

Proposed MADRI Policy Statement in Support of Mid-Atlantic DER Initiatives¹

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Distributed Energy Resources (DER) can provide benefits to electric customers through increased system reliability, mitigation of wholesale energy prices and other wholesale market risks, improved power quality, improved air quality and reduced line losses. Many DR options can also provide direct benefits to customers in that they are provided with new tools and means to better manage their electricity usage and bills. Achieving such benefits is a valid goal of regulatory policy. DER includes targeted energy efficiency, demand response, storage resources, and distributed generation technologies.

Within the broad context of laws and regulations that affect DER (including but not limited to economic, environmental, land-use, building codes, safety and security), state utility policy makers and regulators should consider changes to encourage cost effective DER programs including:

- removing market barriers;
- developing appropriate regulatory treatment;
- establishing DER program goals;
- providing DER program incentives;
- reducing utility disincentives to accommodating DER; and
- testing solutions at a pilot scale.

Also to be considered are special studies and pilot programs to evaluate the costs and benefits of metering and communications infrastructure and other DER technologies that enable dynamic retail pricing structures to allow more customers to see and respond to market prices. Those DER investments that provide a net long-term benefit to distribution system ratepayers should be implemented or encouraged. A portion of such long-term benefits may be used to enhance the economics of installing DER through special tariffs. Regulators should provide an opportunity to utility providers of DER products and services to recover costs and earn a reasonable return, and should support cost recovery for prudent utility investments to enable market-driven services offered by DER providers.

¹ Recommended for adoption by the MADRI Steering Committee