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Blueprint for a DER Action Plan to Be Considered by Mid-Atlantic PUCs

Recommendations of the MADRI
Business Case & Regulatory
Sub-Groups

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5.7.06 DRAFT

“Actionable Options” for PUC Consideration

- A New DER Policy Statement That Reflects Recent Changes in Today’s Market Environment
- Adoption of a 3% DER Goal
- Development of Specific Benefit/Cost Criteria for Determining Which DER Investments Are Appropriate and Which Are Not
- Consideration of and Action on Seven Specific Initiatives For Increasing DER in The Mid-Atlantic Region

Action Item #1

New DR Policy Statement

Action Item #2 – 3% DER Goal

Require Distribution Companies Located in Transmission Constrained Areas to Develop a DR Capability Equal to 3% of 2005 Peak Demand by 2010 – reevaluate after 2 years.

MW To Meet 3% Goal

PJM Control Zone	2005 Peak (MW)	DER As of 5/1/2006	3% Of 2005 Peak (MW)
PSE&G	10,977		329
PECO	8,771		263
Delmarva	4,174		125
BG&E	7,157		215
Pepco	6,766		203

Action Item #3 – Establish Cost Effectiveness Criteria

Criteria need to be quantifiable and transparent and ensure that DER investments will provide a net long-term benefit to all distribution system ratepayers

- **Need to Establish:**
 - **Generation Value**
 - **T&D Value**
 - **Energy Value**
 - **LMP Benefit**
 - **Treatment of Externalities**
- **Key Considerations:**
 - **Participants vs Non-Participants**
 - **Appropriate Criteria for Pilots**
 - **Economic Feasibility vs. Financial Viability**

Action Item #4 – Consideration of “Actionable” DER Options

Open a proceeding, possibly as part of an EPACT investigation, to identify at least one DER pilot program or DER initiative to be undertaken by a distribution company in 2006 and to review an overall plan for achieving the 3% DER objective

Actionable DER Options For PUC Consideration
Smart Thermostat Program
CHP Initiative
Pricing Pilots & Models
Internet Platform for Accessing ISO Demand Response Program
Model Decoupling Tariff
Targeted Distribution System Deferral Pilot
Near-Term & Long-Term AMI Initiatives

Summary - MADRI Support for “Actionable” DER Options

DER Option	Related MADRI Activity
Smart Thermostat	Business Sub-Group/Comverge
CHP Initiative	Business Sub-Group/USCHPA/Mid-Atlantic CHP Application Center
Pricing Pilots & Models	Regulatory Sub-Group/Comverge
Internet Platform	Business Sub-Group/PHI
Model Decoupling Tariff	Regulatory Sub-Group
Targeted Distribution System Deferral Pilot	Business Sub-Group/Con Edison
AMI Action Plan	Advanced Meter Survey; AMI Workshop; AMI Tool Box; Commission Roadshows