



RAP

Energy solutions
for a changing world

Effective Regulatory Policies for Smart Grid

A Workshop for the Michigan PSC and MSU

Presented by Richard Sedano

May 18, 2011

The Regulatory Assistance Project

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Introducing RAP and Rich

- RAP is a non-profit organization providing technical and educational assistance to government officials on energy and environmental issues. RAP Principals all have extensive utility regulatory experience.
 - Richard Sedano directs RAP's US Program. He was commissioner of the Vermont Department of Public Service from 1991-2001 and is an engineer.

Smart Grid Specific Policy

- Improve distribution operation
 - Performance standards
 - Distribution efficiency gains count as EERS
 - A more societal perspective on efficiency
- Pricing
 - Motivate customers to secure and share in system value
- Customer engagement
 - Supporting smart grid and general energy literacy

Transition Plans in Policy Context

- Attach to state energy objectives (i.e. EE)
- Consumer issues (i.e. access to, protection of data)
- Competitive issues (i.e. access to data)
- Technology tracks and standards
- Straight up cost and benefit estimates
- Benchmarks and check ins
- Evaluation and adjustments

Connection between Smart Grid and Long Term National Carbon Goals

- Assume long term national carbon goals
- Nation will need a lot of variable resources
- Responsive customers and grid will enable more variable resources
 - Smart grid promotes responsive supply and demand
- Smart grid supports long term national carbon goals

Smart Grid Supportive Policies

- Resource acquisition unbiased
 - In essence, increase pull for customer resources
 - No throughput incentive
 - Non-wires alternatives to Transmission
 - Funding available for all cost-effective resource
- Building codes that promote smart grid capabilities
 - Continuous Retro-commissioning

Smart Grid Requires New Thinking

- Energy efficiency was a new challenge because it engaged customers in new ways
- Emergency demand response, the same
- Smart Grid is offers a higher level of the same challenge, engaging customers in more ways, challenging regulators to respond and support or else leave value from innovation unrealized

About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power and natural gas sectors. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

Learn more about RAP at www.raonline.org

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