

Catalog of Scoping Paper Comments

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Baltimore Gas & Electric

- The term utility needs to be replaced with specifics such as “integrated utility” (non-deregulated), Disco, energy retailers, wholesale generators.
- EPA regulations are one major concern why owners of present generators will not consider using their assets for DR applications. At the end of the day, it is the customer that decides to implement DR.



PPL Electric Utilities

- Recent activity in Pennsylvania that may provide some opportunity for DSR.
- Alternative Energy Portfolio Standards Act
 - Includes DSR and Energy Efficiency programs as part of the requirements.
 - Direct or indirect costs for the purchase by electric distribution of resources to comply the act, including, but not limiting to,
 - the purchase of electricity generated from alternative energy source,
 - payments for alternative energy credits,
 - cost of credits banked,
 - payments to any third party administrator for performance under this act and
 - costs levied by a regional transmission organization to ensure that alternative energy sources are reliable,
 - shall be recovered on a full and current basis pursuant to an automatic energy adjustment clause.
- Even though the language of the Act allows for full cost recovery, lost revenues associated with DSR programs are not referenced.
- If the utility can have some regulatory assurance that lost revenues can be recovered through an automatic energy adjustment clause, it should make it much easier for utilities in Pennsylvania to provide DSR programs to customers.
- See act at: http://www.puc.state.pa.us/electric/electric_alt_energy_port_stnds.aspx



UTC Power

General Comments

- Need to think outside the box, as this is the way things are today.
- DG will never take off and be a real asset to ratepayers and take its place as one leg of the solution to T&D capacity and energy constraints unless and until the utilities have an avenue of making money at it, except for DG capacity that is mandated (e.g. by RPS)
- AND this will be the case even as DG becomes more cost competitive; ie, the more costs removed from the project in terms of product and installation, the more costs will be added by the utilities to address the throughput issue.
- Much of what we think of as barriers are in fact the result of the way things are today.
- Do any of us think that interconnection would be an issue IF the utilities were the owners of the DG? Whether customer side or utility side? Or that standby and demand tariffs would be such an impediment to the value proposition?
- Do we think, for example, that if the utilities were owners and deploying DG that they would not invoke the "diversity of project" principle to be able to argue for a statistical-based application of demand and standby tariffs?
- The core issue is the throughput issue, and one way to address is via utility ownership, both grid side and customer side.
- In short--in addition to information, the DG industry--and MADRI-- needs innovation.



UTC Power

Utility Ownership of DG

- In general, agree with conclusions, with exception of utility ownership on customer side of meter. I don't understand the position taken.
- The scenario that does work as a way to mitigate the "throughput" issue, the utility
 - owns the DR (DG) asset;
 - has a special "cogen" or "CHP" tariff with the end use customer for both electric and thermal (over-the-fence) supply, so in fact the revenue increases to the utility.
 - This is in fact the scenario that Hawaii Electric has used to date.
- Better scenario bi-lateral agreement between utility and end-use customer (essentially a customized tariff) that allows projects to be tailored to the end-use facility, and include such things as
 - revenue for higher quality power,
 - higher availability power,
 - assured power or
 - power back-up.
- Tailored services provided by the utility by virtue of fact the DG asset is deployed on the customer side and "optimized" for the customer.
- For such bi-lateral agreements to be allowed, there has to be assurance of no negative impact on non-cogen customers, but guidelines could be established by the PUCs for that purpose.



UTC Power

Customer Contracting

- Utilities that provide a bi-lateral contract services include Detroit and the utility that serves the Raleigh North Carolina area.
- The DTE service is called Premium Power and offered only via special contract.
- The contract between the customer who may need/want premium power service and the utility is structured in a way to insulate other ratepayers from the risk of the premium power customer from going bankrupt, leaving the territory, or what have you.
- State should not oppose the regulated utility from making this kind of service offering available.



Maryland PSC Staff

TOU/Seasonal Pricing


- "First" point on pricing is a little too broad. At least from a Maryland perspective.
- Since the PURPA pricing cases Maryland has had a comparatively high level of time of use and seasonally differentiated pricing.
- Roughly half of Maryland IOU load before restructuring was on TOU rates.
- Now about 1/4 of our load is hourly metered.
- Any of that load still with the utility is on real time hourly pricing.
- Strong evidence that much of the interval metered load served by retail suppliers also uses that data info for something other than a flat rate for those customers (fixed/variable, price banded and critical peak pricing products for example).



