

## Talking Points

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Modern Grid Initiative, Northeast Summit

June 27, 2006

- **Utilities are important**
- **How Utilities Make Money is very important**
- **Therefore, regulation is important**
- **Modern Grid means less sales – implication for utilities**
- **Decoupling a Clear Solution to remove disincentive**
- **Decoupling coming back**
  - ❖ **Especially for gas**
  - ❖ **But also for electric**
    - ◆ **CA, VT, ID**
  - ❖ **MADRI: A new policy statement**
- **Incentives may be appropriate for utilities**
- **A forum for stakeholder very valuable for Modern Grid advocates**
  
- **Single vertically integrated entity could “see” all values in the system:**
  - ❖ **Energy**
  - ❖ **Capacity (Generation, Transmission & Distribution)**
    - ◆ **T&D deferral – majority of value is obtained in 7-8 years (\$100-900/kW)**
  - ❖ **Reliability**
  - ❖ **Public Goods**
  - ❖ **Avoided Cost/Opportunity Cost Relationships**
- **Role of Distribution Company for Resource Adequacy needs re-thinking, especially with price hikes**
- **Distribution system least understood part of utilities from regulator perspective**
- **Circulate success stories – important to be tangible**
  - ❖ **Overcome impression of minor niches**

➤ **Participation in the Regulatory Process**

- ❖ **Not considered part of traditional business plan for competitive businesses**
- ❖ **Nonetheless, as regulated monopolies, local utilities play key role in success or failure of demand-side resources such as CHP**
- ❖ **If you're not at the table, your issues won't be heard!**
- ❖ **Contrary to popular opinion, regulators usually support constructive participation and are likely to be responsive to legitimate issues and concerns**
- ❖ **Create forums for customers to demand change**

## **Challenges Ahead**

- ❖ **Overcoming resistance to decoupling**
- ❖ **Creating market mechanisms to connect with revenue streams**
- ❖ **Correctly defining the role of default/standard offer service providers**
- ❖ **Creating and maintaining a presence in the regulatory forum for CHP and other third party service providers**
- ❖ **Create forums at PUCs, or regionally**
- ❖ **EPACT proceedings may be good opportunities to stimulate more comprehensive examination**