

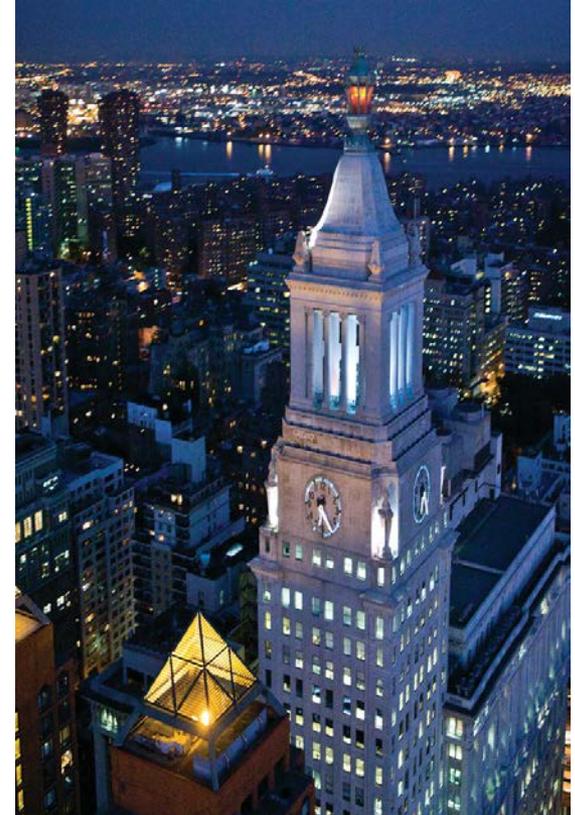
Managing NY's REV Initiatives

Brookhaven National Laboratory

Smart Grid Workshop

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Managing NY's REV Initiatives

Agenda

- Background
 - Con Edison of NY
 - Regulatory
- Governance & Oversight Approach
- Roles and Responsibilities
- Accountability Framework
- Project Management Office
- Simplifying REV

Con Edison Footprint

Con Edison of New York (CECONY)

Electric

- 3.3 million electric customers
- Peak Demand: 13,189 MW
- Load Density: 21.8 MW/sq mi
- Underground network distribution: 86%
- 690 MW of regulated generation
- 36,000 miles of overhead transmission and distribution lines
- 94,000 miles of underground transmission and distribution lines

Gas

- Manhattan, Bronx, Queens and Westchester
- 1.1 million gas customers
- 4,300 miles of gas mains

Steam

- Manhattan – below 96th Street
- 1,760 steam customers
- 105 miles of steam mains and lines



Regulatory Background



On April 24, 2014 Governor Cuomo announced plans for a fundamental transformation in the way that electricity is distributed and used in New York State. To meet this challenge, the Public Service Commission commenced its Reforming the Energy Vision (REV) initiative to reform New York State's energy industry and regulatory practices.



The public proceedings examine and evaluate regulatory reforms that can be implemented to shape the roles and responsibilities of the regulated utilities and retail markets.

- Track One examines the role of distribution utilities in enabling market-based deployment of distributed energy resources to promote load management and greater system efficiency, including peak load reductions.
- Track Two examines changes in current regulatory, tariff, and market designs and incentive structures to better align utility interests with achieving the Commission's policy objectives.



