



**Public Service
Commission**

Advancing Energy Affordability and Access to Clean Energy in New York State

Low Income Forum on Energy

2019 Long Island Regional Meeting

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Agenda: PSC Orders and Initiatives

- **REV**
 - **Energy Efficiency Order**
 - **Community Distributed Generation (CDG)**
 - **Value of Distributed Energy Resources (VDER)**
 - **Consumer Protection Standards for DER**
 - **Low Income Affordability**
 - **Retail Access**
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- **DPS Initiatives enhance affordability and access to clean energy through a variety of approaches:**
 - **Energy Efficiency Targets**
 - **Clean Energy Programs**
 - **Low Income Discount Program**
 - **Consumer protections and market regulation**

Reforming the Energy Vision (REV)

Case 14-M-0101

REV is Governor Cuomo's strategy to build a cleaner, more resilient and affordable energy system for all New Yorkers.

REV places clean, locally produced power at the core of New York's energy system, protecting the environment by reducing greenhouse gas emissions & increasing our use of renewable energy.



New York's Electric Grid

- **Current system built to meet peak demand during hottest summer days – idle nearly half the time**
- **Overall demand for electricity in NY is flat**
 - **Peak demand continues to increase, resulting in even higher costs to customers**
- **In the last 10 years, maintaining the grid has cost \$17B statewide**
 - **Expected to be \$30B over the next decade without action**

REV Solution:

A networked “smart grid” that combines the benefits of a centralized production and distribution system with the innovation and flexibility of distributed energy resources

- **Distributed renewable generation**
- **Demand response**
- **Microgrids**
- **On-site power**
- **Energy storage**

Reforming the Energy Vision is ...

empowering customers to better manage their energy usage through a diverse mix of distributed energy resources to:

- drive greater energy efficiencies,**
- reduce environmental impacts, and**
- increase affordability**

REV Goals ...

- **Make energy more affordable**
- **Improve existing energy programs and infrastructure**
- **Build a more resilient energy system**
- **Support cleaner transportation**
- **Help clean energy innovation grow**
- **Create new jobs and business opportunities**
- **Protect New York's natural resources**
- **Empower New Yorkers to make more informed energy choices**

LIPA Reform Act



- Restructured electric utility operations on Long Island
- Reorganized LIPA
- PSEG Long Island took over system management and operations
- Established DPS Long Island Office to provide regulatory oversight

State Role In Clean Energy on Long Island

- In accordance with the LIPA Reform Act, DPS reviews proposed plans and makes recommendations to the LIPA Board on rates, including charges related to energy efficiency and renewable energy programs.
- As recommended by DPS in the 2015 rate review, in almost all cases, clean energy reforms that are developed for the rest of the State are or will be implemented on Long Island.
- PSEGLI energy efficiency programs are funded through ratepayer funds, and also Regional Greenhouse Gas Initiative (RGGI) funds (paid through supply charge).
- **Utility 2.0**
 - PSEGLI submits to DPS an annual Utility 2.0 Plan through which they advance innovative REV-related projects such as AMI, electric vehicle and storage programs, subject to the LIPA Board's final approval. DPS provides recommendations. This year's filing is expected in July 2019.

A Comprehensive Energy Efficiency Initiative

Case 18-M-0084

Energy Efficiency

- In Governor Cuomo's 2018 State of the State, the Department of Public Service (DPS) and the New York State Energy Research and Development Authority (NYSERDA) were directed to develop new energy efficiency (EE) targets by Earth Day (April 22, 2018)
- DPS and NYSERDA issued the *New Efficiency: New York* report, establishing New York's ambitious EE targets
 - 185 trillion British thermal units (Tbtu) of annual energy consumption reduction by 2025; equal to fueling and powering 1.8 million New York homes annually.
- *The New Efficiency: New York* report identified steps to meet that target by emphasizing increased energy savings through innovative utility efficiency programs.