Maryland PSC Staff

SOS Prices

- SOS prices are derived in an approach that has so far only been copied in DC.
 - The wholesale suppliers bid and paid the actual retail rate design with full seasonal and TOU components for each customer class
 - For example, in Pepco's case for example the bidder provides On, Mid and Off peak prices for summer and non-summer for each customer class.
 - Even though this isn't real time pricing, the approach essentially eliminates inter class subsidies and forces the market to tell the customer what the bidder is at risk for when the customer buys power on peak in the summer.
- While most restructured markets have avoided pricing issues, Maryland and DC have not avoided those issues - although there is certainly more that might be considered as a result of the MADRI process.



Maryland PSC Staff

SOS Generalities

- Maybe some phrases like: "with certain exceptions" and a footnote for those excepts - MD and DC although NJ kept its TOU rates too.
- Note that NJ continues to use the relative pre-restructuring rate levels (the ratio of summer to winter, the ratio of on peak to off peak, the ratio of rate levels between different customer classes) to derive the new SOS rates from a single wholesale \$/MWH number that results from the BGS auction.
- Maine's wholesale and retail rates are basically the same, but they don't have any seasonal or TOU tradition for all or most customers.
- MD suppliers understand TOU/seasonal pricing and know if they flatten the prices too much, the load profile will change and they will lose money in the summer (because customers will respond by using more power in the summer and on peak).



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SOS Generalities (cont'd)

- Need to add the message that for those states that have "better" legacy rate designs (something other than flat rates) it is important to resist the utility interest to step backwards.
- Utilities don't see the point anymore in TOU and seasonal rates for distribution service (although there may still be valid points in reducing long-term demand related costs for the LDC), so they may have an interest in simplifying rate design.
- Consumer advocates also have in my opinion a bad record on also calling for "simple" rates that supposedly make price comparisons easier.



Maryland PSC Staff Pricing Section

- Is there any feasible middle ground between interval meter based RTP and monthly metered TOU?
- Utilities have various levels of load research metering for each customer class. Some is of that load research metering is real-time, some isn't.
- Given that mass-market customers give you the benefit of a comparatively homogeneous population (certainly compared to large C&I customers), I wonder if increased numbers of real time meters could get you to the point of reasonably reliable "estimated" RTP for mass market customers.
- PJM may consider that this is something worth thinking about and maybe devoting some resources to.
- Part of the key of course would be that the customer shouldn't know if they have a load research interval meter or a regular meter.



Maryland PSC Staff

Throughput Issues

- The term "revenue assurance" is better than "revenue cap." It also opens the door to the next step of proposing alternative regulatory mechanisms for the utility.
- "Revenue cap" sounds more like it closes options. In particular revenue assurance can be the link to system planning issues.
- If done right, a revenue assurance mechanism can provide the utility an incentive to find creative ways to lower distribution system costs - like giving targeted incentives to DG or creative distribution pricing.
- This may overcome EEI objections.



Maryland PSC Staff System Planning Issues

- Noted concern about regulators getting involved in system planning



New Jersey BPU Staff Throughput and Planning

- Throughput Issue: Scoping Paper includes a great deal of information on “Regulatory Reform Options”, which could become a good action-oriented briefing paper.
- The Dynamic Pricing paper was laid out in sections that included: 1) objective; 2) retail pricing options; 3) barriers; 4) retail demand response considerations and options; and 5) possible action steps.
- The Throughput Issue and System Planning papers could benefit from defining the objectives, upfront, and including a specific section identifying possible action steps.
- The objectives and possible action steps are embedded in the description and options sections of those papers, but the format in the Dynamic Pricing paper helps the reader to focus (especially those Commissioners who have so much reading that they tend to skim some documents).



New Jersey BPU Staff

- Although the issues raised in the scoping papers need to be dealt with on a state-by-state basis, MADRI should identify opportunities for joint actions by the states that could result in cost and time efficiencies? This is especially important with EPAct 2005 prodding us along in an expedited schedule. Where not all states might want to cooperate in a joint action, perhaps a sub-set of states might consider such an option.
- Can consumer education be addressed within MADRI? Education, targeted to different customer classes, is key to dynamic pricing, demand response programs and helping customers to save on their energy costs. The development of an effective outreach campaign could be identified as a joint project.



New Jersey BPU Staff Technology Briefing Paper

- MADRI should consider technology considerations for one of the “focused options” briefing papers?
- For example, technical information from the metering workshop could be distilled into a briefing paper that could help guide the states through the maze of advanced metering infrastructure that is currently available, along with the costs, benefits, and trade-offs of the various types of meters, communication technologies, programmable thermostats and other devices that help customers control their energy use.
- Is this beyond your scope?



Where Do We Go From Here?

- What specific topics and approaches for briefing papers should be pursued?
- Should these be straightforward “how to” papers or “model rules”?
- Should Regulatory Subgroup address any issues related to:
 - Advanced metering
 - Business models