Reforming the Energy Vision **REV**

REV GOALS



Making energy more affordable for all New Yorkers



Building a more resilient energy system



Empowering New Yorkers to make more informed energy choices



Creating new jobs and business opportunities



Improving our existing initiatives and infrastructure



Supporting cleaner transportation



Cutting greenhouse gas emissions 80% by 2050



Protecting New York's natural resources



Helping clean energy innovation grow

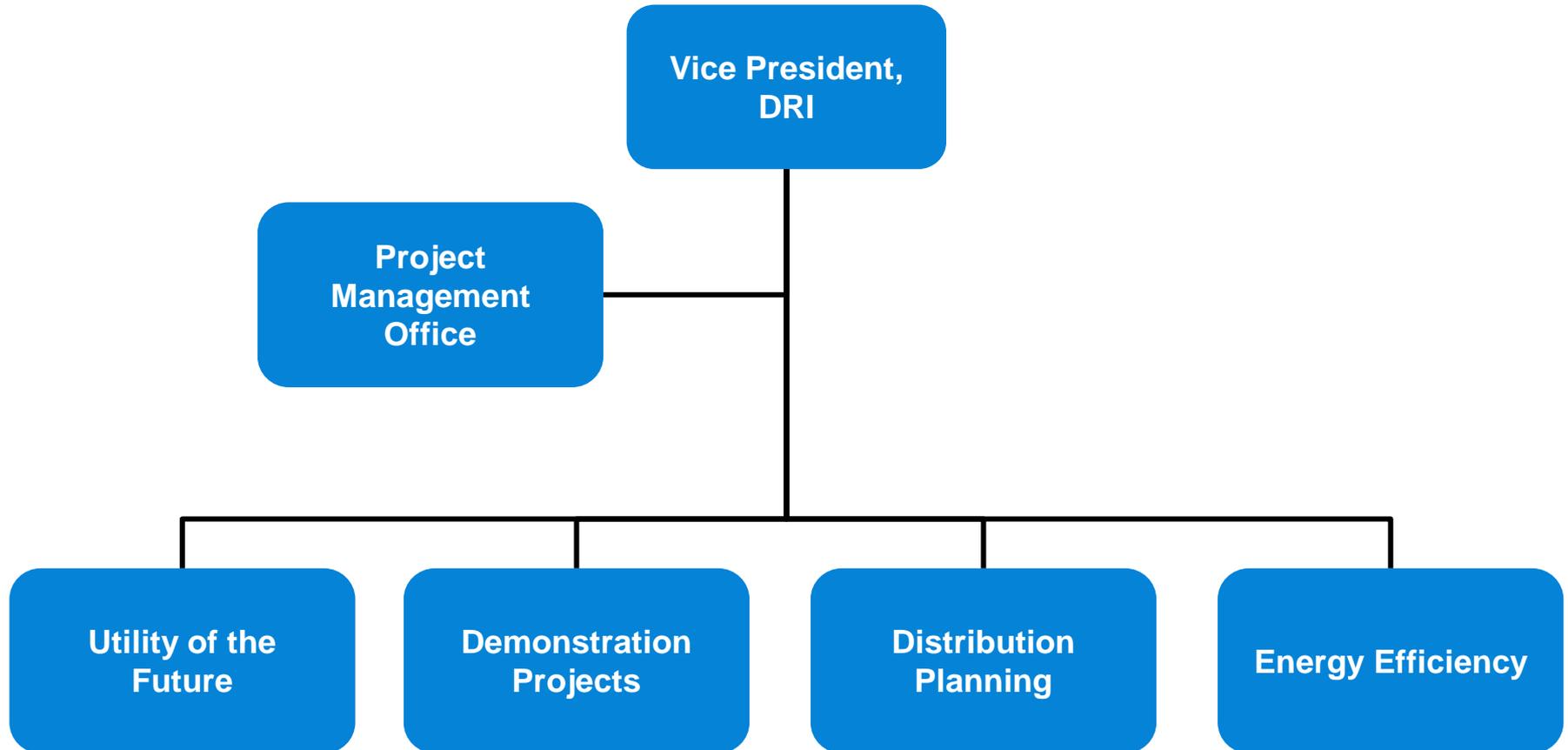
Source: ny.gov.REV4NY

Governance & Oversight Approach

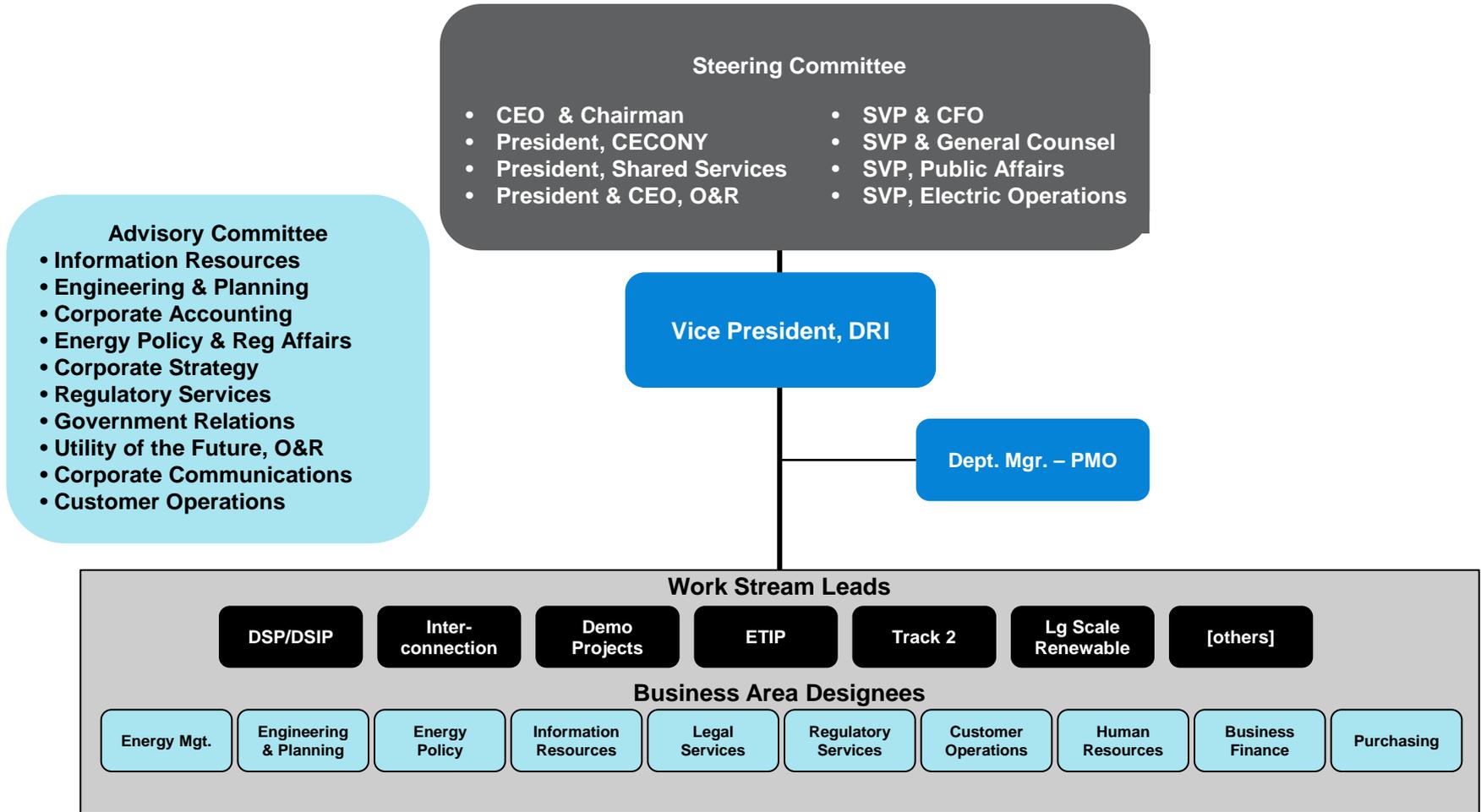
REV Governance Approach

- REV has broad reaching impacts on the organization and the response was “all hands on deck”
- Much has been accomplished; however, a more collaborative and structured approach was required
- The result has been to establish a dedicated team to lead the collective REV effort (Distributed Resource Integration - DRI) whose primary objective is to:
 - Enhance REV **governance and decision** making processes through the existing REV Steering Committee (SC) and creation of an Advisory Committee (AC)
 - Provide **the tools and processes** to better manage project schedules, communications, and cross-team dependencies by implementing a formal Project Management Office (PMO)
 - Create a **formal** project structure by establishing REV work streams and assigning dedicated team leads
 - Ensure **resources** are available and assigned to support work stream deliverables
 - Provide a structured process for ensuring timely and informed **decision-making**

Distributed Resource Integration - DRI



REV Leadership and Oversight



Roles and Responsibilities



Committees & Project Team Assignments

Steering Committee

- Sets strategic priorities for Con Edison in REV
- Makes policy decisions for REV
- Sets the standard for REV deliverables (quality, content)
- Approves the process by which REV deliverables are developed and approved
- Approves resourcing of effort

Advisory Committee

- Provides guidance and input on strategic priorities, policy, and decisions
- Reviews REV project schedules and deliverables to ensure alignment of BU priorities
- Secures resources to support REV work streams
- Resolves cross-functional issues with peers
- Serves as a champion for REV priorities within respective business unit
- Makes decisions as delegated by SC

VP, DRI

- Oversees and is accountable for project management of REV initiatives
- Identifies decisions required
- Provides analysis to facilitate decision making
- Informs key stakeholders of policy decisions
- Provides information to stakeholders on progress
- Identifies resources needed; engages SC in support

PMO

