

## Fran Cummings

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**From:** Petrill, Ellen [epetrill@epri.com]  
**Sent:** Wednesday, October 05, 2005 5:47 PM  
**To:** dknichols@aep.com; jeff@byronconsultinggroup.com; mrawson@energy.state.ca.us; vjb@cpuc.ca.gov; lp1@cpuc.ca.gov; kduggan@capstoneturbine.com; shamilton@cenhud.com; vvharris@cps-satx.com; pshenac@coned.com; sammond@coned.com; hchoy@isd.co.la.ca.us; Eric.R.Wong@cummins.com; susan@dua1.com; asgeirssonh@dteenergy.com; seguinr@dteenergy.com; tdrolet@tsdenergy.com; snu@e3.com; carmen@ethree.com; THealy@enernoc.com; Rastler,Dan; Petrill, Ellen; embuzzelli@firstenergycorp.com; waligorskij@firstenergycorp.com; jna@speakeasy.net; jtorpey@earthlink.net; Robert.Harrold@state.ma.us; Gerry.Bingham@state.ma.us; Fran Cummings; jcg@dwmpdc.com; timothy.roughan@us.ngrid.com; jeanne.fox@bpu.state.nj.us; Michael.Winka@bpu.state.nj.us; Yan.kishinevsky@nypa.gov; charles\_puglisi@dps.state.ny.us; douglas\_lutzy@dps.state.ny.us; james\_gallagher@dps.state.ny.us; gew@nyserda.org; np1@nyserda.org; jmcnamara@northernpower.com; ccurtis@northernpower.com; mailto:jcharlton@nyiso.com; todoc1@aol.com; smb4@pge.com; kbest@realenergy.com; rluke@realenergy.com; jdcorlett@semprautilities.com; Berokoff,David - TP3DAB; jbradley@svmg.org; bjorge\_robert@solarturbines.com; brent\_richard\_s@solarturbines.com; Thomas.Dossey@SCE.com; rudy.perez@sce.com; Ishtiaq.Chisti@sce.com; Stephanie.Hamilton@sce.com; Gene.Rodrigues@sce.com; rdboroughs@tva.gov; rapweston@aol.com; mdoyle1@txued.com; Patricia.Hoffman@ee.doe.gov; william.parks@hq.doe.gov; eric.lightner@hq.doe.gov; Pielli.Katrina@epamail.epa.gov; dunn.stevev@epa.gov; jan.vandokkum@UTCPower.com; Michael.Vukovinsky@UTCFuelCells.com; rapsedano@aol.com; rcavanagh@nrdc.org; mdworkin@vermontlaw.edu

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**Subject:** EPRI DER Public/Private Partnership News Update

**Importance:** High

**Attachments:** Utility Business Models Options EEI MADRI 9.05.ppt

Dear DER Partnership partners and friends,

This message provides a news update to keep the DER win-win momentum going while we wait to hear from the States' Technology Advancement Collaborative (STAC). If you are new to this project, see background information below. Please pass this on to others who might be interested.

### Status:

- CEC and MTC are processing agreements with EPRI.
- Planned start date: January 1, 2006
- STAC: Schedule: Awards expected October 2005. Proposals submitted: 11 DER, 9 industrial, 10 transportation, 10 buildings. Funds available: \$3.65M . More info at <http://www.naseo.org/events/annual/2005/presentations/Kripowicz%20-%20STAC.pdf>

### Hot news

- California just approved unprecedented energy efficiency goals and spending by utilities to achieve these goals. The California approach for EE is a model to be considered for DER. With the following 3 steps, **EE becomes a business for utilities**, not a mandate:
  1. Decouple profits from electricity sales. (Accomplished in CA in the 1980s)
  2. Allow utilities to recover costs in annual expenses (Approved on 9/22/05)
  3. Create profit mechanism for shareholders (To be done in early 2006)

**Note that it will take all three steps to achieve the incentive.**

- Others are noting that decoupling is an important first step for utilities to encourage customer-owned DER.

A paper is being drafted and will be circulated soon.

- The Massachusetts DG Collaborative is moving ahead on DG in distribution planning and congestion relief projects. Fran Cummings recommends we maximize collaboration via website tools. We'll be checking out possible tools and sites.
- The Mid Atlantic Distributed Resources Initiative (MADRI) discussed utility business model options at a recent meeting. See attached EEI presentation. More at MADRI website.  
<http://www.energetics.com/madri/>
- SCE finds it difficult to locate customers in growth areas that could supply distribution services in the form of DG to defer distribution upgrades. The SCE team will provide more information on this in their report on the DER Partnership California pilot project in November.
- The Western Governor's Association's Clean and Diversified Energy Advisory Council's (CDEAC) white paper on CHP states that there is enough potential for CHP in the west to cover the needs to 2015, but that policy and regulatory barriers are blocking CHP development. See paper at  
<http://www.westgov.org/wga/initiatives/cdeac/CHP-WhitePaper9-15.pdf>

#### DER Partnership Background:

The Massachusetts Department of Energy Resources (DOER) submitted a proposal to STAC: Creating and Demonstrating Incentives for Electricity Providers to Integrate Distributed Energy Resources (DER).

#### The project will

- 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. This part of the project will proceed whether we win a STAC award or not.
- If we win an award, we will also demonstrate in pilot/demonstration projects the effectiveness of those business and regulatory approaches towards stimulating DER markets.

#### Stakeholders include:

- State organizations: MA DOER, CEC, MTC, NJ BPU, NYSEDA
- Utilities: SCE, PG&E, SDG&E, National Grid, TVA
- Regulators: MA DTE, NY PSC
- Suppliers/Developers: EnerNOC, Northern Power, RealEnergy, Solar Turbines, UTC Power

You are on our participant list to receive updates on this project. If you would like to suggest someone to add to our list or if you would like to be removed, please contact me.

I am looking forward to continuing collaboration toward win-wins!

### Ellen Petrill

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