

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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

**Reply Comments of the Joint Utilities on the October 15, 2015 Staff Proposal:
Distributed System Implementation Plan Guidance**

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INTRODUCTION

In response to the Notice Inviting Public Comment on the Staff Proposal: Distributed System Implementation Plan Guidance (“Proposed DSIP Guidance”)¹ issued by the New York State Department of Public Service Staff (“Staff”) on October 15, 2015 in the Reforming the Energy Vision Proceeding (“REV”),² Consolidated Edison Company of New York, Inc. (“Con Edison”), Orange and Rockland Utilities, Inc., Central Hudson Gas & Electric Corporation (“Central Hudson”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), New York State Electric & Gas Corporation (“NYSEG”), and Rochester Gas and Electric Corporation (“RG&E”) (collectively the “Joint Utilities”) filed Initial Comments on December 7, 2015 (“Joint Utilities Initial DSIP Comments”). The Joint Utilities hereby file their Reply DSIP Comments.

An ongoing challenge to REV policy-design efforts is that the same or related issues are being addressed in several REV and REV-related forums. This is an issue for the Commission, Staff, and all parties. To minimize repeating positions,³ the Joint Utilities instead refer to their comments filed in earlier proceedings.⁴ This limits the need to address the same issue in multiple proceedings and should help the Commission minimize conflicting decisions on the same or closely related issues.⁵

¹ Case 14-M-0101 – *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision* (“REV Proceeding” or “REV”), Staff Proposal Distributed System Implementation Plan Guidance (October 15, 2015) (“Proposed DSIP Guidance”).

² REV Proceeding, Notice Inviting Public Comment on Distributed System Implementation Plan Guidance (issued October 15, 2015).

³ This is not always possible. A section in these Reply DSIP Comments addresses Earnings Impact Mechanisms (“EIMs”) even though the Joint Utilities provided extensive comments on EIMs in their Initial and Reply Track 2 Comments.

⁴ *E.g.*, REV Proceeding, Initial Comments of the Joint Utilities on the July 28, 2015 Staff White Paper on Ratemaking and Utility Business Models (filed October 26, 2015) (“Joint Utilities Initial Comments on Track 2”); REV Proceeding, Initial Comments of the Joint Utilities to Staff White Paper on Benefit-Cost Analysis (filed August 21, 2015).

⁵ There is also the challenge of parties reintroducing issues that have already been resolved in the absence of new evidence (*i.e.*, lessons learned as REV evolves) that could support a reexamination of the issue by the Commission with an opportunity to participate for all parties. *E.g.*, NRG Energy, Inc. (“NRG”) proposes that utilities be precluded from offering competitive services. REV Proceeding, Comments of NRG Energy, Inc. on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“NRG DSIP Comments”), pp. 2-3. This issue was resolved in the REV Proceeding, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015) (“Track 1 Order”), pp. 58-61, establishing the distribution system platform (“DSP”) function and a set of guiding principles to govern market design.

Following the Executive Summary, the Joint Utilities address initial comments submitted by other parties that pertain to (1) the approach to REV implementation, and (2) customer engagement and market animation.

EXECUTIVE SUMMARY

The Joint Utilities support the Commission's vision for REV as articulated in the February 26, 2015 Order Adopting Regulatory Policy Framework and Implementation Plan (the "Track 1 Order") as well as the two-phased (Initial and Supplemental) Distributed System Implementation Plan ("DSIP") approach presented in the Proposed DSIP Guidance. This approach recognizes that implementation of REV will be an evolutionary process. Notably, the overwhelming majority of parties that submitted initial comments on the Proposed DSIP Guidance support the two-phased approach to DSIP filings.⁶ The Initial DSIP filings, to be followed by a joint utility Supplemental DSIP filing, will launch a deliberate, staged implementation of REV that will benefit customers over the long term. The two-phased approach is also most likely to yield the desired REV implementation outcomes in an efficient and expedient manner, with meaningful progress to be reported in each subsequent DSIP filing.

The Joint Utilities Initial DISP Comments proposed a stakeholder engagement process to address Supplemental DSIP issues. The Joint Utilities recognize the value of stakeholder engagement and believe that such a proposed process addresses concerns expressed by other parties. The Joint Utilities are committed to working with Staff and stakeholders to begin the stakeholder engagement process as soon as possible upon issuance of the final DSIP Guidance.

The Joint Utilities proposed shifting certain distribution planning issues from the Initial DSIP to the Supplemental DSIP in order to engage stakeholders in the many interrelated aspects of distribution planning. The Joint Utilities are committed to improving the distribution planning process and to collaborating with stakeholders to design and implement solutions that benefit customers and third parties, while maintaining the reliability, resiliency, and safety of the distribution system.

⁶ Twenty-one parties provided initial comments to the Proposed DSIP Guidance, which represent a more select responding group than in other REV matters.

As discussed in these Reply DSIP Comments, two issues that merit particular inclusion in the Supplemental DSIP and attention in the stakeholder engagement process are sharing of customer data and system information. As noted by Staff, access to customer energy usage data, in conjunction with activities that educate customers and generate awareness of new value-added products and services, will contribute to REV's success.⁷ Customers may also benefit from services that inform them about their energy consumption behaviors. Providing customers with information that facilitates behavioral responses can lower customers' bills and contribute to lower system peak demands. Stakeholder engagement is necessary to reach consensus on which customer data and system information provide value to customers and/or third parties, assure customer privacy and system security, and can be provided by the utilities at reasonable cost.⁸ The provision of customer data and system information will likely require a prioritization of efforts and a staged approach to close capability gaps that exist today. The Joint Utilities support providing Distributed Energy Resources ("DER") providers with insightful information (*e.g.*, regarding locations of potential system needs and the ability of the local electric system to host DER) resulting from utility planning processes performed by utility distribution system engineers, rather than raw system data.