Energy Efficiency Order

In December 2018, the Commission issued an *Order Adopting Accelerated Energy Efficiency Targets*

- This increased the investor owned utilities' (IOU) EE target by an additional 31 Tbtu of energy
 - Inclusive of a 3% reduction in electricity sales by 2025 and
 - 5 Tbtu of savings from heat pump installations
- Commission required a 20% minimum of any additional public investment in EE to be dedicated to the low and moderate income (LMI) sector.
- Since LIPA is an authority, and not an investor-owned utility (IOU), DPS will work with LIPA and National Grid, with technical support from NYSERDA, to ensure the Long Island region has comparable and effective programs serving LMI customers. PSEGLI's annual Utility 2.0 filing and their Energy Efficiency and Renewables Plan are opportunities for this alignment to occur.

Energy Efficiency Targets

- **The new energy efficiency targets for investor-owned utilities (IOU) are estimated to more than double utility energy efficiency progress by 2025**
- **This reduction in carbon pollution will bring an additional \$1.8 billion in societal and environmental benefits and grow employment opportunities in the EE field**
 - **By 2025, an estimate 50,000 new jobs will be created statewide**

Energy Storage

- **In addition to the new energy efficiency target, Governor Cuomo also set two energy storage initiatives that will:**
 - **Achieve 1,500 MW of storage by 2025, enough to power 1.2 million homes; and,**
 - **Achieve up to 3,000 MW by 2030.**
- **Energy storage initiatives will aid in supporting New York's goal of creating 30,000 jobs in the clean-tech industry.**

Community Distributed Generation

15-E-0082

Community Distributed Generation (CDG)

- **Critical tool to realize many REV principles**
- **Expands customer access to green products or energy sources and increase affordability**
- **Compliment to other programs and policies**
- **Embodies the commitment to include low income energy users**

CDG Proceeding Updates

- **On March 9, 2017, the PSC reduced the minimum membership requirement for CDG projects proposed for multiple-unit buildings**
- **Waiver opens up project development in dense urban areas, better serves low income communities**

CDG Low Income Collaborative

- Working groups examined key barriers to low income customer participation and worked to develop solutions
- July 2018 – Commission adopted Staff’s recommendations to make it easier for low income electricity customers to participate in CDG programs
- Recommendation: new bill discount pledge
 - Low income customers will be able to use a share of their monthly affordability program bill discount towards purchase of Community DG subscriptions

CDG Low Income Collaborative

- **To facilitate the extension of the program, NYSERDA will extend its income verification service and develop a loss reserve for Community DG developers seeking to serve low income subscribers**
- **Next step is market development**

Value of Distributed Energy Resources (DER)

15-M-0751

Value of DER Order

- **On March 9, 2017, the PSC directed Staff to develop a replacement for “net metering” to more accurately and efficiently value DER in NY**
- **Advances Clean Energy Standard – Governor Cuomo’s goal: 70% of New York’s electricity to be supplied by renewable energy by 2030**
- **Enables solar power, energy storage and other small, local clean energy systems to grow faster across NY**
- **The LIPA Board adopted VDER in December 2017 for implementation beginning in early 2018.**

Value of DER Order

- Establishes first phase of a multi-year effort to create a more market-driven approach to optimizing the use of clean, distributed energy systems
- Order provides a smooth transition, maintains NEM for existing solar energy systems
- Directs DPS Staff to issue recommendations on oversight of DER providers for PSC consideration
- Commences Phase Two to accelerate further improvements to the Value of DER methodology

VDER Working Groups

- **Technical conferences were held for interested stakeholders, and the Notice of Formation of Working Groups and Protocols for Participation in VDER Phase Two was issued on June 22, 2017, establishing three working groups to advance the goals of the Order. These initial groups were:**
 - **Rate Design Working Group: Retail rate design issues and implications for application of VDER compensation.**
 - **Value Stack Working Group: Improvements to and wider coverage of the Value Stack, including components related to the bulk system distribution system, and societal value.**
 - **Low and Moderate Income (LMI) Working Group: Increasing participation of LMI customers in the DER marketplace.**

