

# Reforming the Energy Vision: New York State's Response to Hurricane Sandy

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## 1. OVERVIEW

New York State has embarked on a multi-year mission of Reforming the Energy Vision (REV). The REV is a proceeding that the New York Department of Public Service (NYDPS) initiated in April 2014, partly in response to the slow and costly recovery of utility service after Hurricane Sandy in October 2013, and partly to find less costly and more reliable alternatives to constructing and upgrading utility infrastructure in a “business as usual” manner. The intent of the REV is to create an intelligent distributed system platform that will transform New York State’s electricity industry into a customer-oriented, market-based, and sustainable system based on widespread installation of distributed energy resources (DERs) whose management would be optimized at the distribution system level.

## 2. METHODOLOGY

The goals of the REV will be outlined and the proposed means by which the REV goals will be met will be discussed in some detail based on the initial Staff Report of the NYDPS. The REV proceeding has been divided into two phases with the initial Phase One order expected in January 2014, providing plenty of time to incorporate associated details and proposed program changes into the paper.

A critical component of the REV is the Distributed System Platform (DSP) that will

integrate the DERs into the distribution system operation. Such integration will offer “customers the opportunity to manage their usage and reduce their bills while at the same time creating important system and societal benefits such as increased system efficiency and reduction of carbon emissions.” [1] A major point of debate is what type of entity should provide the DSP capability that is central to the REV. The initial Staff Report of the NYDPS recommended that the incumbent utilities should provide the DSP capability, given the utilities’ existing access and connection to customers. Many parties to the proceeding opposed this recommendation, alleging that it would increase the market power of the incumbent utilities.

Another move forward is the proposal that the cost-benefit analysis framework developed as part of the REV must include valuation of more societal costs and benefits than have traditionally been included in cost-benefit analyses. The cost-benefit framework is intended to be used for (i) utility DSP implementation plans, (ii) periodic utility resource plans, and (iii) pricing and procurement of DERs.

The REV process will likely proceed in several stages, starting with near-term actions (e.g., pilot programs) and proceeding through transitional steps that will design activities to move the reformed marketplace toward maturity. The increased granularity and transparency of system information should provide the economic value of time- and location-specific usage, allowing customers to actively manage their usage to minimize their total bill while allowing energy service providers to install DERs where they are most valuable to the distribution system.

### 3. EXPECTED RESULTS

Only limited results for the REV will be available by the time of the Medellin conference, but the initial Phase One order and subsequent comments by the affected parties will allow for a discussion of how the implementation of the REV may actually proceed. Given the potentially transformative nature of the REV implementation, it is important to understand how the program's design changes over time as challenges arise and are met.

### 4. CONCLUSIONS

If successfully implemented, New York State's REV has the potential to dramatically change the future of distribution system utility operations. For this reason, the regulatory process underlying the REV deserves close monitoring and detailed understanding.

### 5. REFERENCES

[1] State of New York, Department of Public Service, July 8, 2014, *Staff Report on the Work of*

*the DSPP Markets Committee, Reforming the Energy Vision (REV) Working Group 1: DSPP Markets.*

[2] State of New York, Department of Public Service, August 22, 2014, *Developing the REV Market in New York: DPS Staff Straw Proposal on Track One Issues*, Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

[3] The Association for Demand Response and Smart Grid (ADS), November 13, 2014, *New York's Reforming the Energy Vision (REV) Update and Insights Webinar.*