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Report on MADRI
FERC/States Collaborative on Demand Response
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Mid-Atlantic Distributed Resources Initiative (MADRI)

- Regional approach to DR, DG, & EE
- PUCs from 5 jurisdictions w/ DOE, EPA, FERC & PJM
- Facilitated stakeholder process w/ open mtgs
- MADRI 'working group' meets every 6-8 weeks
- MADRI has no office, no staff and no budget – just a commitment by a group of decision-makers to work together to solve problems

MADRI Objectives

- Identify and remedy retail barriers that slow deployment of cost-effective distributed energy resources
- Educate stakeholders on opportunities, barriers, and solutions
- Provide decision-makers with strategic information and actionable items
- Facilitate regional cooperation among utility regulators and other decision-makers

MADRI policy statement on distributed energy resources (June 2006)

State utility policy makers and regulators should consider changes to encourage cost effective DER programs including:

- removing market barriers;
- developing appropriate regulatory treatment;
- reducing utility disincentives to accommodating DER
- establishing DER program goals;
- providing DER program incentives; and
- testing solutions at a pilot scale as a step toward full implementation.

Some Personal views on DR

- Advanced metering and dynamic pricing should be implemented together – There's no point in having smart meters if you're going to have dumb rates!
- Making both of these happen at once will require a lot of willpower on the part of state regulators.
- Advanced metering will be an essential component of tomorrows "smart grid"

Mid-Atlantic Distributed Resources Initiative

MADRI Policy Statement
in Support of Mid-Atlantic DER Initiatives

MADRI Steering Committee, June 13, 2006

Distributed Energy Resources (DER) can provide benefits to electric customers through increased system reliability, mitigation of wholesale energy prices and other wholesale market risks, improved power quality, improved air quality, reduced line losses and avoided wires investments. Many DER options can also provide direct benefits to customers in that they are provided with new tools and means to better manage their electricity usage and bills. Achieving these long term benefits is a valid goal of regulatory policy. DER projects may also stimulate local economic development. DER includes targeted energy efficiency, demand response, and distributed generation technologies.

With a goal of full implementation of commercial DER programs, and within the broad context of laws and regulations that affect DER (including but not limited to economic, environmental, land-use, building codes, safety and security), state utility policy makers and regulators should consider changes to encourage cost effective DER programs including:

- removing market barriers;
- developing appropriate regulatory treatment;
- reducing utility disincentives to accommodating DER
- establishing DER program goals;
- providing DER program incentives; and
- testing solutions at a pilot scale as a step toward full implementation.

State utility policymakers and regulators may consider special studies and pilot programs to evaluate the costs and benefits of DER technologies such as metering and communications infrastructure that enable dynamic retail pricing regimes. These enhancements would allow more customers to see and respond to market prices. Those DER investments that provide a net long-term benefit to distribution system ratepayers should be implemented or encouraged. A portion of such long-term benefits may be used to enhance the economics of installing DER through special tariffs.

In keeping with normal regulatory practice, authorized utility expenses and investments that facilitate DER products and services by any vendor should be treated as other utility costs and afforded cost recovery and an opportunity to earn a reasonable rate of return on investment.