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October Trustee Meeting

Customer Solutions Initiative

Progress Summary

October 15, 2014

Agenda

- The Challenge
- The Opportunity
- The Vision
- Phased Implementation Approach
- Wrap Up

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The Challenge

- General
  - Customers are seeking cost savings
  - Capital projects are their top priority
  - However, they're interested in a wide range of services
  - Customers desire ease of use, responsiveness, and technical capability
- Specific to NYPA
  - Customers are confused about NYPA's offerings
  - Customers view NYPA's processes as lengthy and bureaucratic
  - Customers perceive NYPA's pricing of capital projects as more expensive than average

Source: Market Intelligence Report conducted for NYPA, July and August, 2014

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The Opportunity

- Customers view **NYPA as trustworthy** (we deliver), responsive, and knowledgeable, all matches for customers' desired attributes
- NYPA's core capital project implementation abilities **match the needs of customers**
- NYPA's ability to provide easy access to multiple vendors matches customers' desire for a **wide range of services**
- Customers are **open to partnering** with NYPA on new energy projects and engagements
- NYPA can address customers' concerns by **realigning its service functions and processes, and marketing its offerings more clearly**

Source: Market Intelligence Report conducted for NYPA, July and August, 2014

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Vision

- Customer Energy Solutions – Start up!
- 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 by
    - Strategically and carefully expanding service offerings
    - Making them more flexible, user-friendly, continuous, and real-time
    - Pursuing new projects and engagements
  - Recover all costs on a net CES basis
- Core Ideology
  - NYPA will deliver results, value, and satisfaction for customers

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Start-up Mentality: Guiding Principles

- Personnel Resources
  - Avoid building organization ahead of business
  - Be very selective on new hires. Insist on versatility and expertise.
  - Resist bringing capabilities in-house unless crucial to business
- Finance
  - Keep cost structure variable
  - Use low-cost financing to pursue capital-intensive projects
  - Make capital outlays that provide competitive advantage
  - Make grant outlays that promote strategic goals and public benefit
- Customers & Services
  - Pursue more work with existing customers first
  - Avoid small market niches
  - Leverage NY EnergyManager capability constantly
  - Introduce replicable products and service offerings
  - Leverage network of service providers and market channel partners

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Phased Implementation Approach

	2014		2015				2016				2017				2018			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CES Group	Establish CES functions & leadership, & integrate existing services / programs			Staff up key CES functions														
Consulting Assistance	Procure assistance with needs and options for IT, financing, contracting, and cost accounting				Provide ongoing support for key functions (e.g., marketing)													
Internal Support	Identify internal support needs		Establish dedicated CES resources in key support groups		Implement new cost allocation methodology													
Capital Expenditure					Integrate / upgrade / expand IT systems								Assess needs				Assess needs	
Services & Customers		Adjust existing services' flexibility, delivery methods, & areas of focus, & offer to existing State and Local customers					Roll out Operations suite for existing State and Local customers						Roll out full service cycle for select Commercial, Industrial, NFP, and Public School customers					

