



# Customer Solutions Initiative

## Implementation Plan

January 20, 2015

# Agenda

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

# Initiative Overview

- 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

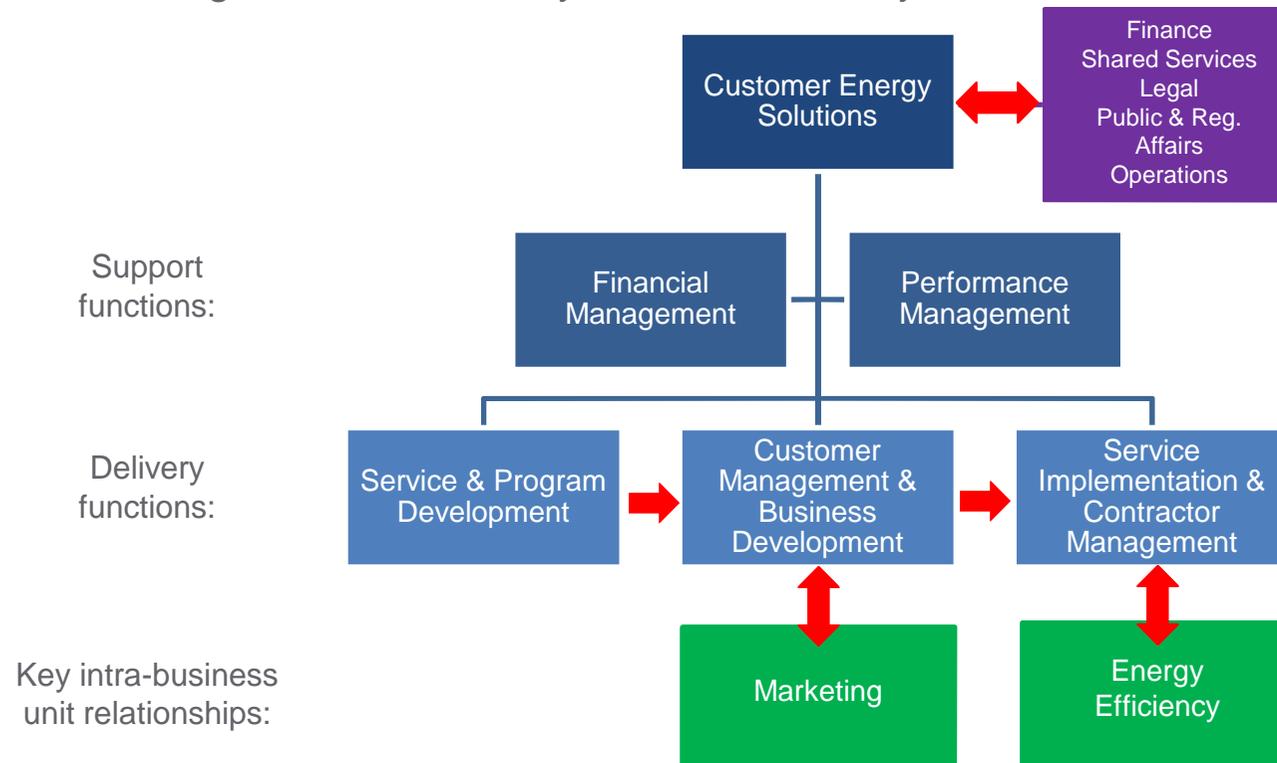
Complete the customer service cycle and market it to existing customer segments

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

	2015				2016				2017				2018				
	Q1	Q2	Q3	Q4													
<b>Align</b>	█																
<b>Enhance</b>	█																
<b>Develop</b>			█														
<b>Expand</b>									█								

# Phase 1: Align

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



# Phase 1: Align

2015				2016				2017				2018			
Q1	Q2	Q3	Q4												

- Resource Needs:
  - Additional CES staff
  - Additional NYPA support staff
  - Consulting support to build new functional capabilities
  
