



Customer Solutions Initiative Implementation Plan

**Jake Berlin, Manager Program Strategy & Development
Customer Energy Solutions**

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Agenda

- Initiative Overview
- Implementation Overview
- Phase 1: Align
- Phase 2: Enhance
- Phase 3: Develop
- Phase 4: Expand
- Growth Scenarios
- Summary

Initiative Overview

- Background
 - The energy service market is **evolving**, and NYPA needs to change with it
 - Therefore, NYPA needs to **assess, improve, and ultimately grow** its energy services business
 - This will enhance NYPA's **leadership** position, allow it to better **support State policy**, and provide **enhanced benefits** for customers
- Mission
 - Deliver **results, value, and satisfaction** for customers
- Goals
 - **Build the “demand” side of NYPA’s business** to be on par with the “supply” side of NYPA’s business
 - Become and remain our customers’ **trusted energy advisor**
 - Serve as a **marketplace** for accessing energy services
 - Internally coordinate and externally present “**one NYPA**” with fully integrated service offerings
 - **Proactively** address the energy needs of our customers
 - **Recover costs** on a net basis

Implementation Overview



Arrange CES functionally and establish key connections to other NYPA departments

Improve existing services and their underlying infrastructure and processes

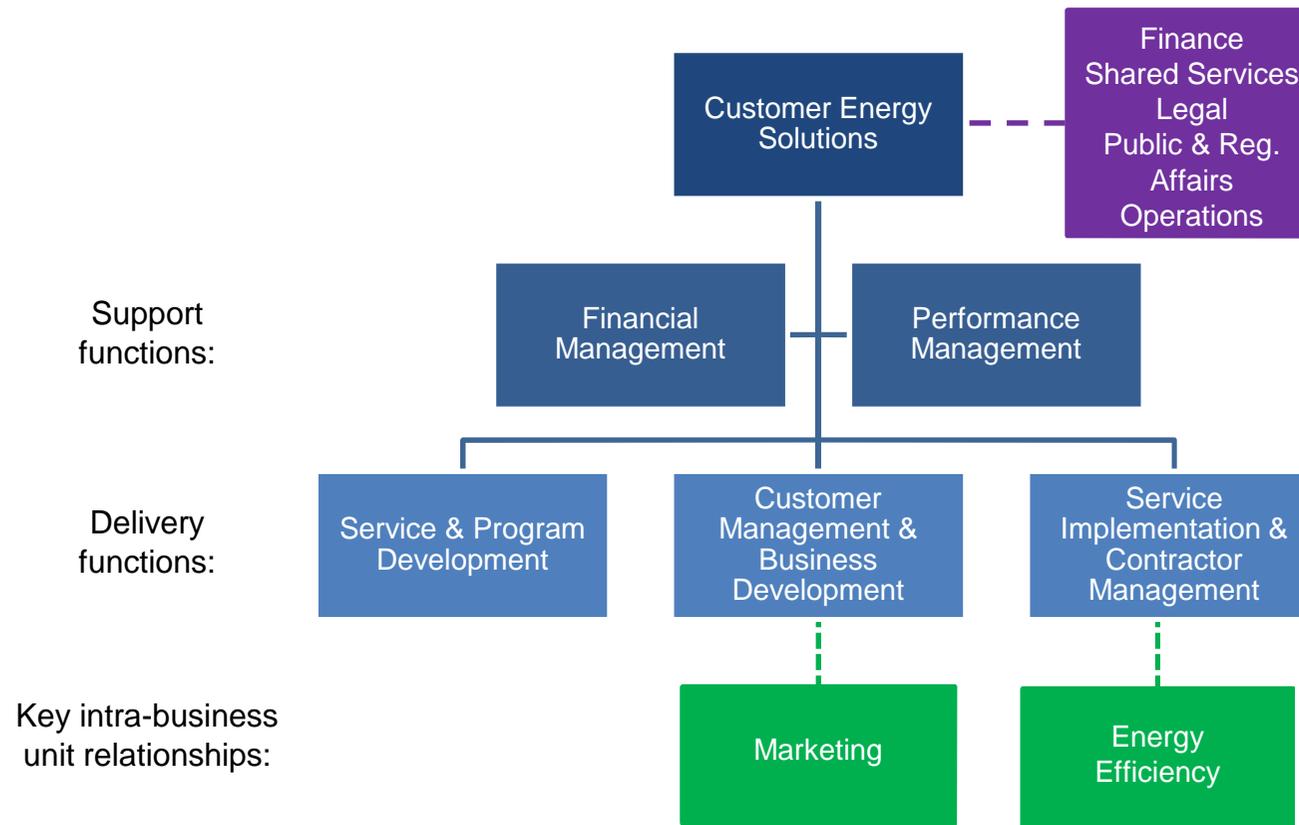
Complete the energy service cycle and market it to existing customer segments

