

MADRI WORKING GROUP MEETING #52 – February 20, 2019

DISTRIBUTED ENERGY RESOURCES IMPACTS AND COST ALLOCATION ISSUES

PECO

25th Floor Meeting Room (A&B)

2301 Market Street

Philadelphia, PA

Remote Participation

Web Address: <https://pjm.webex.com>

Meeting Name: MADRI

Meeting number: 620 378 770

Meeting password: madri0220pjm

Teleconference call-in number: 1-866-546-3377 (US)

Participant passcode: 959934

Customers in MADRI states are increasingly turning to distributed energy resources (DERs) to meet their own energy-related goals, especially for cost savings, environmental sustainability, and resilience. This includes all manner of DERs: distributed generation (DG), energy storage, energy efficiency (EE), demand response (DR) and flexible loads, and electric vehicles (EVs). The deployment of DERs on a utility's distribution system usually has little or no impact on system capacity needs or costs, when deployment levels are very low, but at higher deployment levels DERs can have a significant impact on distribution system needs and costs, either as a driver for increased costs or as a solution that reduces the need for infrastructure investments.

This meeting will focus primarily on the distribution system impacts of DERs and how the associated costs and benefits can be appropriately allocated to the customers deploying those DERs. There will also be an update on the development of a MADRI guide to integrated distribution planning (IDP), which relates to and is informed by this topic of DER-related cost allocation. Finally, the meeting agenda will also include updates from PJM staff on storage and DER interconnection issues.

AGENDA

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| 9:30 – 10:00am | Networking with attendees |
| 10:00 – 10:15am | Introductions The Honorable Harold Gray, Commissioner, DE Public Service Commission John Shenot, Regulatory Assistance Project |
| 10:15 – 11:45am | Impacts of DERs on Distribution System Infrastructure Needs Speaker 1 TBD: Overview of how DERs create need for distribution system investment – would be good to get a speaker from a utility Speaker 2 TBD: Locational costs and benefits Speaker 3 TBD: DG expert discusses specific case Speaker 4 TBD: EV expert discusses specific case |

We'll start the day with an examination of some of the ways that DER deployment can drive the need – or alleviate the need – for distribution system infrastructure investments. The first speaker will give an overview of the topic, while the second will discuss how DER impacts – and thus, costs and benefits – can vary by location. The remaining two speakers will dive more deeply into the impacts of distributed generation impacts and electric vehicle impacts.

11:45am – 12:15pm **Progress Report and Discussion of MADRI Guide to Integrated Distribution Planning (IDP)**
Speaker(s) TBD

This session will offer an update on the status of developing the MADRI Guide to IDP, the plan for completing the guide, and opportunities for stakeholder input.

12:15 – 1:00pm **Lunch**

1:00 – 2:15pm **Fair Allocation of Distribution System Costs and Benefits Resulting from DER Deployment**

Speaker 1 TBD: Cost allocation expert

Speaker 2 TBD: Example of cost allocation practices from one MADRI state

Speaker 3 TBS: Another state example of cost allocation – perhaps hear about the approach taken in Ohio for line extensions to see if it could be applied to DER-related costs?

Speakers will share varying perspectives on approaches to fair allocation of utility upgrade costs and system benefits resulting from DER deployment by customers. Should the first customer who creates a need for an upgrade bear all the costs of that upgrade? Should customers who subsequently install DERs that benefit from such an upgrade pay some of the costs? The session will examine theories and principles underlying cost allocation, as well as some current state practices for costs and benefits arising from DER deployment. The discussion may also explore state practices for allocating costs not related to DERs (e.g., line extension costs) to see if the same principles could be applied to DER-related costs and benefits.

2:15-3:00pm **PJM Updates on DER Issues**
Andrew Levitt, PJM
Laura Walter, PJM
Lori Murphy Lee, PJM

PJM staff will present on two topics of interest to MADRI stakeholders: 1) an update on PJM's storage filing in response to FERC Order 841 and some potential implications for the distribution system; and 2) an update on PJM's IEEE 1547 taskforce.

3:00 – 3:15pm **Wrap-Up, Adjournment**
The Honorable Harold Gray, Commissioner, DE Public Service Commission
John Shenot, Regulatory Assistance Project