

# Smart Grid and Smart Regulation

Alison Silverstein

MACRUC Smart Grid School

June 29, 2010

# Regulation effects on smart grid

- 1) What gets proposed
  - Regulatory and legislative policy and encouragement
  - Local/state needs and priorities
- 2) What gets built
  - Framing of prudence issues
  - Framing of technology preferences
  - Timing – what SG elements get done first, and how integrated
  - Standards as enablers or excuses for delay

# Regulation effects on smart grid (2)

## 3) How customers respond

- What price signals (e.g., rates) they receive
- What information they receive
- Who's in charge of the device usage decision
- Customer education and information

## 4) Follow the money

- Who benefits
- Who pays, how much and how fast

## 5) Data

- What's collected
- Who gets it and how do they use it
- How is it protected

# The MD PUC BG&E Smart Grid Order

- Lots of fussing in the trade press
  - Misrepresentations and spin of the order's key points
- Key points in PUC's order
  - BGE asks for smart meters and mandatory TOU rates, not broad smart grid implementation; PUC nervous about potential meter obsolescence
  - Cost-effectiveness positive, but costs exclude Meter Data Management system, communications system, customer education
  - Benefits claimed based on unproven assumptions
  - No customer education program
  - Mandatory TOU rates not acceptable
  - PUC doesn't want all cost recovery in surcharge on ratepayers, wants some risks shared with stockholders
  - PUC not anti-smart grid, rejects filing w/o prejudice and indicates how next filing could remedy weaknesses in this case

# Useful questions for regulators

- What are your goals -- which benefits of the smart grid do you want for your customers, state, society?
- Which pieces of the smart grid do you want and why?
- Do you really want smart grid or are you just being trendy?
- These are big, expensive projects with potentially great benefits. Are you willing and able to deliver both the benefits and the charges?
- What are the rules and limits for technology choices, program design, utility project scope, cost-effectiveness and prudence?

# Today's line-up

- Joe Miller – Smart grid benefits
- Roger Levy – Rate design and impact
- Christian Grant – New players and participants working on the smart grid
- Paul Centolella – Data privacy, standards, customer protection
- Alison Silverstein – Moderated Q&A