Roll out the full service cycle in phases to select new customer segments

	2015				2016				2017				2018			
	Q1	Q2	Q3	Q4												
Align	█															
Enhance	█															
Develop			█													
Expand									█							

Phase 1: Align

Goal: Arrange CES functionally and establish key connections to other NYPA departments



Phase 2: Enhance

Goal: Improve existing services and their underlying infrastructure and processes

Customer Options

- A la carte services
- Varying levels of staff engagement
- Pricing options
- Financing options

Processes

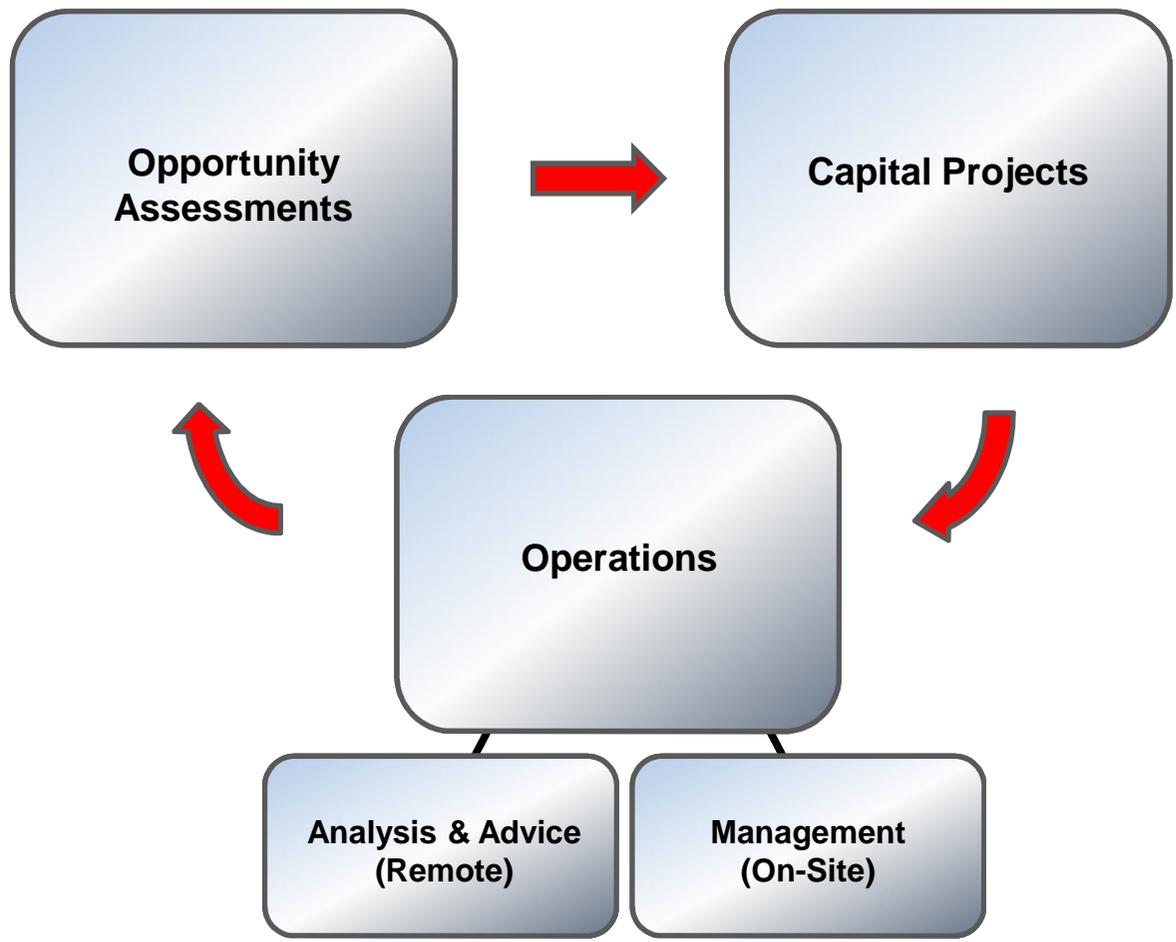
- Enable faster and less onerous project implementation
- Ensure cost recovery and manage subsidies