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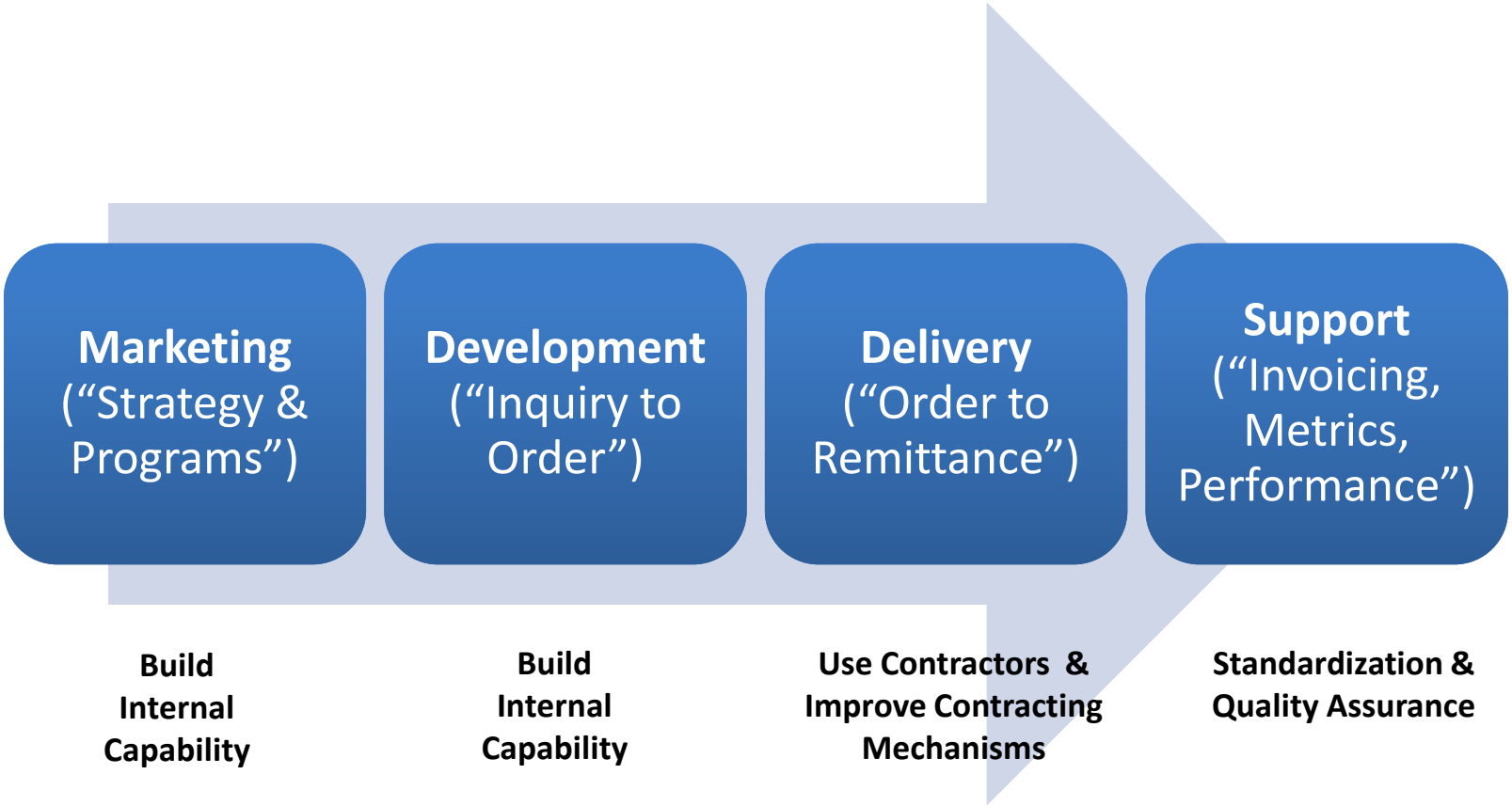
Customer Energy Solutions – "Supply Chain"