Finally, the Joint Utilities note that many parties express support for widespread deployment of advanced metering infrastructure ("AMI") including Advanced Energy Management Alliance ("AEMA"), Advanced Energy Economy Institute ("AEEI"), Environmental Defense Fund ("EDF"), Exelon Companies ("Exelon"), IGS Solar LLC, IGS Generation LLC, and Interstate Gas Supply, Inc. ("IGS"), and the Mission:data Coalition ("Mission:data").⁹ Other parties, including the

⁷ Track 1 Order, p. 55.

⁸ It is conceivable that certain data will have broad application to a large proportion of customers and may be included in base utility service, while other data may have more limited applicability and may be provided on a value-added, unbundled basis in order to minimize cross subsidies.

⁹ REV Proceeding, Comments of Advanced Energy Management Alliance on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("AEMA DSIP Comments"), p. 3; REV Proceeding, Comments of Advanced Energy Economy Institute on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("AEEI DSIP Comments"), pp. 8-36; REV Proceeding, Comments of Environmental Defense Fund on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("EDF DSIP Comments"), p. 12; REV Proceeding, Comments of Exelon Companies on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("Exelon DSIP Comments"), pp. 7-8; REV Proceeding, Comments of IGS Solar LLC, IGS Generation LLC, and Interstate Gas Supply, Inc. on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("IGS DSIP Comments"), p. 9; REV Proceeding, Comments of the Mission:data Coalition on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) ("Mission:data DSIP Comments"), pp. 3-4.

Acadia Center (“Acadia”), Clean Energy Organizations Collaborative (“CEOC”), Multiple Intervenors, and Solar Energy Industries Association (“SEIA”), indicate that an AMI investment should be based on an assessment of the costs and benefits (*i.e.*, a business case analysis).¹⁰ The Joint Utilities support AMI decisions that are informed by a benefit cost analysis that reflects each service territory’s characteristics.¹¹

REPLY TO INITIAL COMMENTS ON THE PROPOSED DSIP GUIDANCE

I. APPROACH TO REV IMPLEMENTATION AND THE DSIP FILINGS

A. SUPPORT FOR THE PROPOSED DSIP GUIDANCE

The two-phased approach to the DSIP is most likely to yield efficient market outcomes that benefit customers and third parties. Parties gave this approach broad support. The Initial DSIP will present a baseline of current system capabilities and available data¹² as well as present near-term initiatives to develop each utility’s distributed system platform (“DSP”) capabilities. Each subsequent DSIP filing will build on the baseline information and align with REV as it evolves. The evolution of REV will include new policy guidance and lessons learned from demonstration projects, technological advances, and market trends.¹³ The Joint Utilities support this approach.

Some parties, notably DER providers, environmental advocates, and technology vendors, would prefer to accelerate the REV implementation process.¹⁴ In contrast, the City of New York

¹⁰ REV Proceeding, Comments of the Acadia Center on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“Acadia DSIP Comments”), p. 7; REV Proceeding, Comments of Multiple Intervenors on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“Multiple Intervenors DSIP Comments”), pp. 1-2; REV Proceeding, Comments of Clean Energy Organizations Collaborative on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“CEOC DSIP Comments”), p. 39; REV Proceeding, Comments of Solar Energy Industries Association on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“SEIA DSIP Comments”), pp. 8-10.

¹¹ Joint Utilities Initial DSIP Comments, pp. 24-25.

¹² Proposed DSIP Guidance, p. 2.

¹³ Circumstances, including new policy guidance, are evolving along a continuum whereas the biennial DSIPs are likely to have fixed filing dates. The utilities will incorporate changing circumstances in the next DSIP to the extent possible, indicating why it may not always be possible based on the timing of the change and/or the magnitude of the consequences.

¹⁴ *E.g.*, as expressed by the Northeast Clean Heat and Power Initiative (“NECHPI”) in support of a proposal that utilities submit DSIP filings each year, “there is an apparent underlying belief by the utilities that they have three to five years before serious distributed-resource planning will be needed.” REV Proceeding, Comments of Northeast

(the “City”) advocates moving more deliberately, citing unresolved foundational issues.¹⁵ The Joint Utilities believe that the Proposed DSIP Guidance strikes the appropriate balance, maintaining alignment between the benefits/opportunities and costs/challenges of implementing REV. The Proposed DSIP Guidance accommodates the level of stakeholder engagement necessary to develop consistent approaches that will benefit customers and third parties, while considering the costs that will be incurred by utilities to develop capabilities necessary to implement the recommendations. The stakeholder engagement process provides an opportunity to weigh the potential value to customers and third parties against cost and time to implement alternative options. The Proposed DSIP Guidance also recognizes that distribution markets are a long-term goal of REV that requires an evolutionary approach and that a consistent approach across New York will benefit customers and market participants:

These goals are substantial and require a long-term approach comprising incremental steps, each one meant to bring us toward a cleaner, more resilient and more affordable energy system through the development of dynamic, self-sustaining markets that eventually will set the pace of industry change.¹⁶

SolarCity Corporation (“SolarCity”) proposes to address issues first in the Initial DSIP filings and then again in the Supplemental DSIP filing in an effort to foster innovation over a “lowest common denominator” approach.¹⁷ This latter proposal, however, assumes that issues will

Clean Heat and Power Initiative on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“NECHPI DSIP Comments”), p. 8.