Systems

- Integrate and upgrade systems to support:
 - Customer engagement, segmentation, and marketing
 - Program and project tracking
 - Service delivery and billing

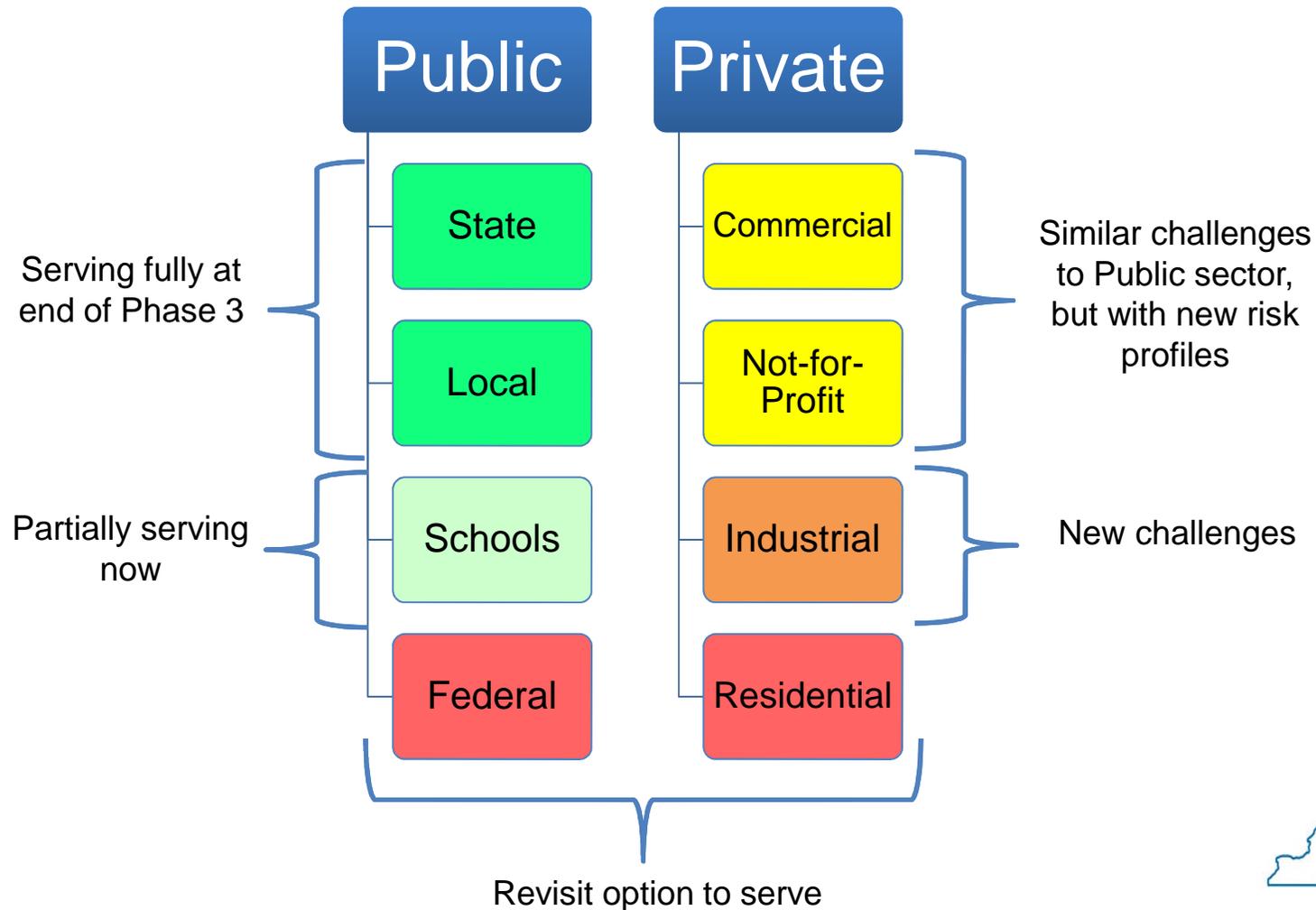
Phase 3: Develop

Goal: Complete the energy service cycle and market it to existing customer segments