- Develops and manages detailed timelines to meet deliverable dates
- Identifies decisions needed and analysis to support decisions
- Identifies cross-team dependencies
- Raises issues to be resolved; facilitates and tracks resolution
- Develops materials and analysis for VP and SC
- Provides reporting and status on all timelines



- Perform analysis in support of REV deliverables
- Develop key deliverables (meeting standards set by SC)
- Develop regulatory filings
- Identify issues and raise them to the VP, DRI
- Makes decisions as delegated by the SC

Steering Committee Charter – Overview

Objectives

The Steering Committee (SC) will lead a successful overall REV initiative by:

- Setting the vision and direction for REV project success
- Aligning the REV strategy with broader corporate strategic objectives
- Enabling a successful implementation by approving resources, providing oversight, and making and delegating decisions

Responsibilities/Decision Rights

Responsibilities

- Set strategic priorities for ConEd in REV
- Make policy decisions for REV
- Set the standards and approve the process for REV deliverables (quality, content)
- Approve resourcing of REV efforts
- Remain informed of critical milestones and emergent issues impacting these events

Decision Rights

- Makes decisions on strategic and policy issues
- Provides oversight for implementation issues
- Delegates implementation and work stream-specific decision rights as appropriate

Steering Committee Team Members

The Steering Committee consists of:

- Chief Executive Officer
- President (Shared Services)
- President (CECONY)
- President (O&R)
- SVP/CFO – Finance
- SVP – Law
- SVP – Public Affairs
- SVP – Electric Operations

Process

Communications will flow from individual REV work streams through the VP, DRI to the Steering Committee, and as such the VP, DRI will:

- Conduct SC meetings on a monthly basis
- Present emergent work stream issues that require SC decision or resolution (defined by the escalation process)
- Provide the agenda and background material at least **48 hrs.** in advance, including
 - Completed analysis and resulting implications
 - Specific decision/approval request
 - Documentation of reviewer sign-off and dissenting opinions
- Prepare, or designate someone, to take minutes, and document decisions, follow ups, and actions taken

- *REV Governance*

Steering Committee Decision Making Process



- Decisions to be made by SC
- Work-stream decision point identified and documented
- Initial evaluation completed to propose a resolution path
- Decisions may be planned or emergent

- Analysis conducted by work-stream leads and other SMEs to determine impacts and implications (e.g., schedule, cost, resource conflict, policy, etc.)

