

**Vermont Public Service Department
Rate Design Initiative / Distributed Energy Resources Study**

Stakeholder Engagement Meeting #4

Zoom Meeting

(May 21, 2020 – 10:00 AM to 3:30 PM)

Opening and Review Project Objectives and Progress / Comments from Department /

Guidance and Direction on the Zoom Technology

10:00 – 10:15

LSAM Update / Response to TWG

10:15 – 10:30

Panel Discussion #1 – Potential Areas for Recommendations

10:30 – 11:30

This panel will present different aspects of rate design from various perspectives in the industry.

- Scott Burnham (NewGen) – Moderator
- Rick Weston (RAP)

Rick proposes a firm foundational for future ratemaking in two parts. A fully allocated (and embedded) cost analysis is needed to address revenue adequacy (recovery of the total cost of service) and the fair allocation of costs between classes. The other focused on avoidable or incremental costs that can be used to shape sharper price signals for better load management. Avoidable costs include those beyond current the timeframe of determining current rate level adequacy. Avoided costs inform the design of more dynamic rates (e.g., CPP, RTP, PTR, etc.). Rates and controls can also be structured for more open access and active contributions from value-added (third party) service providers.

- Jeff Monder (GMP)

Utility load management can provide a relatively simple (from the customer perspective) path to creating customer value through the utility controls. Jeff will present on flexible load management the experience and insights gained from GMP pilots and discuss future opportunities for well-crafted utility-choreographed load management service packages.

- Paul Hines (Packetized Energy, U. of Vermont)

Building off the presentation by GMP on flexible loads and utility packaging of load management, Paul takes to concept to another level and discusses the potential for further expansion of load management packages and the related opportunity for product differentiation bundled service arrangements sometimes referred to as service contracts or subscription services. Building on earlier comments, DU access can foster open-access for value-added services and providers.

- Freddie Hall (BED)

From earlier presentations we know that some of the newer loads, like EVs and potentially CCHP present potential long-term challenges to costs if left uncontrolled. Freddie will present and discuss end use pricing as a path to increase both adoption and responsiveness of end use loads, like EV loads.

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- Scott Burnham (NewGen)

At the end of the day, advanced forms of pricing require acceptance and adoption by customers. Customers have been slow to adopt time-varying rates. Scott will build on the presentations from Workshop #3 and feature some of the myriad of pathways that are leading to greater adoption of innovative rates.

NewGen Presentation: Summary Findings – Rate Solutions 11:30 – 12:15

Lunch 12:15 – 1:00

Break Out Exercise – Feedback / Buy-In for Study 1:00 – 3:15

Groups nominate their own spokesperson. Report out by group (one topic per group, but responses from other groups)

Potential strategies to drive innovate rates are: (i) fully allocated COS study, (ii) incremental or marginal cost study (avoided costs), (iii) managed flexible loads and service contracts, (iv) end-use rates, (v) more ambitious pathways to adoption, and (vi) fostering strategies for 3rd party participation (e.g., more open access platforms).

Tools in innovate rate bucket include: Potential advanced rates include dynamic TOU (perhaps allowing some dynamics to time periods to move with changing conditions), dynamic time-varying or real time rates, critical peak pricing, peak time rebates, flexible load management services, managed load service contracts or subscription services, end-use specific rates (e.g., EV rates), distribution and transmission capital avoidance compensation or incentives.

Processes for implementation pathways include IRP, rate cases, rate design proceedings, generic investigations, utility-led filings and proposals, further informal study, and investigation.

Issues A – Promising Rates and Pathways

Rates / Rate Types and strategies that will be effective to address concerns.

- Which rates or rate design strategies for Residential will be most effective in addressing avoidable (incremental) costs (EV flex load, EV-TOU, TOU, CPP, etc.)?
- Which rates for C&I customers will be most effective?
- Is there a priority for certain rates sooner than later? Are there rates which should be implemented first and others that can or should be delayed?
- Is there a preference for how they are rolled out; a threshold (minimum EV, for example), or is a “shotgun” strategy best?
- How can the Department assist or serve to facilitate rate solutions?
- Should there be a “minimum standard” for rates available to all ratepayers in VT?

Issue B – Implementation Challenges

Characterize this Implementation Challenge related to the rate solutions recommended earlier in the program.

- Are there sensible Department or utility actions to implement?
- Which of those can be easily implemented first / low-hanging fruit?
- What are key barriers that must be addressed (e.g., metering technology and related MDMS, software platforms, cooperation among utilities, time, and resources to implement)?
- Are there customer segments that face larger implementation challenges?

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- Residential rate classes
- C&I Rate classes
- What strategies need to be implemented now to assist with rate / rate program adoption in the future?
 - EV/Flexible Load
 - TOU/CPP rates

Issue C – Consequences of No Change

What are the risks or impacts of “Status Quo or Business as Usual” from each perspective? How would you describe the relative “pain threshold” by each perspective?

- System costs
- Targets for renewables
- Targets for electrification
- Are the impacts felt differently by the following groups?
 - Customer
 - Utility
 - 3rd Party Service Provider
- Will the impacts vary relative to the urban or rural character of systems?
- Will the impacts vary by utility?
 - Is the magnitude enough to drive your stakeholders to act?
- What are the risks of change?

Issue D – Gauging the Degree of Alignment

Do you agree with the findings and the recommendations presented in the panel and NewGen’s presentation?

- How would you characterize the insights from this process so far?
- What regulatory pathways can be reasonably employed to support positive outcomes (IRP process, generic investigation, rate proceedings, other)?
- How would you prioritize the recommendations?
- What process is needed in the future to address residual areas of disagreement or need for further study?

Wrap up and Next Steps

3:15 – 3:30