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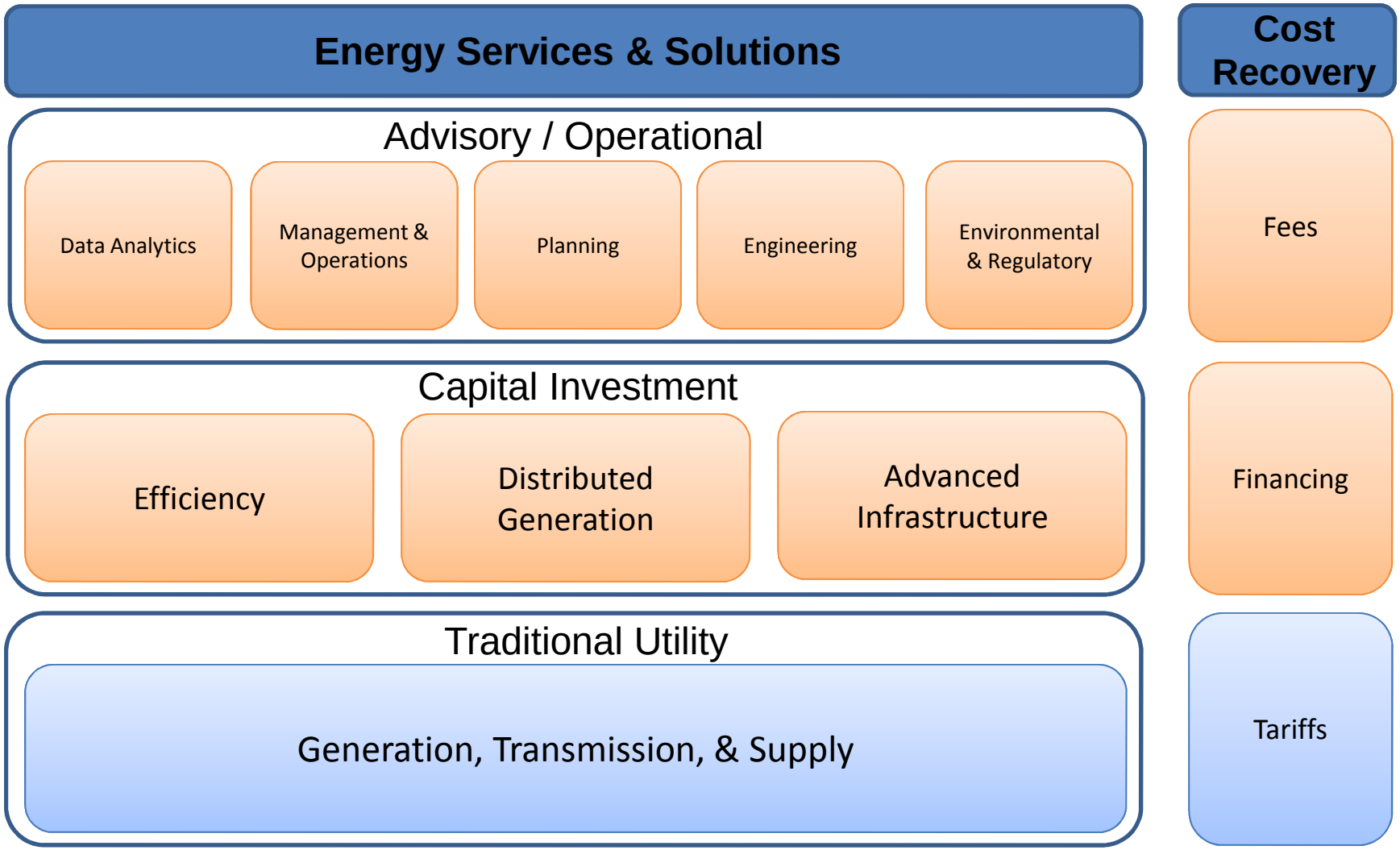
Customer Energy Solutions – Services



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Proposed NYPA Energy Services Cycle

Operations

Remote

- Data Monitoring & Analysis
- Measurement & Verification
- Demand Response
- GHG Management
- REC Procurement
- DSP/DER Management

On-Site

- Maintenance
- RCx
- Operator Training
- Facility Operations

Assessments

- Technology Assessments
- Virtual Audits
- On-Site Audits
  - Level 1
  - Level 2
  - Level 3
  - Energy Master Plans
  - Feasibility Studies

Projects

- Project Management / Owner's Rep
- Financing
- Design
- Construction
- Commissioning

Collectively, "turnkey"

