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From: POLITICO Pro [mailto:states-alert@politico.com]
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Subject: Westchester power program will test key REV concepts

[Westchester power program will test key REV concepts](#)

By David Giambusso

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While the state's Reforming the Energy Vision still lives largely in policy briefs and written arguments, a program underway in Westchester is promising to be among the first real-life tests of some key elements of the REV process.

[Community Choice Aggregation](#), a concept in which municipalities band together to form a purchasing bloc for electricity and natural gas, has been gaining traction in Westchester for more than a year and within four months could roll out to more than 130,000 homes and businesses in the county.

Sustainable Westchester, a coalition of energy experts and municipal leaders approached the Department of Public Service last year with a plan to use its collective purchasing power to bid on the open market for energy services. The function, usually performed by utilities, allows cities and towns to buy power tailored to their own needs and goals. The two goals of the group are to buy power at cheaper rates than offered by the utility and to do so in a more environmentally friendly manner.

The DPS, seeing the chance to test out some key concepts of REV, has been supportive of the project from the start.

"Sustainable Westchester is the first pilot CCA and we expect it to bring customers greater value, choice and help New York achieve its 50 percent renewable energy target by 2030," Richard Kauffman, Gov. Andrew Cuomo's energy czar, said in a statement.

What state leaders hope to accomplish with REV is multi-faceted, but among the bigger changes will be that utilities will act more as energy traffic cops than brokers of power. A key to REV's success will be allowing third-party energy companies to enter the marketplace. Utilities then will assume more the role of dispatcher, sending power where it is needed, from a variety of sources beyond the traditional power plant.

With the new role, utilities will also have to start sharing customer data and the money they

charge for sharing that data is expected to be a new and significant form of revenue, referred to in the policy world as "market-based earnings."

In the case of Westchester's community choice aggregation program, Con Edison will be testing waters both in its new role and in the sharing of customer data. While individual customers have used third-party energy companies, nothing of the magnitude underway in Westchester has been attempted before.

"That's a new era of consumer empowerment," said Mike Gordon, one of Sustainable Westchester's leaders, in an interview. "The fact that the consumer groups and the municipalities can go to the Public Service Commission and have them order that [the utilities] turn over the data is a sea change."

Without aggregated customer data, the project wouldn't have much of a chance. If the 25 participating towns don't have basic information about how and when they consume energy, they can't put together a bid for third-party energy providers. The Department of Public Service, which is governed by the Public Service Commission, recently ordered Con Ed to turn over the data.

Gordon estimates the initial trove will cost \$10,000 out of an estimated contract of \$100 million that will eventually serve roughly 132,000 homes and businesses.

"With electricity they need to know how many homes there are total and how many small businesses there are total," Gordon said. "They need to know what the total amount of bandwidth is they have to purchase at peak."

The fee that Con Ed collects is a drop in the bucket for the huge utility, which has about four million customers in New York City and Westchester. Where the real money will come in — the so-called market-based earnings — will be when they market individual data, indicating how a specific customer uses energy.

"Nobody other than the utility is in a position to provide this value," Gordon said.

This is where the Westchester project can provide crucial lessons for utilities, consumers and the REV process as a whole. In order for REV to be successful, third-party energy providers and utilities have to be able to make money. If the utility charges too much for data, it discourages independent companies from entering the marketplace. If utilities don't earn enough money, though, the grid infrastructure they operate will deteriorate.

"The margin should be set to encourage the utility to get into the business of offering the service where the Commission feels it is supportive of market animation under REV," said Karl Rábago, head of the Pace Energy and Climate Center. "I would even give a bigger margin for more beneficial things."

Setting those margins will be a key calculation, and the Westchester program could provide the first real-world applications.

Gordon is expecting to put bids out in early 2016, and with the backing of the state, the system will be on an opt-out basis, meaning more than 130,000 customers will be automatically entered into the program if they do not specifically say they want to stay with their utility service

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By the March 2016 billing cycle, residents and businesses in 25 Westchester towns will be the first in the state to participate in an alternative energy market of this scale. State energy leaders will be paying close attention to see how the program fares.

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