- 2015 incremental O&M budget: \$3.5 M

# 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

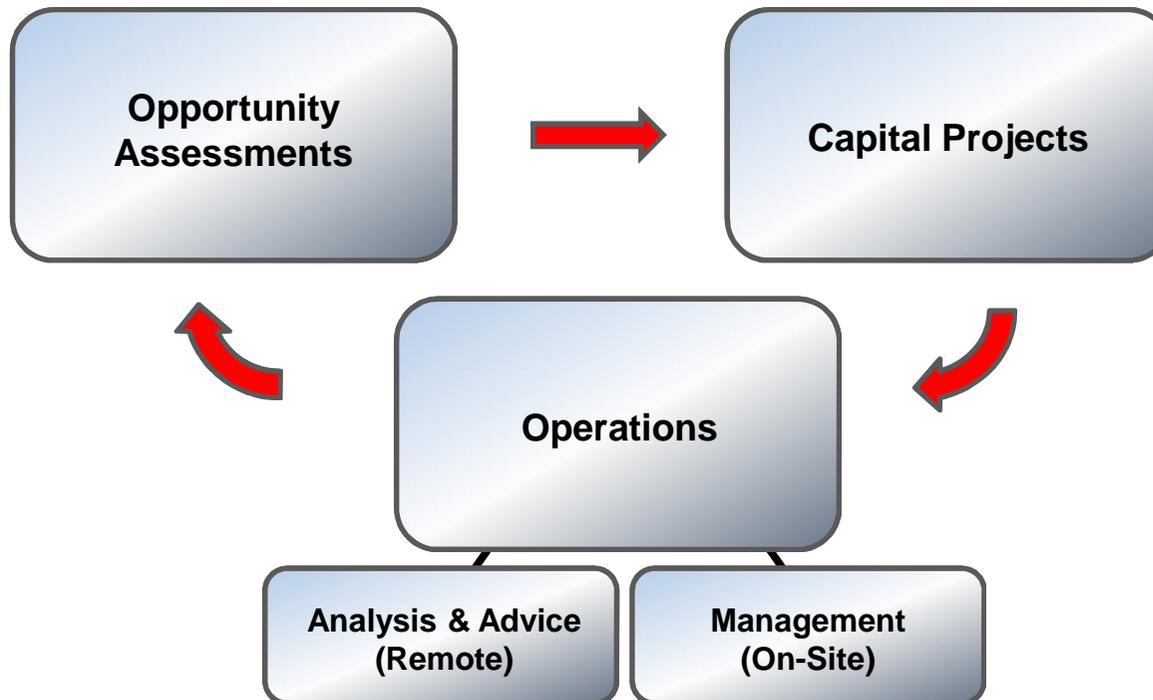
# Phase 2: Enhance

2015				2016				2017				2018			
Q1	Q2	Q3	Q4												

- Resource Needs:
  - IT system upgrades
  - Additional IT staff
  - Consulting support for IT system assessment and upgrades
  - Consulting support for development of new processes, contracts, pricing, etc.
- 2015 incremental O&M budget: \$6 M
- Anticipated request for capital investment to follow