¹⁵ The City of New York (the “City”) proposes to defer consideration of the DSIP Guidance, citing the fact that two REV “building block” documents have not yet been issued by the Commission, referring to the REV Proceeding, State White Paper on Benefit-Cost Analysis in the Reforming the Energy Vision Proceeding (dated July 1, 2015) (“BCA”) and REV Proceeding, Staff White Paper on Ratemaking and Utility Business Models (dated July 28, 2015) (“Staff Track 2 Proposal”). Procedurally, the City proposes to convert the Proposed DSIP Guidance into a set of interrogatories for the utilities to respond to, to be followed by additional questions from parties and a formal hearing to give the Commission a more thorough record upon which to base its DSIP Guidance. REV Proceeding, Comments of City of New York on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“City DSIP Comments”), pp. 4-5, 8. While the City expresses a legitimate concern with respect to issues that have been responded to but are not yet resolved in other REV and REV-related forums, the City’s proposed solution will significantly delay standardization and implementation of DSP functionality. Although they did not submit initial DSIP comments, other parties have expressed concern with the overall speed of REV in their Track 2 comments. *See* REV Proceeding, Joint Initial Comments of The Energy Democracy Alliance on the New York State Department of Public Service Staff’s White paper Regarding Ratemaking and Utility Business Models (dated October 26, 2015), pp.3-4; Comments of the Public Utility Law Project of New York, Inc. (dated October 26, 2015), p.2.

¹⁶ Proposed DSIP Guidance, p. 3.

¹⁷ SolarCity proposes that the utilities file more comprehensive Initial DSIP filings, addressing many of the topics that have been assigned to the Supplemental DSIP in order to generate “a diversity of innovative and specific proposals

be addressed sequentially, when in fact the Supplemental DSIP stakeholder engagement process will begin shortly after the final DSIP Guidance is issued and overlap with the preparation of the Initial DSIPs. Thus, progress will be made on Supplemental DSIP issues at the same time as the utilities are preparing their baseline assessments of current capabilities. The Joint Utilities believe that the stakeholder engagement process is likely to yield innovative solutions by leveraging diverse stakeholder and utility insights and experience, rather than “the lowest common denominator.”¹⁸ More important, these issues are assigned to the Supplemental DSIP because market development will benefit from a consistent and/or coordinated approach among the utilities.

The Proposed DSIP Guidance is also flexible enough to accommodate evolving circumstances, including the potential that customer engagement with REV opportunities may develop more quickly or slowly than anticipated or may be impacted by unanticipated developments. An example of the latter is the recent gubernatorial direction for the Department of Public Service to initiate a proceeding to present to the Commission by July 2016 to establish a state Clean Energy Standard of a 50 percent target for renewable energy by 2030.¹⁹ CEOC, Energy Storage Association (“ESA”), and EDF each propose that the Initial DSIP filings incorporate this goal in the Initial DSIP filings due on June 30, 2016, ahead of the schedule for the new Clean Energy Standard.²⁰ Instead, the parties will need to appropriately consider the implications of a July 2016 Clean Energy Standard on REV. The July 2016 deadline will not allow completion of these discussions before the Initial DSIP filings. The Joint Utilities will certainly address the implications of the Clean Energy Standard in subsequent utility DSIP filings. Subsequent incorporation of the new standard is consistent with an evolutionary approach to REV implementation.

In the near term, the Joint Utilities are focusing on actions that test market concepts and lay the foundation for the development of distribution markets. These actions include further

about implementation of DSP markets, which could serve as a starting point for discussions about standardizing market products and implementation across New York.” REV Proceeding, Comments of SolarCity Corporation on the Distributed System Implementation Plan (DSIP) Guidance Document (dated December 7, 2015) (“SolarCity DSIP Comments”), p. 7.

¹⁸ *Id.*

¹⁹ Letter from Governor Andrew M. Cuomo to Department of Public Service CEO, Audrey Zibelman, dated December 2, 2015.

²⁰ CEOC DSIP Comments; p. 10, REV Proceeding, Comments of Energy Storage Association on the Distributed System Implementation Plan Guidance Document (dated December 7, 2015) (“ESA DSIP Comments”), p. 5; and EDF DSIP Comments, pp. 4, 9.

developing system planning capability and process development, customer and system information sharing, and requests for proposals (“RFPs”) for non-wires alternatives (“NWAs”) as well as testing market-pricing concepts through demonstration projects.²¹ Upon completion of these actions, the Joint Utilities in conjunction with stakeholders will be in a position to develop market rules. It is premature to devote utility, Staff, and stakeholder resources now to the development of distribution market rules and governance provisions, as the City and NRG propose.²² In addition, the Joint Utilities propose that the utilities lead this effort during early market development, while providing the opportunity for substantial stakeholder input, similar to the process followed during the formation of the New York Independent System Operator (“NYISO”).²³ This approach is consistent with the Proposed DSIP Guidance expectation that the stakeholder engagement process will continue beyond the Supplemental DSIP filing as the utilities develop into fully functional DSPs and as technology and markets continue to evolve.²⁴

B. THE SUPPLEMENTAL DSIP AND STAKEHOLDER ENGAGEMENT

The Joint Utilities propose that five distribution planning topics meet the “consistency” and “coordination” criteria discussed in the Proposed DSIP Guidance and should therefore be addressed in the Supplemental DSIP rather than in the Initial DSIP.²⁵ The Joint Utilities characterize stakeholder engagement in the Supplemental DSIP issues as an “essential and critical element,” expressing the belief that “efficient and effective stakeholder engagement will result in better solutions.”²⁶ The complexity of issues to be addressed is apparent from a review of the initial comments on distribution planning and other Supplemental DSIP topics, confirming the need for a Supplemental DSIP, the proposed stakeholder process, and the need to prioritize the topics to be addressed. For example, the process of determining the kind of system information that will have the greatest value will benefit greatly from stakeholder input because it requires consideration of

²¹ Proposed DSIP Guidance, p. 8.

