



RAP

Energy solutions
for a changing world

Power Sector Transformation in the States

Keystone Energy Conference

Presented by Richard Sedano

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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 staff have extensive utility regulatory experience. RAP technical assistance to states is supported by US DOE, US EPA and foundations.
 - Richard Sedano directs RAP's US Program. He was commissioner of the Vermont Department of Public Service from 1991-2001 and is an engineer.

Power Sector Transformation

- Customer resources
- Technology improvement, innovation
- Escalating grid costs
- Environmental imperatives

- Expressed in a broad array of ways

States

- New York
- Hawaii
- California
- Massachusetts
- Minnesota
- Illinois
- Michigan
- Rhode Island

Let's Take a Tour

New York

- Reforming the Energy Vision
 - Inspired by
 - How to gain resilience, better distribution performance
 - How to arrest rising capital costs
 - Comprehensive
 - High priority in government

Hawaii

Hawaii Clean Energy Initiative

- Replace oil with indigenous clean energy
 - Energy efficiency transition relatively smooth
 - Arrest high, volatile costs (cost headroom)
 - Clean energy opportunity
- RE changes require remaking of the grid
 - RE deployment gets ahead of adaptations
- Utility required to consider performance standards

California

- Inspired by climate change mitigation, high prices and confidence in technology
 - Solid foundation of energy efficiency, decoupling, EE incentives and technology
- Several Priorities
 - Price signals (rate design reform)
 - Distributed resource planning
 - Connecting wholesale and retail markets
 - Coordination of initiatives

Massachusetts

- Inspired by climate change mitigation, high prices, technology
 - Solid foundation of energy efficiency and decoupling, EE incentives
- Priorities
 - Grid modernization and rate design
 - Prep for electric transit
- Pause to digest changes

Minnesota

- Not on a coast
- Inspired by acceptance of future with customer resources, climate, cost control
- Priorities
 - Develop relationships and common foundation in e21 process
 - Consideration grid modernization and utility performance incentives

Illinois

- Inspired by market opportunities with technology deployed, markets, rate design
 - Commission, utilities and advocates are trying to figure out how to get started
- Also not on a coast

Michigan

- Inspired by governor's effort to reduce waste and manage risk
- US DOE SEP competitive grant to support a stakeholder process in 2015-16
- Priorities
 - Rate design, planning, utility motivations

Rhode Island

- Inspired by climate change mitigation and getting better performance from existing policies
 - Systems Integration Rhode Island
- Priorities
 - Rate design
 - More to be determined

Other states

- Some states are planning for transformation
- Some states have taken significant actions consistent with transformation, but without an overarching intent
- Nearly every state is consideration reforms of some kind

Gateways to Reform

- DG Access
- Demand Response
- Wholesale-Retail
- Technology
- Climate, clean energy
- Risk
- Resilience
- Planning
- Rate Design
- Benefit Cost
- Utility Performance
- Define utility role
 - Separations, markets
- Vulnerable customers

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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