- Impacted parties informed and validation requested of the impacts and implications sizing
- Feedback included in the decision point documentation
- Dissenting opinions identified and documented
- Impacted parties verified against accountabilities matrix

- Decision documentation presented to the AC with the intent to obtain input on a proposed resolution

- AC feedback included into issue documentation
- Formal recommendation developed for the SC consideration
- Dissenting opinions and rationale identified and documented
- Material prepared for SC review

- Balanced view and proposed recommended course of action presented to the SC
- SC decision made on how work-stream(s) should act to resolve the issue

- Outcomes are communicated to AC and all impacted stakeholders and work-streams

Advisory Committee Charter - Overview

Objectives

The Advisory Committee (AC) will ensure successful implementation of REV initiatives by:

- Advising work streams on REV impacts related to business unit responsibilities
- Dedicating personnel to drive work stream task completion
- Facilitating cross-functional collaboration through senior level issue resolution
- Staying apprised of REV developments, and serving as a conduit for communications to their business unit

Responsibilities/Decision Rights

Responsibilities

- Provide guidance and input on strategic priorities, policy, and decisions
- Review REV project schedules and deliverables to ensure alignment with business unit priorities
- Provide resource support to the REV work-streams
- Resolve cross-functional conflict with peers
- Serve as champion for REV priorities within their business units

Decision Rights

- Own decision rights for their respective business units, but defer to SC for REV policy and strategy issues, as defined by specific REV initiatives
- Make decisions as delegated by the SC

Advisory Committee Team Members

The Advisory Committee consists of:

- VP – Information Resources
- VP – Engineering & Planning
- VP – Corporate Accounting
- VP – Energy Policy & Regulatory Affairs
- VP – Corporate Strategy
- VP – Regulatory Services
- Director – Government Relations
- Director – UotF (O&R)
- Assistant Director, Corporate Communications
- General Manager – Customer Operations

Process

Status and deliverables will be brought to the Advisory Committee by the VP, DRI, and as such, the VP, DRI will:

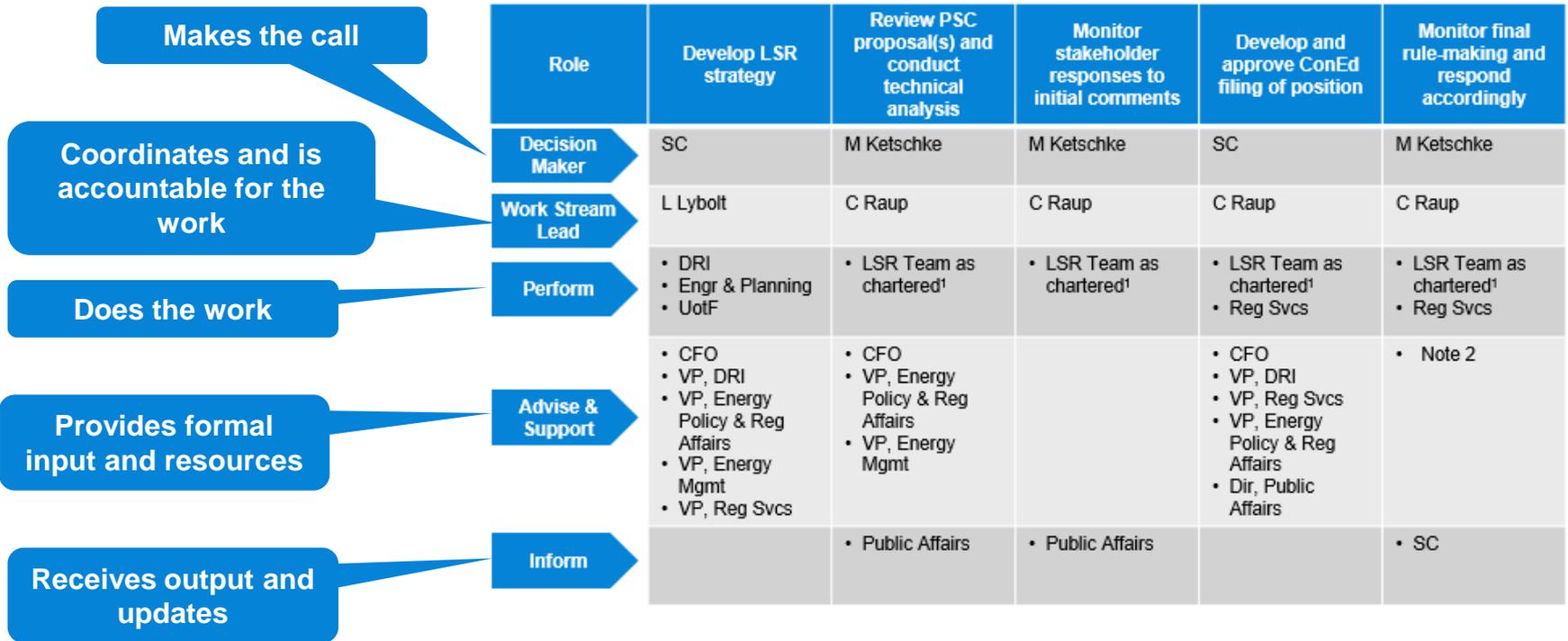
- Conduct meetings with the AC on a recurring (bi-weekly) basis
- Present escalated material for review and guidance through a defined process
- Inform AC of SC-bound material for awareness and offline review if necessary
- Communicate post-SC decisions / actions to respective business units
- Prepare, or designate someone, to take minutes, and document follow ups and actions taken

