

# Proposed MADRI Policy Statement in Support of Mid-Atlantic DER Initiatives<sup>1</sup>

4.19.06 Draft

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. Achieving such benefits is a valid goal of regulatory policy. Distributed Energy Resources (DER) include targeted energy efficiency, demand response, and distributed generation technologies.

Appropriate actions state policy makers can consider adopting in order to encourage cost effective DER programs include:

- removing market barriers;
- establishing DER program goals;
- providing DER program incentives; 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 to enable dynamic retail pricing structures that 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, with the recognition that a portion of such long-term benefits may be used to support payments to DER providers or reductions of otherwise applicable utility rates and charges. Regulators should provide an opportunity to both utility and non-utility providers of DER products and services to recover costs and earn a reasonable return.

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<sup>1</sup> Recommended for adoption by the MADRI Steering Committee