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New York PSC Chair Zibelman explains effort to reinvent power

Transformative docket described for 17th annual NEM event

The New York PSC hopes to transform the way the power industry works through its Reforming the Energy Vision (REV) docket, its Chair Audrey Zibelman told the National Energy Marketers Assn's 17th Annual Restructuring Conference in Washington, DC yesterday. Zibelman spent lots of time on the wholesale side of things, running the DR and efficiency firm Viridity Energy before taking over the PSC and being the COO of PJM before that.

"It's come back to the states and it's come back to the retail markets," she added. "I think you'll see that the next 10 to 15 to 20 years, it's really now getting down to what I call the downstream markets on power, really getting the retail markets right."

The name of the docket itself was important as Zibelman did not want have to the PSC's work boxed in by a name such as "grid modernization," or "utility 2.0," she said, because she wants the changes to go well beyond that.

"It's really about customers. New York started the markets in 1997 when we did retail restructuring, but even today... we haven't really seen the value given to the mass market that we've seen on the industrial/commercial side."

The REV docket essentially will look at how the grid would be redesigned from scratch today, starting from the customer out rather than the customer in, she added.

Normally NYISO's demand does not get much above 25,000 MWhs, but consumers end up spending \$450 million extra to maintain a system that can meet "super peaks" of up to 33,000 MWhs, Zibelman said. That is a huge amount of capacity that sits idle most of the time just because demand is not managed correctly, she added.

The REV process means to reform the role of the distribution system into a "platform provider" that brings more demand-side resources and DG into the

mix. Decentralizing the grid is an imperative for New York after recent hurricanes left glass-tower residents having to climb down thirty or more flights of stairs just to get water as their electric service was out for weeks in some cases, said Zibelman.

The docket wants to move away from the "command and control" style of grid operation that ISOs have used since their start. Now grid operators dispatch resources to meet a need but the end-state of New York's REV docket would have the ISO "dispatching a need" and then having DR and DG respond to it, Zibelman explained.

New York City IOU Consolidated Edison runs eight separate networks in the city and they all peak at different times, she added. That means customers can provide different values to the system at different times of the day and the REV will try to facilitate that by bringing a sort of nodal system down to retail, said Zibelman.

Utilities and retailers both should be active participants in whatever comes out of the REV docket and the process itself, said the chair.

"When we restructured the wholesale market, it was fairly easy in the sense that all the players were there," Zibelman said. "All they wanted to know was to figure out how they were going to make money and then they amended their business plans to do what was best for them.

"In the retail markets, for me to be successful really animating these retail markets... we have to engage this element of the market, the consumers, who have not been engaged." A big piece of the REV process will be educating consumers so that they have the demand for the kind of services retailers and others can offer them.

Zibelman wants the docket to proceed quickly with the discussion starting this month and an order defining parties' roles by the end of the year. Utilities would come in with new rate designs to match up to those roles next year.