Accountability Matrix Guide

An accountability matrix has been drafted for each work stream which assigns individuals or groups to the roles defined by the governance framework

REV Governance – Accountability Matrix

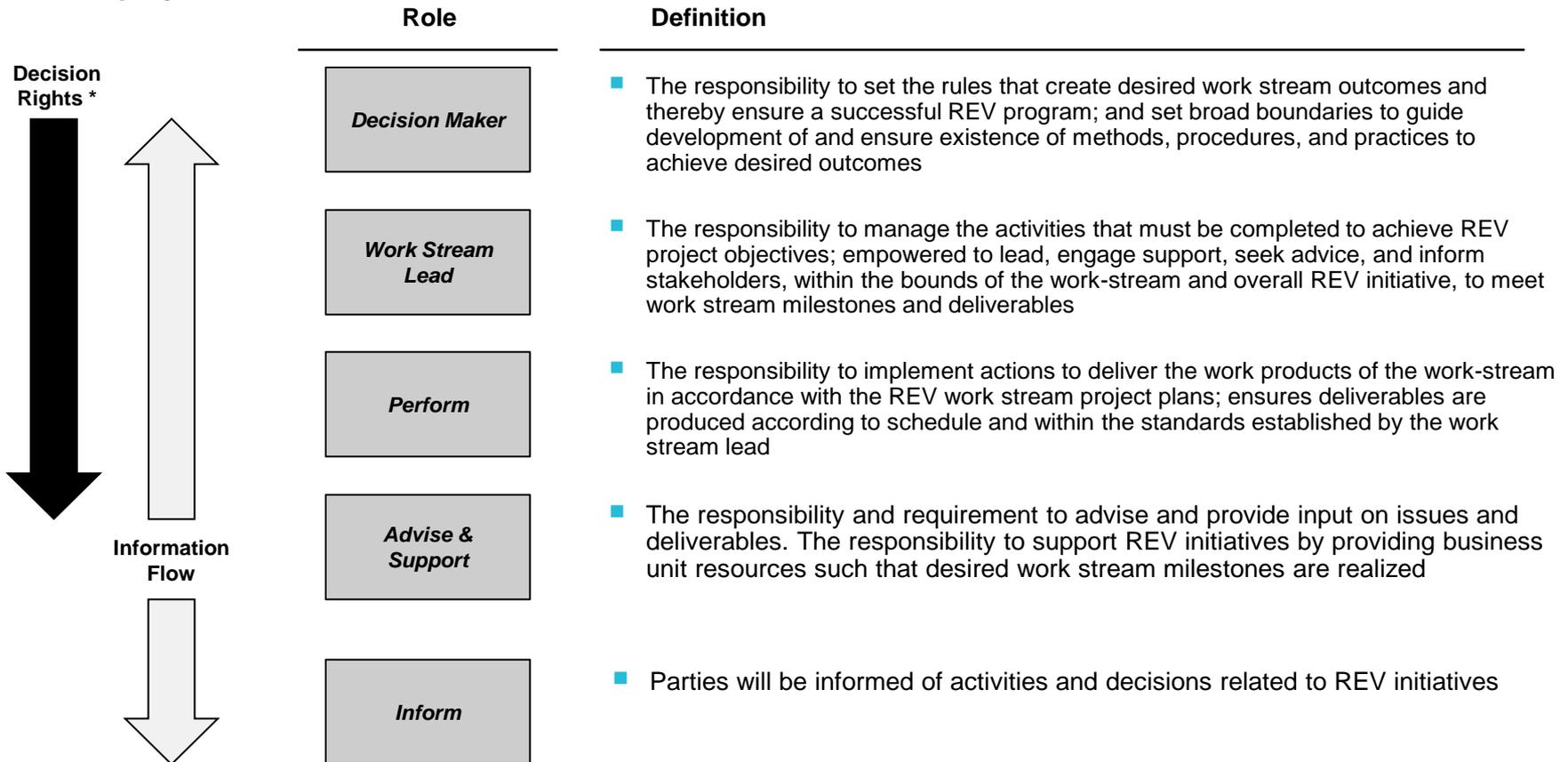
REV-04 Large Scale Renewables



REV Governance

Accountability & Responsibility Framework

Framework establishes responsibilities of individuals and groups that are participants or have a vested interest in REV project activities and outcomes



* Decision rights will be pushed to the level with authority and knowledge to take informed actions

