

## **Creating and Demonstrating Incentives for Electricity Providers to Integrate DER.**

To create, through stakeholder collaboration, business models and regulatory approaches that reward electricity providers for integrating DER where there are societal benefits as well as customer and non-participant benefits. To demonstrate in pilot/demonstration projects the effectiveness of those business and regulatory approaches towards stimulating DER markets.

Total project cost: \$1,832,000

Funding request: \$350,000

Project Lead: Massachusetts Division of Energy Resources

Project Participants: Massachusetts Technology Collaborative, California Energy Commission, EPRI, San Diego Gas & Electric, Southern California Edison, National Grid, Real Energy New Jersey Board of Public Utilities, Solar Turbines

Start Date: February 26, 2006

End Date: February 26, 2008

### Presentations/Publications

Several activities preceded the 1<sup>st</sup> Collaborators' Workshop in Boston September 28-29, 2006. These included preparation of a foundation paper on utility business models and roles, regulatory templates to support the business models and economic calculations to quantify benefits to all parties for the business models and regulatory templates. This foundation paper was reviewed by funders and distributed to Collaborators before the workshop and is included here as Attachment A. In addition, several presentations were prepared for the workshop.

### Patents

None.

### Progress in Past Quarter and Current Status

\*\*All referenced attachments are available upon request.

The primary activity in 3Q2006 was preparation for and conduct of the 1<sup>st</sup> Collaborators' workshop held in the Boston area on September 28-29, 2006. In preparation for this workshop, the following were undertaken:

- The bulk of Task 1.1, Develop Business Models and Regulatory Templates, was completed with funder review prior to and the results provided to collaborators in advance of the 1<sup>st</sup> Collaborator's Workshop.
- A list of invitees to the 1<sup>st</sup> Collaborators' Workshop was developed in cooperation with funders. The list of attendees is included here as Attachment B.
- The 1<sup>st</sup> Collaborators' workshop was held September 28-29, 2006 in the Boston area. The workshop was well-attended and, in the end, met expectations for this phase of the project. Participants actively engaged in the process, although on the first day, some appeared not to understand that this is a collaborative process rather than a negotiation or a litigated proceeding. Those who attended on the second day functioned in a much more collaborative spirit. Our experience with facilitating stakeholders in discussions has been similar. We find that it takes time for stakeholders to become comfortable discussing new ideas with other stakeholders.
- A primary outcome of this workshop was establishment by the collaborators of two working groups which will continue the collaboration through Fall 2006 on the following general approaches for utilities with regard to DER:

- The **utility-owned asset working group** will focus on DER deployment models for either customer- or utility-located DER where the utility is the DER owner. Examples include (but are not limited to) utility-owned CCHP systems, utility-owned standby generation that can be dispatched during peak periods, utility-owned roof-top PV, utility-owned waste gas-fueled generation, etc. These DER are likely to be interconnected on the utility side of the local revenue meter, but, in some circumstances, may be interconnected on the customer side of the meter.
- The **utility-facilitated, customer-owned working group** will focus on DER deployment models where the DER is owned by the customer or a third party and interconnected on the customer side of the meter.
- Workshop participants expressed interest in the details of the economic calculations that will be used. There was insufficient time during the workshop to satisfy this interest. Project subcontractor E3 scheduled an October 10 conference call to educate interested stakeholders about the ‘aggregate’ calculation (originally developed for the EPA Energy Efficiency program) which is being adapted for this project.

#### Plans for Next Quarter

The primary activity in 4Q2006 will be developing utility business models/roles and regulatory templates by collaborators through the two working groups established during the 1<sup>st</sup> workshop. Weekly or bi-weekly conference calls are scheduled. During October, we expect that each group will better define the issues it wants to address; assign individual members to work on those issues with each other and the consulting team; and share their progress with other group members during regular conference calls and otherwise. These activities are in preparation for the 2<sup>nd</sup> workshop to be held in January 2007 in California.