Low and Moderate Income (LMI) Working Group

- **The LMI working group of the DPS met over the course of several months to collaboratively identify barriers to access to LMI participation in CDG and to develop recommendations to address those barriers.**
- **Based on the discussions that took place during this collaborative, a Staff Report on Low-Income Community Distributed Generation Proposal was submitted on December 18, 2017.**
- **On July 12, 2018, the Order Adopting Low-Income Community Generation Initiatives was issued, which included several recommendations from the December 2017 Staff Report.**

Order Adopting Low-Income CDG Initiative

- **The Order adopted the following recommendations:**
 - **Bill Discount Pledge (BDP) Program:** This program would allow low-income customers to use all or some of their monthly affordability program discount towards the purchase of CDG subscriptions. This program would rely on utility affordability program funds to support CDG investment, and would require a set of customer protections beyond what is required in the UBP-DER.
 - **NYSERDA Income Verification Service:** NYSERDA currently conducts income verification for its income-eligible programs. NYSERDA was directed to develop a proposal to allow developers to access an income verification system, in collaboration with OTDA, if feasible.
 - **Loss Reserve:** The collaborative noted that LMI credit scores are a barrier to access to CDG; to address this, Staff proposed the creation of a loss reserve. NYSERDA was directed, through the NYGreen Bank, to create a loss reserve for CDG projects serving low-income subscribers.

LMI Order Progress to Date

- **The utilities were ordered to submit filings to implement this program. On December 10, 2018, the Joint Utilities of New York submitted a Bill Discount Pledge Program Implementation Plan.**
- **NYSERDA Income Verification Service: NYSERDA was directed to develop a proposal to allow developers access to an income verification system. NYSERDA requested an extension on the filing from January 14, 2019 to April 30, 2019.**
- **Loss Reserve: NYSERDA and the Green Bank issued an RFI in November 2018 seeking feedback from market participants who focus on the LMI population regarding specific data and history that can be used to examine the validity of perceived risks, existing Green Bank CDG financing approaches, forms of credit enhancement that could facilitate third party financing, and market barriers and related interventions. NYSERDA plans to brief Staff and stakeholders on the proposed design on or before June 30, 2019.**

Consumer Protection Standards for Distributed Energy Resources

15-M-0180

Consumer Protection Standards

- In October 2017, the Commission enacted the first consumer protection standards for DER markets
- Rules were collected in the Uniform Business Practices for Distributed Energy Resource Suppliers (UBP-DERS)
- Order establishes registration requirements, a standard disclosure statement, detailed marketing requirements, rules for handling customer inquiries and complaints, and penalties for any violations
- Applies to companies providing residential rooftop solar systems, on-site generating systems for small business, large community-solar projects or other community distributed generation
- LIPA Board adopted UBP-DERS in December 2018 to take effect January 2019

Consumer Protection Standards

- **PSC Rules were further strengthened in March 2019**
 - **Early termination fees for community distributed generation project members are capped at no more than \$200; must be waived when customer provides notice and finds a replacement**
 - **Production guarantees will be required for on site mass-market solar projects**
 - **Escalation clauses in contracts between customers and developers must be clearly disclosed**

Low Income Affordability

14-M-0565

Low Income Program Goals

- **Streamline utilities' low income assistance programs**
- **Work toward energy affordability**
- **Determine appropriate eligibility**
- **Discounts set at levels sufficient to achieve 6% energy burden on levelized monthly bills**
- **Maximize benefits**
- **Minimize costs**

Low Income Order – May 20, 2016

- **Adopts a policy that an energy burden at or below 6% of household income shall be the target level**
- **Goal is to reach all 2.3 million low-income households in New York**
- **Directs utilities to open low income discount programs to all households that currently receive a HEAP benefit, regardless of fuel or benefit type**