²² City DSIP Comments, p. 7; NRG DSIP Comments, p. 5.

²³ E.g., Central Hudson, Con Edison, *et al.*, *Order Conditionally Authorizing Establishment of Independent System Operator*, 83 FERC Para. 61,352 (1998).

²⁴ Proposed DSIP Guidance, p. 6.

²⁵ Joint Utilities Initial DSIP Comments, p. 16. These five distribution planning topics are (1) methodology for forecasting DER penetration, (2) forecasting and incorporating into the planning process demand and energy requirements on a more granular level, (3) methodology for incorporating DER forecasts into the demand and energy forecasts and the overall planning process, (4) methodology to identify beneficial locations for DER deployment, and (5) methodology to incorporate energy storage into the planning process.

²⁶ *Id.*, p. 19.

both the value to DER providers and the utility resources required to securely provide certain information and guidance.²⁷

While stakeholders have numerous opportunities to participate in REV matters,²⁸ the Joint Utilities acknowledge that stakeholder engagement strains the resources of all participants.²⁹ Acadia expresses a concern that many stakeholders are at a disadvantage due to a relative lack of technical expertise and resources.³⁰ AEEI provides specific suggestions to address the potential burden on stakeholders.³¹ SEIA proposes that the Commission provide a designated expert to serve as a technical resource for stakeholders.³² The Joint Utilities believe that their proposed stakeholder engagement process is efficient and responsive to these concerns. In particular, the proposed process contemplates the retention by the Joint Utilities of a respected energy consulting firm experienced in designing and conducting stakeholder engagement to lead the effort as well as technical conferences to support knowledge sharing.³³ As noted in the Joint Utilities Initial DSIP Comments, this “consulting firm will have prior experience that demonstrates its ability to exercise the independence that is necessary for this type of engagement.”³⁴

C. DEMONSTRATION PROJECTS

IGS opposes new demonstration projects, as articulated in the Proposed DSIP Guidance,³⁵ on the basis that demonstration projects would focus on utility ownership of DER and thus circumvent the Commission’s intentions as articulated in the Track 1 Order.³⁶ The Joint Utilities disagree with this characterization of demonstration projects. The Joint Utilities view demonstration projects as a valuable tool in the development of REV that will enable utilities to test

²⁷ *Id.*, p. 14.

²⁸ These include submitting comments in the various REV matters, commenting on the Initial DSIP and Supplemental DSIP filings, participating in the Supplemental DSIP stakeholder engagement process, participating in REV demonstration projects, and engaging with the utilities and other stakeholders in less formal venues.

²⁹ *See* note 18, *supra*.

³⁰ Acadia DSIP Comments, p. 8.

³¹ AEEI DSIP Comments, pp. 3-4.

³² SEIA DSIP Comments, pp. 6-7.

³³ Joint Utilities Initial DSIP Comments, p. 20.

³⁴ *Id.*, p. 19.

³⁵ Proposed DSIP Guidance, p. 8.

³⁶ IGS DSIP Comments, pp. 3, 5.

and learn how to perform in their new DSP role while delivering benefits to customers and third parties more effectively and more efficiently.³⁷

SolarCity proposes that the utilities document the benefits from demonstration projects within their DSIP filings.³⁸ Demonstration projects already have their own established regulatory track, requiring filings, reviews, and approvals. The utilities will provide quarterly updates on their approved demonstration projects. The DSIP filings will discuss how lessons learned from demonstration projects have informed the current plan and identify areas for further exploration. This is an appropriate and efficient division of efforts between the DSIP and demonstration project filings.

II. CUSTOMER ENGAGEMENT AND MARKET ANIMATION

As acknowledged in the Track 1 Order³⁹ and Proposed DSIP Guidance,⁴⁰ the success of REV depends on the ability and willingness of customers to engage in utility DER programs directly with third-party providers. The Proposed DSIP Guidance emphasized the role system data and customer data can play in promoting both customer engagement and market animation.⁴¹ Customer engagement, however, involves more than merely making usage data available to customers and third parties. The Joint Utilities are already testing various customer engagement approaches through demonstration projects. In fact, REV contemplates that distribution markets will develop over time and that “animated” markets with many engaged and informed buyers and sellers will contribute to more efficient markets and investment decisions. Both customer engagement and market animation will require investments in new processes and systems and are best informed by demonstration projects and REV experience, as well as the products and services from third parties that provide value to customers.

This section addresses topics relevant to customer engagement and market animation, consistent with the evolutionary approach to REV described in Section I. These topics include

³⁷ Joint Utilities Initial DSIP Comments, p. 6.

³⁸ SolarCity DSIP Comments, p. 8.

³⁹ Track 1 Order, pp. 58-61.

⁴⁰ Proposed DSIP Guidance, p. 21.

⁴¹ *Id.*, p. 17.

customer engagement, customer and system data, hosting capacity, the interconnection process, underserved markets, and earnings impact mechanisms (“EIMs”).