Efficiency | **Distributed Generation** | **Infra-structure**

Green = new

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Customer Segmentation

Public			
Federal	State	Local	Schools

Private			
Commercial	Industrial	Not-for-Profit	Residential

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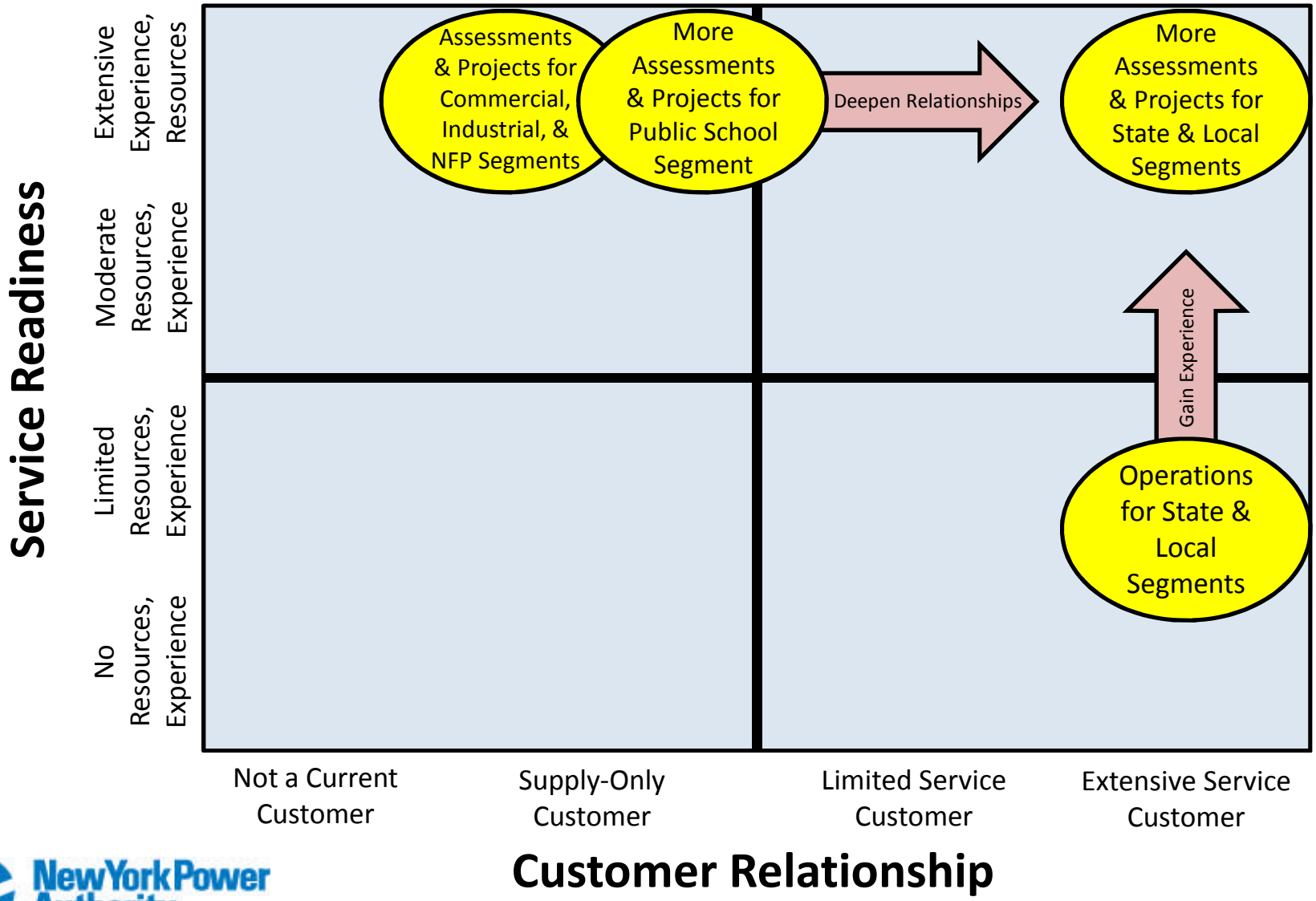
Priority Service-Customer Matches



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Wrap up

- Integrates with **current and future programs / initiatives**
  - Other Strategic Initiatives
  - REV (customer and utilities)
  - Customer Programs (EE INC, K-Solar, BuildSmart NY, NY Energy Manager)
- Questions?
- Contact information

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