# Phase 3: Develop

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



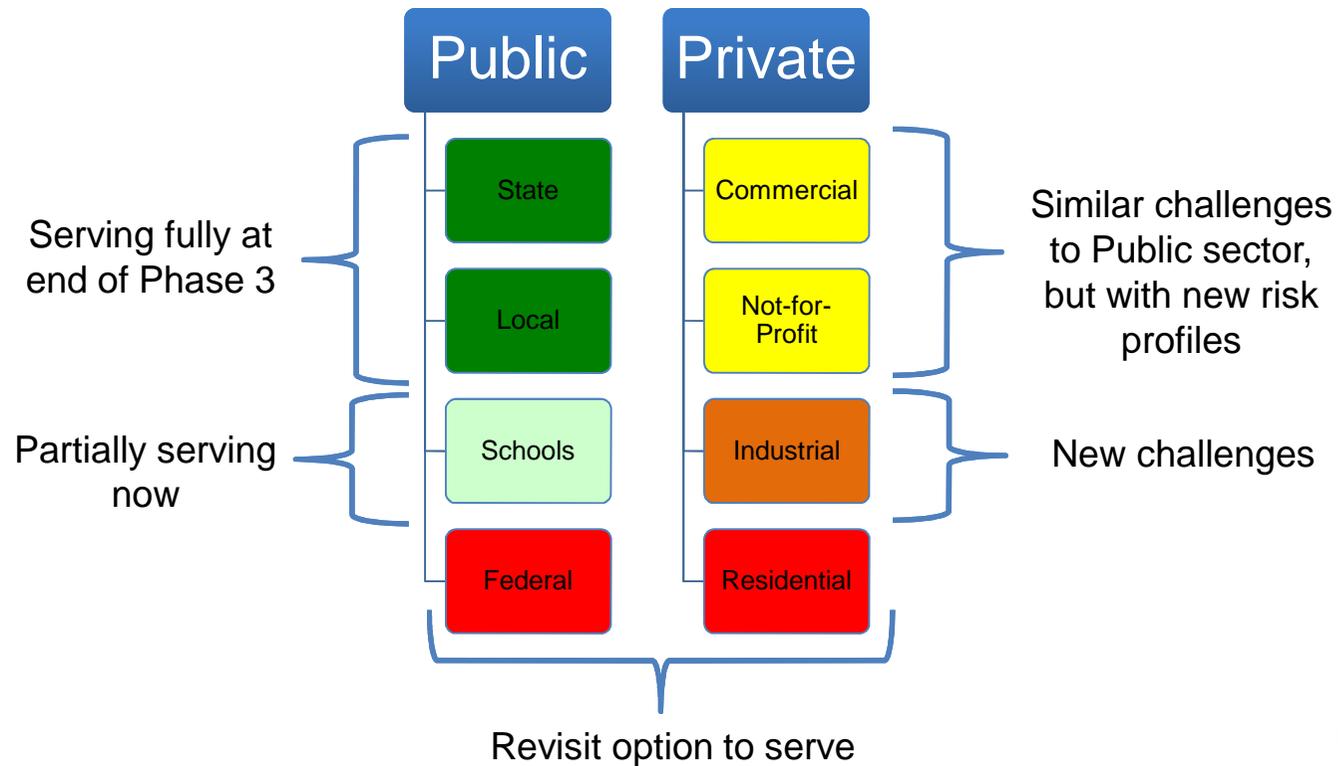
# Phase 3: Develop

2015				2016				2017				2018			
Q1	Q2	Q3	Q4												

- Resource Needs:
  - Additional market partner contracts
  - Additional CES staff for management of services
  - Consulting support for market analysis, pricing analysis, development of new contracts, etc.
  
- 2015 incremental O&M budget: \$3.3 M

# Phase 4: Expand

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



# Phase 4: Expand

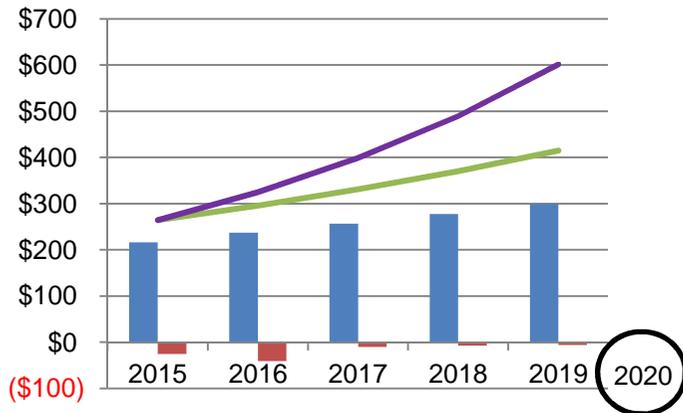
2015				2016				2017				2018			
Q1	Q2	Q3	Q4												

- Resource Needs:
  - Additional financing authorization
  - Consulting support for market analysis, pricing analysis, development of new loan-making process, etc.
- 2015 incremental O&M budget: \$0.9 M
- Anticipated request for additional financing authorization to follow

# Growth Scenarios

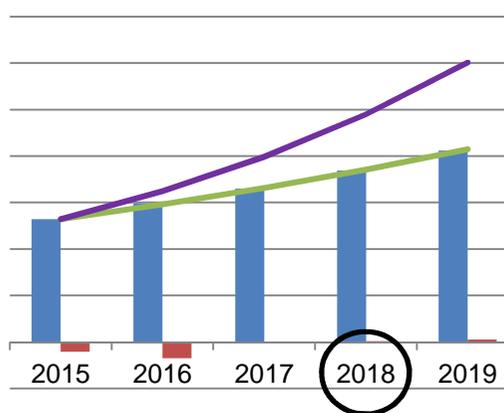
## Low Case

8.5% CAGR



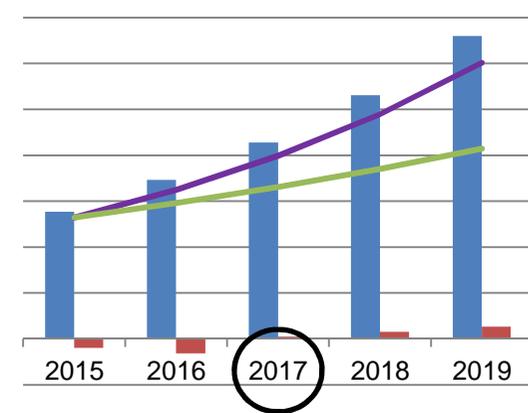
## Business As Usual

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 our 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
- Updates and further resource requests will be provided at milestone checkpoints