A. CUSTOMER ENGAGEMENT

The Joint Utilities agree that customer engagement and customer education are critical to the success of REV.⁴² Achieving the REV goals depends on the ability and willingness of customers to engage in utility and third-party DER services and will require effective customer engagement and education.⁴³ The Joint Utilities have prioritized customer education and engagement, as evidenced by REV demonstration projects to test and provide insight on customer engagement efforts and development of a digital marketplace. Several other parties also acknowledge the importance of customer engagement and education.⁴⁴

B. CUSTOMER DATA ACCESS

The Joint Utilities maintain that access to customer energy consumption data is an essential component of REV, and that it has the potential to empower customers and third-party providers.⁴⁵ This perspective is consistent with the Track 1 Order and is shared by several parties.⁴⁶

The Joint Utilities note that while access to customer energy consumption data is essential, customers also require services that transform consumption data into information that can change customer behavior, has the potential to lower bills, and can contribute to lower system peak demands.⁴⁷ AEEI supports this perspective, as it emphasizes the distinction between access to data and customer engagement and asserts that the majority of customers will not take action to achieve the objectives of REV based solely on access to data.⁴⁸ Consistent with the perspective of the Joint

⁴² Track 1 Order, pp. 58-61; Proposed DSIP Guidance, p. 21; REV Proceeding, Reply Comments of the Joint Utilities to Comments on Staff's August 22, 2014 Straw Proposal on Track One Issues, (dated October 24, 2014), p. 3.

⁴³ Joint Utilities Initial DSIP Comments, pp. 11-12, *citing*, Track 1 Order, pp. 58-61 and Proposed DSIP Guidance, p. 21.

⁴⁴ AEEI DSIP Comments, pp. 6-7; EDF DSIP Comments, p. 14; Mission:data DSIP Comments, p. 5; SolarCity DSIP Comments, p. 7.

⁴⁵ Joint Utilities Track 1 Comments, p. 28.

⁴⁶ Track 1 Order, pp. 58-61. *See also*, AEEI DSIP Comments, pp. 6-7; City DSIP Comments, pp. 10-11; EDF DSIP Comments, p. 14; Mission:data DSIP Comments, p. 5; SolarCity DSIP Comments, p. 7.

⁴⁷ Joint Utilities' Track 1 Comments, p. 25.

⁴⁸ AEEI DSIP Comments, p. 6.

Utilities, AEEI notes that utilities and third parties will need to leverage data to provide actionable insights for customers.⁴⁹

AEEI recommends that the DSIP Guidance require detailed plans regarding a customer data portal that must be operational by the end of 2016.⁵⁰ While the Joint Utilities support the development of a portal to allow customers to easily access customer-related information, it is premature to set a timetable for its development, given ongoing technical sessions, demonstration projects, and additional stakeholder processes related to customer data.⁵¹

The Joint Utilities support the ongoing technical conferences on customer data access, and recommend continued collaboration on this issue as part of the Supplemental DSIP stakeholder process.⁵² Several issues need to be addressed, including the specific data to be provided, the mechanism to share the data, security and privacy guidelines, and whether the provision of specific data is a value-added service or part of basic service.⁵³ These issues are complex and cannot be resolved all at once. Further, resolutions to these issues will evolve as the market evolves. Utilities will also need to invest in new systems and processes in order to meet new requirements. It is important to evaluate investments such as those that provide increasingly granular data to ensure that they are cost effective. In addition, investments to provide value-added information will require sufficient demand for the service to justify the investment.

Several parties support the provision of an extensive number of customer data elements, and reference a framework for data access from an Illinois proceeding.⁵⁴ According to that framework, customers should have access to, among other things, “any data relating to demand, power quality,

⁴⁹ *Id.*

⁵⁰ AEEI distinguishes between a customer data portal and a digital marketplace, and notes that the digital marketplace may take longer to develop and deploy. AEEI DSIP Comments, pp. 6-7.

⁵¹ The first such technical conference was held on December 16, 2015. Stakeholders were invited to submit written comments by December 30, 2015, subsequently extended to January 13, 2016. A second technical conference has been scheduled for January 20, 2016, with comments to be submitted on February 5, 2016.

⁵² The Joint Utilities note that the final DSIP Guidance should be informed by the technical conferences being conducted in December and January. Joint Utilities Initial DSIP Comments, pp. 11-13.

⁵³ The Joint Utilities note that some of the data identified in the Proposed DSIP Guidance is not currently measured and thus not available for provision at this time. Joint Utilities Initial Comments, p. 12.

⁵⁴ EDF DSIP Comments, pp. 4-5, 13, Ex. 1.1, *citing*, Illinois Commerce Commission Docket 14-0507, Petition of the Citizens Utility Board and Environmental Defense Fund to Initiate a Proceeding to Adopt the Illinois Open Data Access Framework (August 15, 2014), available at <http://www.icc.illinois.gov/docket/files.aspx?no=14-0507&docId=217753> (last visited Dec. 7, 2015); Mission:data DSIP Comments, p. 6.

availability, voltage, frequency, current, [and] power factor.”⁵⁵ The Joint Utilities invite stakeholder engagement on customer data, including experiences from other states. However, it is essential to recognize that the costs to measure, record, manage, and share certain data in a secure manner may be significant, and that some of the data may provide little to no value to most customers and third parties.

As required in the Proposed DSIP Guidance, the utilities will describe in the initial DSIP filings their current, baseline information regarding the data they collect and provide to customers and/or third parties (with the customer’s permission), as well as plans for expanding data collection and access. The Joint Utilities propose a staged process to resolving data issues and prioritizing data access issues (both customer and system related data) as part of the first category of topics that the stakeholder group will address.