Low Income Order

- **A default process of setting rate discount levels is established which varies levels based on need**
 - **Utilities allowed some flexibility in designing discounts**
 - **Alternatives must be shown to accomplish the same results and leave no class of participant underserved**
- **Monthly bill discounts – tiered system**
 - **Electric customers: between \$11 and \$44**
 - **Gas customers: between \$3 and \$33**
- **Customers enrolled in budget billing (opt-out permitted)**

Low Income Discount Rates on Long Island - Electric

- (1) The Tier 1 discount is available to all Qualifying Low Income Customers. Customers that have received a HEAP benefit plus one (1) add-on shall receive the Tier 2 discount. Customers that have received a HEAP benefit plus two (2) add-ons shall receive the Tier 3 discount. The Tier 4 discount is reserved for customers with Direct Voucher/Guaranteed Payment. HEAP recipients receive add-ons for households with a vulnerable individual (household member who is age 60 or older, under age 6 or permanently disabled) and/or if the household's gross income meets HEAP Tier 1 income guideline.

Tier	Electric Heat (Rates 580 and 880)	Electric Non-Heat (Rates 180, 380, 188 and M188)
1	\$.83 per day	\$.83 per day
2	\$1.53 per day	\$.83 per day
3	\$2.17 per day	\$.83 per day
4	\$1.60 per day	\$1.60 per day

From: LIPA Tariff Leaf 38B; Effective January 2019

Low Income Order Modifications

- **On February 16, 2017, the PSC approved implementation plans for the major utilities to increase the number of low-income households eligible to receive discounts**
- **Restored discounts to direct voucher/utility guarantee customers**

Low Income Order

- **Program costs will be borne by all classes of customers**
 - **Specific mode of cost recovery will be determined in rate cases**
- **Total funding capped at 2% of total electric or gas revenues for sales to end-use customers**
- **Arrears forgiveness programs may continue if their funding remains below 10% of the total budget**
 - **Many will be curtailed or discontinued by the majority of utilities as the costs exceed budget limits**
- **Reconnection fee waivers also limited to no more than 1% of the budget**

Low Income Order

Statewide, the enhanced low income discount program will serve approximately 1.65 million customers at a cost of approximately \$260 million, an increase of approximately 87% to prior existing programs

Low Income Implementation Plans

- **Utilities' low income program implementation plans were approved with certain modifications**
- **Utilities have expanded enrollment to all HEAP recipients as of December 31, 2017**
- **Tiered discount levels have been implemented at all major utilities as of December 31, 2018**
- **Utilities will evaluate discount levels on an annual basis and make adjustments**

Low Income Program

Ongoing issues:

- Enrollment expansion
- Budget billing customers
- Modification of discount levels
- Changes in average bills and maintaining goal of 6% energy burden
- Informing customers of new options – Electronic DPAs

Retail Access

14-M-0565

Retail Energy Market

- **New York State opened the State's electric and natural gas industries to competition in the 1990's. Changes in the markets have provided an opportunity for consumers to choose who provides their energy supply – either their utility or a third-party supplier known as an Energy Services Company (ESCO)**
- **An (ESCO) is an entity eligible to sell electricity and/or natural gas using the transmission or distribution system of the local public utility**
 - ***Note – the ESCO program applies only to natural gas on Long Island, not electric, except for a small number of commercial customers.**
- **ESCOs must be approved by the PSC**

Uniform Business Practices

- In 1998 the Commission directed Staff to work with interested parties to develop a standardized set of retail access rules across the state.
- The Uniform Business Practices (UBP) ruling was adopted in 1999 – it prescribes procedures for the relationship between the distribution utilities and the ESCOs, as well as between ESCOs and customers.
- The UBP has been modified several times since 1999 to include marketing standards, the ESCO Consumer Bill of Rights (ECBOR), and other updates as needed.