Distributed Resource Integration



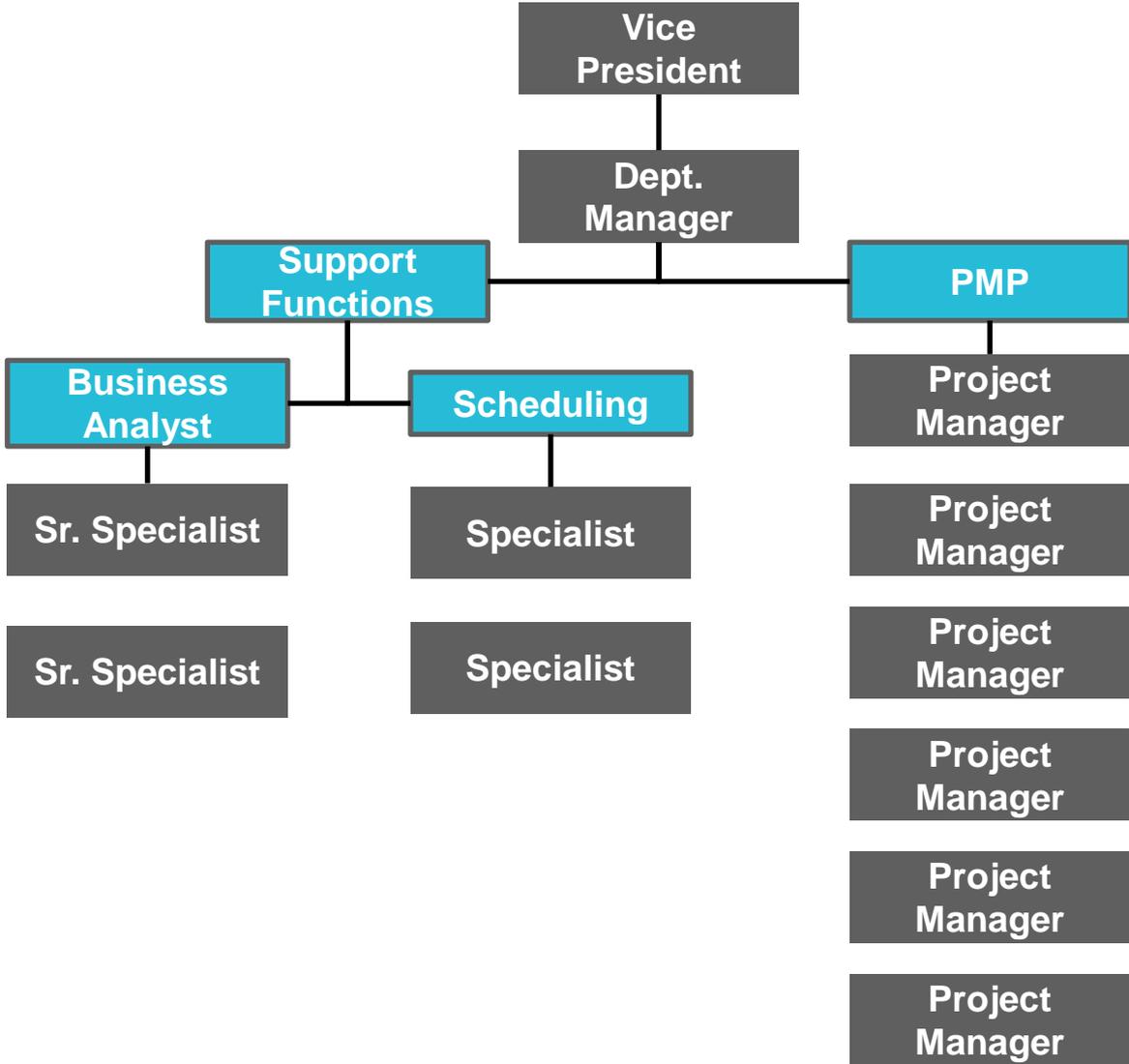
What is the PMO?



- The Project Management Office (PMO) is an execution support organization designed to help the Distributed Resource Integration and Planning (DRI) department plan, organize and control resources used in fulfilling the requirements of the Reforming the Energy Vision (REV) Initiative.
- The PMO achieves this goal by working with the work streams to facilitate chartering and scheduling, highlight cross-dependencies between work streams, and provide general administrative support, freeing up the subject matter experts to focus on completing their deliverables

Project Management Office (PMO)

PMO Organization



Benefits of having the PMO

What can Work Streams can expect?

- A **single source** of information on the level of completion of activities in all work streams
- A **communication conduit** with the steering committee i.e., information on decisions taken by the steering committee, and for work stream-level issues to be elevated to the steering committee
- **Integration** of work stream plans and activities into the plans and activities of the entire REV program
- A platform for **cross-dependencies** to be highlighted and for program-wide impacts of work stream level activities to be evaluated
- A source for templates, which **reduce the time** needed to document objectives, accountabilities, and schedules