Several parties support the Supplemental DSIP stakeholder engagement process to resolve customer data issues. The City identifies the importance of resolving issues such as the data to be made available by the DSP, the manner in which that data will be made available, the frequency of updates, and the cost to be charged, if any.⁵⁶ The City also states there should be a single set of data access rules and procedures throughout the state, further supporting reliance on the Supplemental DSIP stakeholder engagement process.⁵⁷ EDF notes the importance of initially setting clear and comprehensive expectations with respect to customer data access.⁵⁸ EDF points to examples in other states where failure to do so “up front” led to delays in the achievement of benefits and cost overruns.⁵⁹

Several parties recommend specific protocols such as Green Button Connect (also referred to as Energy Service Provider Interface).⁶⁰ The Joint Utilities note their support for an appropriate data transfer mechanism that reflects stakeholder discussions and suggest that the costs of Green

⁵⁵ EDF DSIP Comments, Exh. 1.1. The Proposed DSIP Guidance requests the utilities to address their current and potential capabilities regarding these and other data types. Proposed DSIP Guidance, p. 20.

⁵⁶ While in agreement with the Joint Utilities regarding key issues that must be addressed, the City differs from the Joint Utilities in its argument that such issues must be resolved before the DSIP Guidance is finalized. City DSIP Comments, pp. 10-12.

⁵⁷ *Id.*

⁵⁸ EDF DSIP Comments, p. 12-13.

⁵⁹ *Id.*

⁶⁰ AEEI DSIP Comments, p. 7; EDF DSIP Comments, pp. 15-16; Mission:data DSIP Comments, p.6.

Button Connect for functionalities beyond the provision of basic usage information have not been assessed in detail and may need to be considered.

The Proposed DSIP Guidance specifically addresses Electronic Data Interchange (“EDI”), the uniform electronic communication method used by energy services companies and utilities for the exchange of retail access data.⁶¹ The Joint Utilities note that the experience of developing of EDI in New York is instructive. In particular, the processes for the initial development of EDI, as well as subsequent revisions, have taken several years and involved significant and detailed stakeholder engagement.⁶²

EDF and Mission:data assert that the provision of granular customer usage data should be a “basic utility service,” *i.e.*, no specific charges for data access.⁶³ The Joint Utilities addressed the concept of charging for certain value-added services and generating “Market-Based Earnings” or “Market-Based Revenues” in their Track 2 comments.⁶⁴ The Joint Utilities note that charges may be merited when a utility provides incremental, “value-added services” related to customer usage data or when a service is offered that not all customers are likely to engage in, but which customers can choose.⁶⁵

C. SYSTEM DATA

The Joint Utilities recognize the importance of providing useful, accessible, and timely system information to DER providers to promote REV success.⁶⁶ The Joint Utilities have already taken steps to advance the provision of such data, including: filing five-year capital plans on an

⁶¹ Case 12-M-0476 *et al.*, *Proceeding on Motion of the Commission to Assess Certain Aspects of the Residential and Small Non-residential Retail Energy Markets in New York State* (“Retail Energy Market Proceeding”), Order Approving Modifications To The Electronic Data Interchange Standards. (issued December 7, 2015), pp. 1-2.

⁶² The Commission adopted a Staff recommendation to evaluate and implement EDI in July, 1998, and issued an Order establishing EDI policy in April in 2000, with EDI deployment to begin in 2001. Case 98-M-0667 - *In the Matter of a Statewide Assessment of Customer Information Systems* (August 28, 1998); Case 98-M-0667 - *In the Matter of Electronic Data Interchange*, Opinion No. 00-05, (April 12, 2000), pp. 2, 40-43. Actual initial implementation of EDI, involving numerous regulatory steps, continued for several years. In addition, EDI has been reviewed and revised several times since, including most recently in a proceeding opened in February, 2014, with the most recent order issued in Dec. 2015. Case 12-M-0476 *et al.*, Retail Energy Market Proceeding, Order Approving Modifications to the Electronic Data Interchange Standards (December 7, 2015), p. 2.

⁶³ EDF DSIP Comments, p. 15; Mission:data DSIP Comments, p. 3

⁶⁴ Joint Utilities Track 2 Comments, pp. 9-11.

⁶⁵ *Id.*, pp. 30-31.

⁶⁶ Joint Utilities Initial DSIP Comments, p. 4.

annual basis, efforts to provide system information to third parties as part of the NY Prize Community Microgrid Competition (“NY Prize”) being administered by the New York Energy Research and Development Authority (“NYSERDA”), and issuing RFPs for NWAs as an option to more traditional utility investments.

Several parties support the provision of very extensive system data, as put forth in the Proposed DSIP Guidance. For example, EDF recommends that the utilities (1) provide system data on a substation basis (*e.g.*, load curves, voltage, and reliability); (2) provide feeder system data for feeders within areas where DERs are expected to have a high value; and (3) develop a plan to expand the collection and sharing of granular system data.⁶⁷ New York Battery and Energy Storage Technology Consortium, Inc. (“NY-BEST”) recommends that the final DSIP Guidance require utilities to provide DER providers with access to enhanced data and information and, in general, seeks greater opportunity for input and participation in the DSIP planning process.⁶⁸ NY-BEST and ESA recommend that utilities be required to provide the analysis and conclusions for any project where traditional investments are preferred over DERs.⁶⁹

The Joint Utilities commented that certain basic information may not be currently available, and that certain models and data necessary to support increased DER penetration do not yet exist.⁷⁰ More important, the Joint Utilities emphasize that providing raw system data would not be useful and would create likely confusion, inefficiency, and pose potential security concerns. The Joint Utilities explain that distribution system data must be considered in the context of significant, detailed system information.⁷¹ The Joint Utilities further describe the complex, multi-step approach that utility distribution planners take regarding distribution system design.⁷² The distribution system

⁶⁷ EDF DSIP Comments, p. 11.

⁶⁸ REV Proceeding, Comments by New York Battery and Energy Storage Technology Consortium, Inc. on Staff Proposal Distributed System Implementation Plan Guidance (dated December 7, 2015) (“NY-BEST DSIP Comments”), p. 6

⁶⁹ *Id.*; ESA DSIP Comments, p. 6.

