversity
5. System reliability and resiliency
6. Reduction of carbon emissions



Energy Efficiency in NY REV

Opportunities

- Strong REV focus on energy efficiency and demand response
- EE expenditures part of utility operational budget
 - Spending cap removed; no more system benefit charge
- Revised Benefit Cost Analysis should value EE even greater

Uncertainties

- No clarity for EE market post 2016 – no specified goals / target budgets
- Lack of confidence in existing delivery model for EE; desire for “markets” with no real definition / guidance provided



“The “Rolling Portfolio” for Energy Efficiency

- Authorizes current \$1 billion / yr funding for next 10 years
- Eliminates the “start-stop” nature of EE caused by 2-3 year regulatory filing cycles
- Annual utility advice letter to CPUC highlights changes to the portfolio, requiring staff approval, not Commissioners
- Removes regulatory hoops allowing utilities more flexibility in portfolio management and fund shifting among programs
- Maintains shareholder incentive mechanism



Existing Buildings Energy Efficiency Action Plan

10-year roadmap to transform residential, commercial and public building stock into high performing, energy efficient buildings.

Goals:

- Increased government leadership in EE
- Data driven decision making
- Increased building industry innovation
- Recognized value of energy efficiency upgrades
- Affordable and accessible





Questions?