PMO Leads and Work Stream Leads

Division of Responsibilities

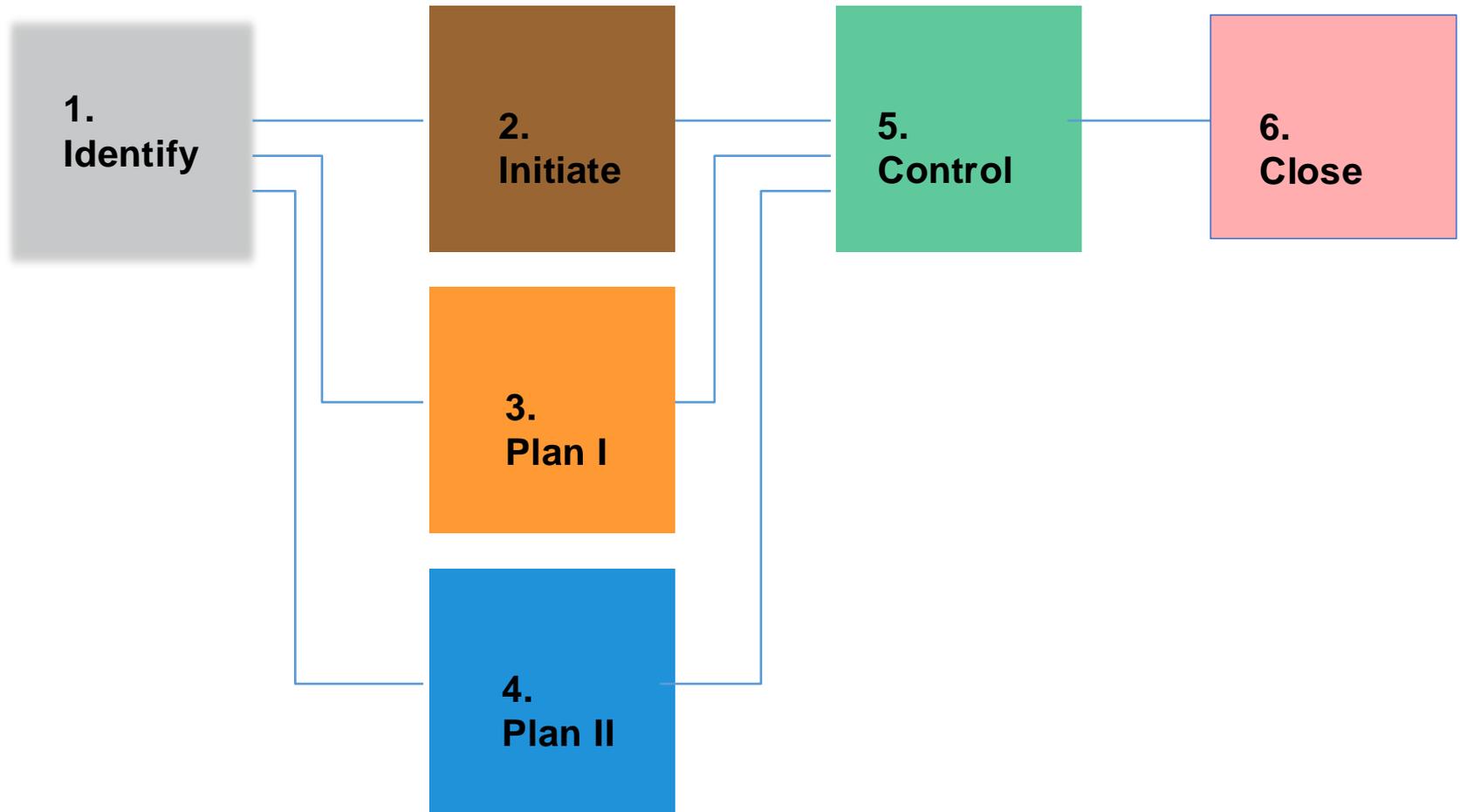


PMO Lead

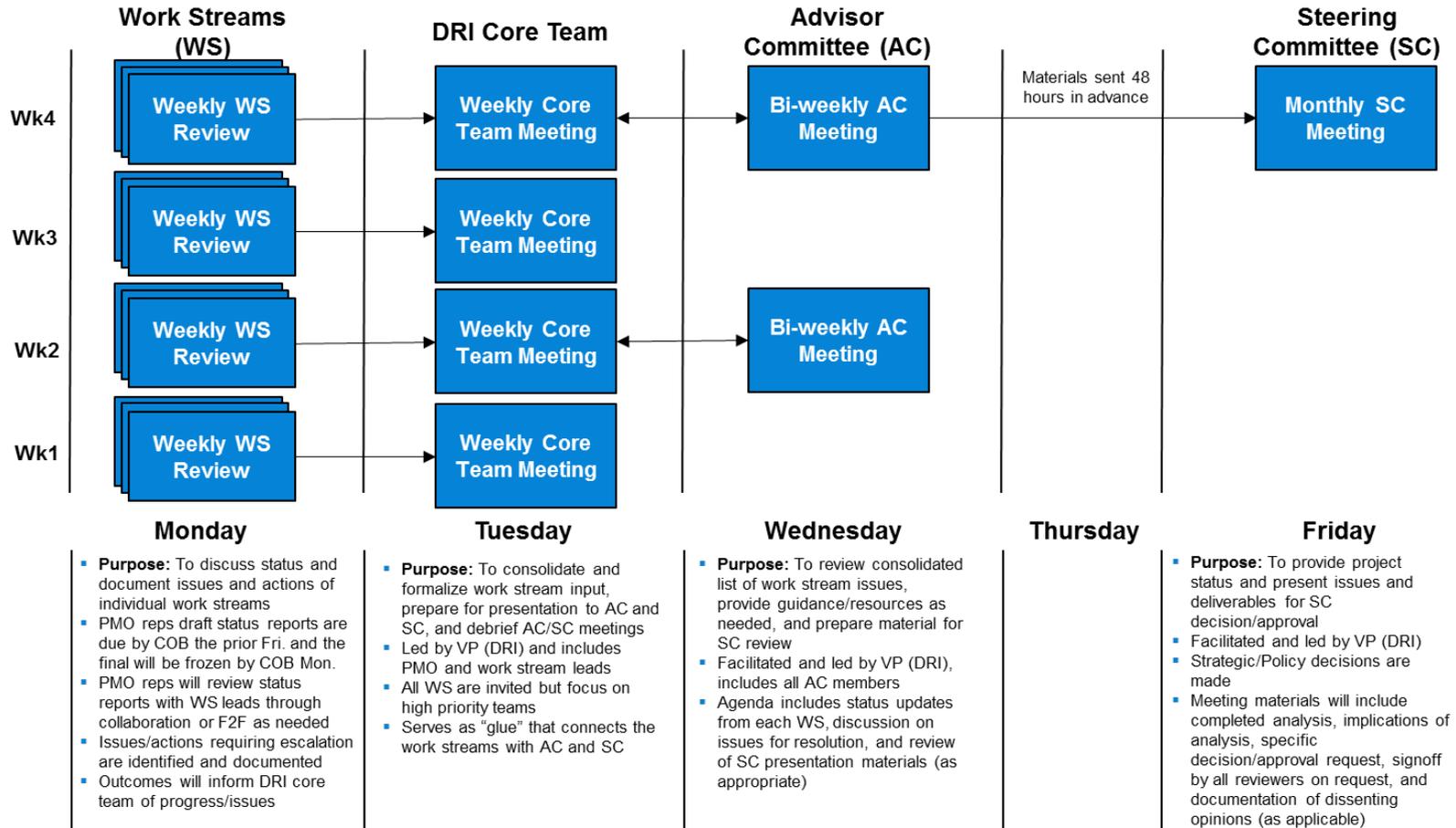
- Facilitates chartering of new projects and work streams
- Develops project plans with work stream leads
- Develops and manages detailed timelines to meet deliverable dates
- Monitors project progress during execution
- Identifies decisions needed, provides status and information needed to support decision making
- Identifies cross-team dependencies
- Raises issues to be resolved; facilitates and tracks resolution
- Develops materials, provides status and information needed for the VP DRI, Advisory Committee and Steering Committee meetings
- Provides reporting and status on all timelines
- Controls change to project plan and evaluates impact to the overall program
- Reports on cost and schedule variance
- Assists with administrative functions associated with project one and HR support

- Work with PMO to develop work stream charters, detailed timelines and project plans
- Provide updates on project updates during execution
- Perform analysis in support of REV deliverables
- Communicate cross-team dependencies with PMO lead
- Identify and communicate issues as they occur to PMO lead
- Work with PMO lead to provide information necessary for preparation of materials and status needed for VP DRI, Advisory Committee and Steering Committee meetings
- Initiate changes to project plan, as necessary
- Develop key deliverables (meeting standards set by SC)
- Develop regulatory filings
- Makes decisions as delegated by the SC

Work Stream Life Cycle Process



Monthly Meeting Cadence



Monthly Meeting Calendar

Week of Month	Monday	Tuesday	Wednesday	Thursday	Friday
				Advisory/Steering Committee Pre-meeting (DRI Direct Reports) AC Agenda Discussion SC Agenda Discussion	
1st	AC Agenda & Material Distributed	Advisory Committee		Steering Committee Agenda meeting (DRI Direct Reports) SC Agenda Finalized	Request for Meeting Documents Request for Work Stream Status
2nd			Meeting Documents Due Work Stream Status Due	Advisory/Steering Committee Pre-meeting (DRI Direct Reports) AC Agenda Discussion SC Meeting Document Review	