⁷⁰ Joint Utilities Initial DSIP Comments, p. 3.

⁷¹ The Joint Utilities explained that this context includes “local system design criteria, normal and contingency configurations, distribution assets ratings, circuit routing, potential security concerns, and local knowledge of operational performance.” Joint Utilities Initial DSIP Comments, pp. 13-14.

⁷² This includes (1) creating and maintaining asset models from electronic mapping data to facilitate load flow analysis, including future projects; (2) creating peak demand models based on customer usage and Supervisory Control and Data Acquisition (“SCADA”) information, including to place load in the vicinity of customer use in the asset model; and (3) performing yearly peak design reviews to update load models or asset replacements based on new peak load cases and future load growth projections. Joint Utilities Initial DSIP Comments, pp. 13-14.

planning process is inherently dynamic. Changes to customer loads (increasing, decreasing or time shifts) can have impacts on local system needs and related capital projects, as recognized by REV. Accordingly, the Joint Utilities support providing DER providers with insightful information (*e.g.*, regarding locations of system needs and the ability of the system to host DER) resulting from and in context with utility planning processes performed by utility distribution system planners.⁷³ Further, the Joint Utilities note that the process of determining those system information and insights which have the greatest value, as well as the timing of updates, should reflect stakeholder input in order to assess the relevance and value to DER providers in the Supplemental DSIP filing.⁷⁴ In summary, the Joint Utilities believe these issues will be resolved over time as the market evolves.

D. HOSTING CAPACITY

The Joint Utilities agree with the Proposed DSIP Guidance that hosting capacity efforts should be prioritized. Accordingly, the Joint Utilities suggest hosting capacity as a priority item in the proposed Supplemental DSIP stakeholder engagement process.⁷⁵

SEIA and Interstate Renewable Energy Council, Inc. (“IREC”) contend that while determining hosting capacity is necessary, it is not sufficient. SEIA contends that each utility should be required to include a plan for upgrading each circuit or area network where hosting capacity is near its perceived limit.⁷⁶ IREC proposes that utilities be required to propose system upgrades to integrate DERs, including the accommodation of anticipated DER growth.⁷⁷

These proposals appear contrary to a key element of REV, which is the potential benefit of DERs avoiding or deferring utility investment in the electric delivery system. These proposals instead entail increased utility investment, prior to establishing a need or benefit. Currently, customers proposing DERs pay for upgrades, if needed. These proposals would result in the socialization of costs across all customers, though benefits would primarily accrue to the DER

⁷³ *Id.*, pp. 4, 14.

⁷⁴ *Id.*, p. 14.

⁷⁵ *Id.*, p. 22.

⁷⁶ SEIA cites to the Proposed DSIP Guidance, p. 15, that “DERs are likely to have more delivery infrastructure avoidance value that is also easier to quantify’ in these areas.” SEIA DSIP Comments, p. 8.

⁷⁷ REV Proceeding, Comments of Interstate Renewable Energy Council, Inc. on October 15, 2015 Staff Proposal: Distributed System Implementation Plan Guidance (dated December 7, 2015) (“IREC DSIP Comments”), pp. 8, 12-13.

owner or provider. This would also shift risk to utility customers, for example, if upgrades were made in expectation of new DERs, but then projects did not materialize. In addition, NRG proposes that utilities “identify the specific challenges and solutions specific circuits face, and the type or functionality of DERs that would best ameliorate those challenges.”⁷⁸ The Joint Utilities propose to work with stakeholders to identify optimal means for enabling DERs, but emphasize the need to provide value for customers in doing so.

E. INTERCONNECTION PROCESS

A few parties comment on the interconnection process. IREC offers suggestions to gather data on interconnections and require utilities to identify barriers and challenges with the current process.⁷⁹ SolarCity indicates that while progress has been made on the interconnection of smaller distributed generation (“DG”) projects, more attention is needed to address the interconnection process for larger projects (>50 kW).⁸⁰ The Joint Utilities Initial DSIP Comments identify several enhancements to the interconnection process that are intended to make it better, faster, and less expensive. The utilities will implement an on-line portal and identify steps in the process that can be automated, working “with Staff and stakeholders in a collaborative manner either prior to or during the Supplemental DSIP stakeholder engagement process.”⁸¹ These issues will also be addressed as part of ongoing proceedings recently initiated as part of REV.⁸² Actions to improve the interconnection process are underway. For example, NYSEG and RG&E have recently received approval to proceed with a “Flexible Interconnect Capacity Solution” demonstration project that is designed to test new interconnect solutions to improve the timeliness of large interconnection projects at lower cost.⁸³

⁷⁸ NRG DSIP Comments, p. 4.

⁷⁹ IREC DSIP Comments, p. 5.

⁸⁰ SolarCity DSIP Comments, pp. 3-5.

⁸¹ Joint Utilities Initial DSIP Comments, p. 10.

⁸² Case 15-E-0557, *In the Matter of the Proposed Amendments to the New York State Standardized Interconnection Requirements (SIR) for Small Distributed Generators*, Notice Soliciting Comments on Proposed Modifications to the Standardized Interconnection Requirements (issued November 9, 2015).

⁸³ REV Demonstration Project Assessment Report, Iberdrola USA: Flexible Interconnect Capacity Solution, December 15, 2015.