Retail Access Order

- **Amended Feb. 25, 2014**
- **Modifies Uniform Business Practices, structure of retail access**
- **Affects all residential customers**
- **New protections for low income customers**
- **Standardized format for contract renewal notices**
- **Sales reps must identify themselves and their employer**

Order Resetting Energy Markets

- Issued by PSC on Feb. 23, 2016
- Prohibits new ESCO contracts with residential or small non-residential customers unless they provide guaranteed cost savings, or at least 30% of supply is from renewable energy
- Requires ESCOs to obtain consent prior to renewing that customer from a fixed rate or guaranteed savings contract into a contract that provides renewable energy but no guaranteed savings
- Requires ESCO CEO or equivalent corporate officer to certify enrollments comply with Order
- Strengthens the process for revoking ESCO eligibility to do business in NY if ESCO violates State regulations

Order Resetting Energy Markets

- **Several ESCOs filed a lawsuit against the PSC on March 3, 2016 in Albany County Supreme Court.**
- **On March 4, 2016, the court issued a Temporary Restraining Order which stayed parts of the PSC Order.**
- **The ordering clause strengthening the ESCO enforcement process was not stayed and is still in effect.**

Moratorium on Low Income Customer Enrollments and Renewals - July 15, 2016

- **Directed ESCOs to de-enroll any customer identified by utility as a low income program participant**
 - **Existing contracts continue until expiration**
- **Utilities must place a block to prevent all low income accounts from being enrolled with an ESCO**
- **Utilities must send letters to affected customers informing them that they are not eligible to take ESCO service and will be returned to full utility service**

ESCO Parties Objected

- **Three parties filed petitions seeking rehearing or clarification of the July 2016 Order.**
- **On September 19, 2016, the Commission issued an Order which re-adopted the low income moratorium on an emergency basis and sought comments on whether to continue the moratorium, terminate it, or continue it with modifications.**
- **On December 16, 2016 the Commission adopted the Order on the Prohibition on Service to Low Income Customers by Energy Service Companies.**

ESCO Low Income Litigation

- **On September 28, 2016 several ESCOs filed a lawsuit in Albany County Supreme Court against the Commission's low income order.**
- **In June 2017 the court held that the PSC had the power to act on all of the issues related to the July, September, and December 2016 low income orders -- including jurisdiction to set a cap on ESCO prices.**
- **Implementation of the prohibition on ESCO service to low income customers began in Fall 2017, and is currently in effect.**
 - **December 2016 Prohibition Order provided for a waiver process for ESCOs willing to guarantee savings to low income customers**
 - **12 ESCOs applied for a Petition for Waiver to serve low income customers, 6 were granted a waiver**

ESCO Low Income Litigation

- **The ESCO parties appealed the June 2017 court decision to the Appellate Division, Third Department.**
- **Appeal was to establish whether the Public Service Law authorizes the PSC to issue an order that conditions access to public utility infrastructure by ESCOs upon ESCOs capping their prices, such that, on an annual basis, they charge no more for electricity than is charged by public utilities unless 30% of the energy provided is from renewable sources.**
- **Court of Appeals ruled on May 9, 2019 that the PSL, in authorizing the PSC to set conditions under which public utilities will transport consumer-owned electricity and gas, has such authority to set these conditions upon ESCOs.**

Hearings & Collaboratives

- **PSC determined retail markets serving mass-market customers are not providing sufficient competition or innovation to properly serve consumers**
- **On December 2, 2016, PSC issued a Notice of Evidentiary and Collaborative Tracks and Deadline for Initial Testimony**
- **Track I - Evidentiary Hearing**
 - **Sworn testimony and exhibits, subject to cross examination, followed by filing of post-hearing briefs prior to PSC action**
- **Track II - Collaborative Meetings**
 - **Party meetings, collaborative or party reports or proposals, and comment period prior to PSC Action**

PSC Considerations

- **Should ESCOs be completely prohibited from serving their current products to mass-market customers?**
- **Should regulatory rules and the Uniform Business Practices applicable to ESCOs be modified to implement such a prohibition, to provide sufficient additional guidance as to acceptable rates and practices of ESCOs, or to create enforcement mechanisms to deter customer abuses and overcharging?**
- **Can new ESCO rules and products be developed to provide real value to mass-market customers at just and reasonable rates?**