Talking Points
Richard Sedano
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- 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