

# ELECTRICITY POLICY PRIORITIES

DOE QER 1.2

SONIA AGGARWAL  
MAY 10, 2016

ENERGY INNOVATION   
POLICY & TECHNOLOGY, LLC



[SEARCH THE  
RECOMMENDATIONS](#)[REGIONAL PLANNING](#)[MARKET DESIGN](#)[RATEMAKING AND UTILITY  
BUSINESS MODELS](#)[SYSTEM OPTIMIZATION](#)

**America's Power Plan is a platform for innovative thinking about how to manage the transformation happening in the electric power sector today.**

**We collect expert information for decision-makers and their staffs, highlighting specific solutions to today's most pressing policy, regulatory, planning, and market design challenges.**

# THE POWER SECTOR HAS EVOLVED

## Old Goals:

- Meet growing demand
- *Build* new infrastructure
- *Build* to deliver universal service
- Affordability, Reliability, Safety

## Options:

- Centralized power plants
- Transmission lines
- Distribution system



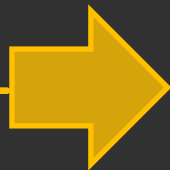
# THE POWER SECTOR HAS EVOLVED

## Old Goals:

- Meet growing demand
- *Build* new infrastructure
- *Build* to deliver universal service
- Affordability, Reliability, Safety

## Options:

- Centralized power plants
- Transmission lines
- Distribution system



## New Goals:

- Build → *Maintain*
- Reliability → *Resilience*
- *Clean* power
- *Customer* satisfaction
- Affordability, Safety

## New Options:

- All the old stuff, plus:
- Innovative distributed energy resources (EE, DR, PV, EVs, etc.)
- Advanced IT

# HOW SHOULD POLICY EVOLVE WITH IT?

1. **Move to Performance Based Regulation:** harness the utility business model to deliver outcomes we need
2. **Value flexibility:** Ensure wholesale markets appropriately value flexibility and create a level playing field for all resources
3. **Align customer rates:** Customer-facing rates should create incentives to use technologies and services that lower costs for everyone

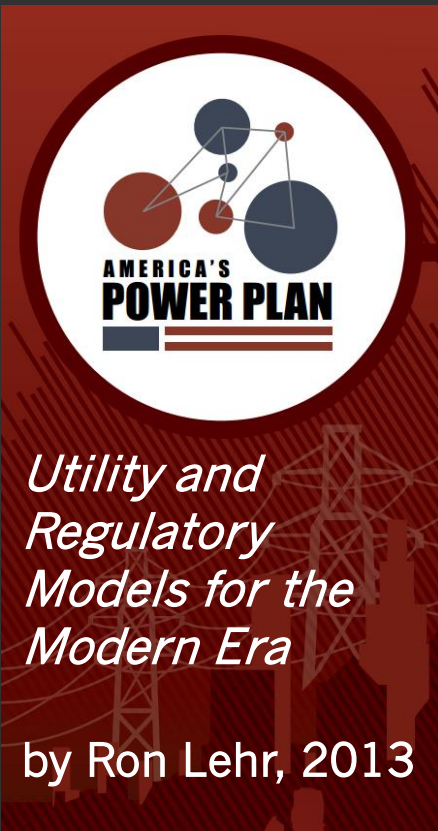


# 1. PERFORMANCE-BASED REGULATION

PBR changes the central question...

From: “Did we pay the right amount for what we got?”

To: “Are we paying for what we want?”



## 2. VALUE FLEXIBILITY

### Wholesale markets could value flexibility by...

- Creating clearly-defined products for flexibility day-to-day
- Planning for anticipated flexibility needs
- Moving away from undifferentiated rewards for capacity (toward rewarding *capabilities*)

### 3. ALIGN CUSTOMER RATES

Smart rates for customers can help unlock latent value in the system.

#### FROM:

- Mandatory fixed charges

#### TO:

- Opt-out time-variant charges



WWW.ENERGYINNOVATION.ORG

WWW.AMERICASPOWERPLAN.COM

# THANK YOU

SONIA AGGARWAL

SONIA@ENERGYINNOVATION.ORG

TWITTER: @CLEANTECHSONIA