Phase 4: Expand

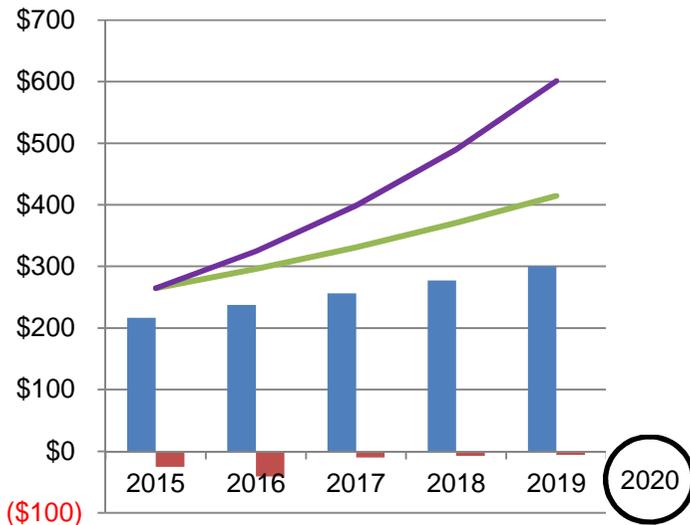
Goal: Roll out the full service cycle in phases to select new customer segments



Growth Scenarios

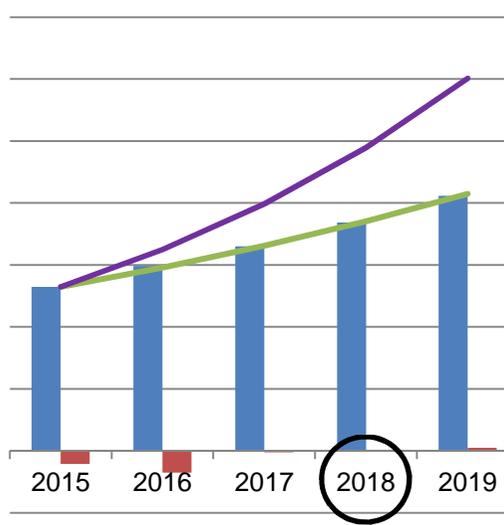
Low Case

8.5% CAGR



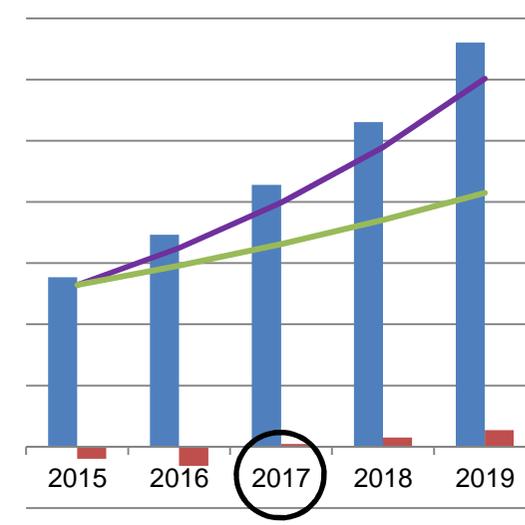
Business As Usual

11.7% CAGR



High Case

24.2% CAGR



- Revenue (\$M)
- Net Revenue (\$M)
- NYPA Energy Services 20-Year Historical CAGR (11.9%)
- NYPA Energy Services 5-Year Historical CAGR (22.8%)
- Cash Flow Positive

Summary

- We have completed an integrated business plan and begun to assemble and arrange the Customer Energy Solutions team
- The plan is phased in order to:
 - Allow the organization to adequately absorb the changes
 - Enable NYPA's energy services to grow at a market-driven rate while fully recovering costs
 - Allow us to throttle investment up or down to ensure that fixed costs do not outpace revenues
- We will provide updates and further resource requests at milestone checkpoints