3rd	AC Agenda & Material Distributed	Advisory Committee		Steering Committee Pre-meeting (DRI Direct Reports) SC Meeting Materials Finalized	SC Agenda & Material Distributed
4th	Steering Committee Meeting	Steering Committee Decisions Documented			30



Simplifying REV: Things You Need to Know

Simplifying REV: Things You Need to Know

How will our role as a utility change?

- Our role will expand as we become the Distributed System Platform operator. That's a technical way of saying we'll act like an air traffic controller, balancing supply and demand of energy. This includes power from growing distributed energy resources. Our job will be to maximize the value of these new resources.

Simplifying REV: Things You Need to Know

How will smart meters factor into REV?

- Smart meters are integral to our implementation of REV's goals, specifically in taking on our new role as the Distributed System Platform operator. Smart meters will allow us to better integrate renewables and help customers track their energy usage. Armed with more detailed information about customers' energy consumption and needs, we can better balance the supply and demand of energy.

Simplifying REV: Things You Need to Know

How could our rate structure change?

- This is an evolving discussion. But things will definitely change.
- Integrating distributed energy resources will require us to decrease capital spending. That means we'll need to come up with alternative sources of revenue. We've proposed a series of new business models that demonstrate how we would work with third-party technology partners to empower customers. (See video below.)
- We might also earn revenues based on new performance incentives such as reducing peak demand and giving customer greater access to information.

Simplifying REV: Things You Need to Know

What could new rates mean for customers?

Customers could be charged for the times in which they use power and rewarded for managing their own energy consumption when demand is highest. Customers will earn incentives for the energy they contribute to the grid, with solar panels and other DERs, that can be redirect to critical locations at critical times.

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