F. UNDERSERVED MARKETS

EDF refers to a discussion in the Track 1 Order that would require utilities to develop plans for increasing DER deployment in “underserved markets.”⁸⁴ As EDF acknowledges, the Proposed DSIP Guidance does not include this requirement or otherwise address the responsibilities of utilities in serving these markets.⁸⁵ The Joint Utilities Initial Comments on Track 2 addressed this issue:

The Joint Utilities agree that low-income customers (and moderate-income customers as well) should benefit from opportunities to engage with DER markets beyond energy efficiency initiatives. However, more study is required so that REV programs and benefits can become accessible regardless of a customer’s economic status. The utilities’ REV demonstration projects provide a further opportunity to test low-to-moderate income customer participation in DER and the most effective way to pursue this objective.⁸⁶

The challenge of providing low- and moderate-income customers with an opportunity to benefit from REV by engaging directly in DER has been raised in a number of REV and REV-related dockets.⁸⁷ These issues are also being explored in a National Grid demonstration project.⁸⁸ It is therefore premature to include this as a requirement in the Initial DSIP filings.

G. EIMS

The Proposed DSIP Guidance did not address EIMs other than to indicate that, “a utility’s DSIP should align with the eventual Earning Impact Mechanisms and their metrics”⁸⁹ and to cite to an EIM that was proposed by Staff related to the development of an online portal.⁹⁰ Other than brief references to the “alignment” objective and to an EIM that would address interconnection of

⁸⁴ EDF DSIP Comments, p. 3.

⁸⁵ *Id.*, p. 24.

⁸⁶ Joint Utilities Initial Comments on Track 2, p. 13.

⁸⁷ *E.g.*, Case 12-M-0476, *et al.* – Retail Energy Market Proceeding; Case 14-M-0565 – Proceeding on the Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers; Case 15-E-0082 – Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program.

⁸⁸ In an effort to learn more about engaging the low-income market, National Grid is proposing to install solar PV energy systems on the rooftops of 100 homes in Buffalo’s Fruit Belt neighborhood as part of a REV demonstration project to test whether neighborhood solar projects for lower income customers make economic sense and can be replicated elsewhere.

⁸⁹ Proposed DSIP Guidance, p. 2.

⁹⁰ Proposed DSIP Guidance, p. 21, citing to the Staff Track 2 Proposal, at p. 56.

DG projects, the Joint Utilities did not address EIMs in their Initial DSIP Comments because the fundamental issues necessary to advance EIMs are appropriately being addressed in Track 2, as an integral element of the overall revenue-cost-earnings utility regulatory and ratemaking model. Several parties, however, commented on utility/DSP performance metrics in general, and on EIMs in particular.⁹¹

The Joint Utilities do not believe that it is constructive to comment further on specific EIMs here in advance of the Track 2 decision on the approach to incentive mechanisms, including a framework that would apply to EIMs and Scorecard metrics.^{92, 93} The Joint Utilities proposed such a framework and applied it to the EIMs and Scorecard metrics that were proposed in the Staff Ratemaking White Paper.⁹⁴ Key elements of the Joint Utilities' framework include:

1. Criteria for identifying metrics based on the utilities' ability to control or meaningfully influence the outcome being measured;
2. Initial incentive metrics limited to the most important outcomes, such as cost-effective deferral of distribution infrastructure; and
3. The development of metric targets that are realistic and reasonably achievable without requiring uneconomic levels of spending.⁹⁵

As noted in the Joint Utilities Initial Comments on Track 2:

The Joint Utilities' proposed Incentive Framework contemplates two distinct categories of utility incentives: broad-based EIMs and more targeted "programmatic" incentives. Broad-based EIMs are appropriate for REV outcomes that utilities pursue through a variety of central business activities. Programmatic incentives are appropriate for outcomes that relate to specific utility programs (*i.e.*, energy efficiency and NWA's).⁹⁶

⁹¹ See CEOC DSIP Comments, pp. 30-31; NECHPI DSIP Comments, pp. 7-8; SolarCity DSIP Comments, pp. 8-9. It is not always clear whether they are proposing that metrics have financial impacts on utilities or are intended as "scorecard" metrics that report on REV progress.

⁹² Many of the proposed metrics do not comply with the framework proposed by the Joint Utilities because they measure performance that is beyond the reasonable control of the utility.

⁹³ The Joint Utilities note the recent announcement that Staff will convene a technical conference on EIMs and other issues in late January, 2016. REV Proceeding, Notice of Technical Conference Regarding Earnings Impact Mechanisms, Market Based Earnings, Standby Rates and Related Issues (issued January 4, 2016).

⁹⁴ Joint Utilities Initial Comments on Track 2, pp. 14-28; Joint Utilities Reply Comments on Track 2, pp. 7-9.

⁹⁵ Joint Utilities Reply Comments on Track 2, p. 8.

⁹⁶ *Id.*, p. 14.

The Commission's Track 2 order will provide necessary policy guidance in order to move toward implementation of EIM and will address metrics for each utility, specific definitions, cost-effective targets, and financial implications. Once the policy guidance for both Track 2 and the DSIP is issued, the alignment of the DSIP filings with the EIMs can be addressed. It is likely that early EIMs will be programmatic and proposed either in the Initial DSIP filing, a rate case, or a subsequent DSIP filing.

III. CONCLUSION

The Joint Utilities endorse the Initial DSIP filing objectives, broadly support the specific requirements of the Proposed DSIP Guidance, and offer some suggestions to improve the REV implementation process. In particular, the Joint Utilities endorse the Proposed DSIP Guidance approach to REV implementation because it is consistent with the evolutionary and incremental nature of REV, including the benefit of prioritizing topics to be addressed in the Supplemental DSIP filing.

The Joint Utilities appreciate the opportunity to provide these Reply DSIP Comments on the Proposed DSIP Guidance and look forward to continuing collaboration with Staff, the Commission, and stakeholders in this proceeding.

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