Process and Engagement in a Time of Change

Financial Research Institute Seminar on Utility Pricing

Richard Sedano  
President and CEO  
The Regulatory Assistance Project (RAP)®

50 State Street, Suite 3  
Montpelier, Vermont  
United States

+1 802 498 0710  
rsedano@raponline.org  
raponline.org

3 June 2021
Snapshot of Utility Regulation

- **Routine work** about gathering evidence, scrutinizing it in discovery and examination, testing the legal foundations, and making decisions

- **Routine goals**: reliable, safe service, fair rates terms and conditions, fair return: on needed capital, of needed expenses

- **Emergent goals** adding complexity
Snapshot of Utility Regulation:

- **Innovation**: desirable, discouraged
- **Community building?** (“Is that my job?”)
- **Problem solving**: We resolve disputes among routine stakeholders (promote market stability)

*Influence of grid tech, end use tech and DERs invites (demands?) new thinking on PUC process*
Challenges of the Regulatory Process

- **Fragmentation** of issues among many proceedings
- Stakeholder **information asymmetry** (who has the experts/the models)
- **Litigation** requirements:
  - Barriers to entry
  - Time, time, time
  - Using old concepts to address new questions:
    - prudence and used/useful
Where there is despair, let there be hope through collaboration
Collaboration and Alternative Processes for Engagement

- Process is a Strategic Decision
- Examples
- About Innovation vis-à-vis Regulation
Strategy of Process

• PUC can identify important decisions/choices
  • When *innovation, new thinking* is called for
  • No need to have pre-determined ideas about outcomes to consider questions inescapable
  • For these important moments, special consideration for process is appropriate
Strategy of Process

• Each state is unique
  • History
  • Priorities and Statutes
• Situations characterized by innovation are unique
  • Timing is so important
  • Subject matter matters to process selection
Likely Subjects for Process Innovation

- **Energy Efficiency** – markets and customers
- **Electrification** – new markets, customers, utility role and innovation
- **Performance Regulation** – innovation, changing role of utility
- Influences of **Technology** – innovation, topology of the grid, changing expectations
- **Safety net**, inclusion – account for under-represented perspectives, connect to innovation-driven opportunity
- **Use of Data** for Good – innovation, new programs and markets
- **Initiating Demonstration** projects
- **Big Policy** Shifts
Common Characteristics for Process Innovation

- **Innovation**, in the public interest
- **New Businesses** engaged
- **Customers**, activating, relying on
- **Leadership** from convener
Advantages to Process Innovation

- Stakeholders are heard and hear each other
- Inherent imbalances can be muted
- New ideas are invited
- Synthesis of ideas
- Problems can come with solutions
Outcomes from Process Innovation

- Smarter stakeholders
- Smarter staff (and commissioners if they participate)
  - New ideas and perspectives, empathy
- Solutions that decision-makers can ratify
  - Responding to real trends
- Built on the Foundations of regulation
Conditions for Better Outcomes

- **Engagement** (as distinct from lectures)
  - Move toward empathetic problem solving
- Reveal **Priorities**, invite convergence
- **Experience** from away
- An idea: use neutral (higher ed?) for some convening
- Essential for value: Get participants off their talking points
  - Maximizing value: Participants trying to solve others’ problems
Connect to Decision-making Dockets

• Keep everyone motivated that this work matters
  • Clarity, consistency (avoid, manage fatigue)
• Reinforce interest of decision-makers in progress
  • Outcomes (connect work to dockets)
• Remind that constructive participation gives the group power
  • Who knows what the commission will do????!
Reasons not to Deploy Process Innovation

- Authority – not a limit in most states
- Time
- Trust deficit
- Discomfort
- Lack of budget
- Lack of commitment from decision-maker
State Examples: A Short Selection

Current
- NC Clean Energy/implement
- New York REV
- NV collaborative
- MI Mipower
- Minnesota PUC and e21
- Emerging “future of gas” in several states

Past
- TX Deliberative Poll on RE
- Retail competition initiatives
- AR, OK energy efficiency
- Oregon PST
- RI Power Sector Trans
- Ohio Power Forward
Special Case of NY REV

- Unprecedented ambition
- Nearly none of the many policy orders in NY REV had evidentiary hearings
- Strong role of initiating through a Staff Report
  - PUC controls the course of the conversation by establishing the starting place
- Various forms of process and comment lead to policy orders to be implemented in typical cases
Regional Convening Examples

- Pacific Northwest
  - The Northwest Power and Conservation Council
  - Regional Technical Forum on energy efficiency
- REEOs (regional energy efficiency organizations)
- MADRI (Mid-Atlantic Distributed Resources Initiative)
  - And its predecessor, NEDRI in New England
The Age of ZOOM

- Video conference not typical before 2020
- Pandemic changed public engagement
  - ZOOM
  - Access barriers reduced
  - Event management hurdles reduced
- We will see how post-pandemic incorporates video
Closing: Jumping off the Continuum

• Regulation is often about finding the right resolution between two competing positions
• Innovation is often about new perspectives not on the continuum
  • And comes from people engaging, creating
• New technology and new customer capabilities to support the grid presents new opportunity
  • Process innovation more likely secures it
About RAP

The Regulatory Assistance Project (RAP)® is an independent, non-partisan, non-governmental organization dedicated to accelerating the transition to a clean, reliable, and efficient energy future.

Learn more about our work at raponline.org

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Regulatory Assistance Project