

# REGULATORY PROCESS INNOVATION

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NATIONAL COUNCIL ON ELECTRICITY POLICY

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# REGULATORY PROCESS

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- At the heart.... **Decision Making**
  1. Define the Problem/Situation:
    - Rate Design: Cost Causation vs. Projected Revenue
    - Resource Planning: Forecasted Load vs. Available Resources
  2. Establish Desired Outcomes:
    - Rate Design: Behavioral Impacts; System Optimization; Targeted Protections ...
    - Resource Planning: GHG; EcoDevo/Jobs; Asset Ownership; Cust. Choice; Bill Impact ...
  3. Identify Options
  4. Evaluate Relative to Desired Outcomes: “Co-Optimization”

# CONCEPT: PROCEEDINGS AS **CO-OPTIMIZATION** EXERCISES

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- Example: (CO PUC) Electric Resource Planning/Clean Energy Planning

Situation >> Objectives >> Priorities >> Quantify/Qualify >> Model >> Select

Objectives/ Priorities: (1)	(3)	(2)	(4)	(4)
GHG Reduction	Eco/Devo Impact	Net Bill Impact	Customer Choice	Net Labor Impact
GHG %; '05 base (Quant.)	Tax base; jobs; + (Quant/Qual)	Portfolio NPVRR; (Quant.)	CSG; DG (Quant.)	BVEM*; union? (Qual.)

# CO-OPTIMIZATION OF RESOURCE PORTFOLIOS

<b>Objectives/ Priorities:</b>	<b>(1)</b>	<b>(3)</b>	<b>(2)</b>	<b>(4)</b>	<b>(4)</b>
GHG Reduction		Eco/Devo Impact	Net Bill Impact	Customer Choice	Net Labor Impact
GHG %; '05 base (Quant.)		Tax base; jobs; + (Quant/Qual)	Portfolio NPVRR; (Quant.)	CSG; DG (Quant.)	BVEM*; union? (Qual.)

	<b>80% &lt; 2005</b>	<b>Studies</b>	<b>Cost</b>	<b>CSG/DG</b>	<b>Commits</b>
1	Meets	State up; Few locals down	\$350M	50MW/10MW	Union/Non-
2	Meets	State up; Some locals down	\$365M	55MW/12MW	Union
3	Exceeds	State up; Key locals down	\$385M	35MW/8MW	Retire plants; non-union

# EVEN WITH CO-OPTIMIZATION, ARE WE STILL APPROACHING THIS WRONG?

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- I. Do quantitative and qualitative belong together?
  - Qualitative = Policy Objectives/Priorities
  - Use Policy Objectives as Threshold Criteria?
  - Or as “tie-breakers?”



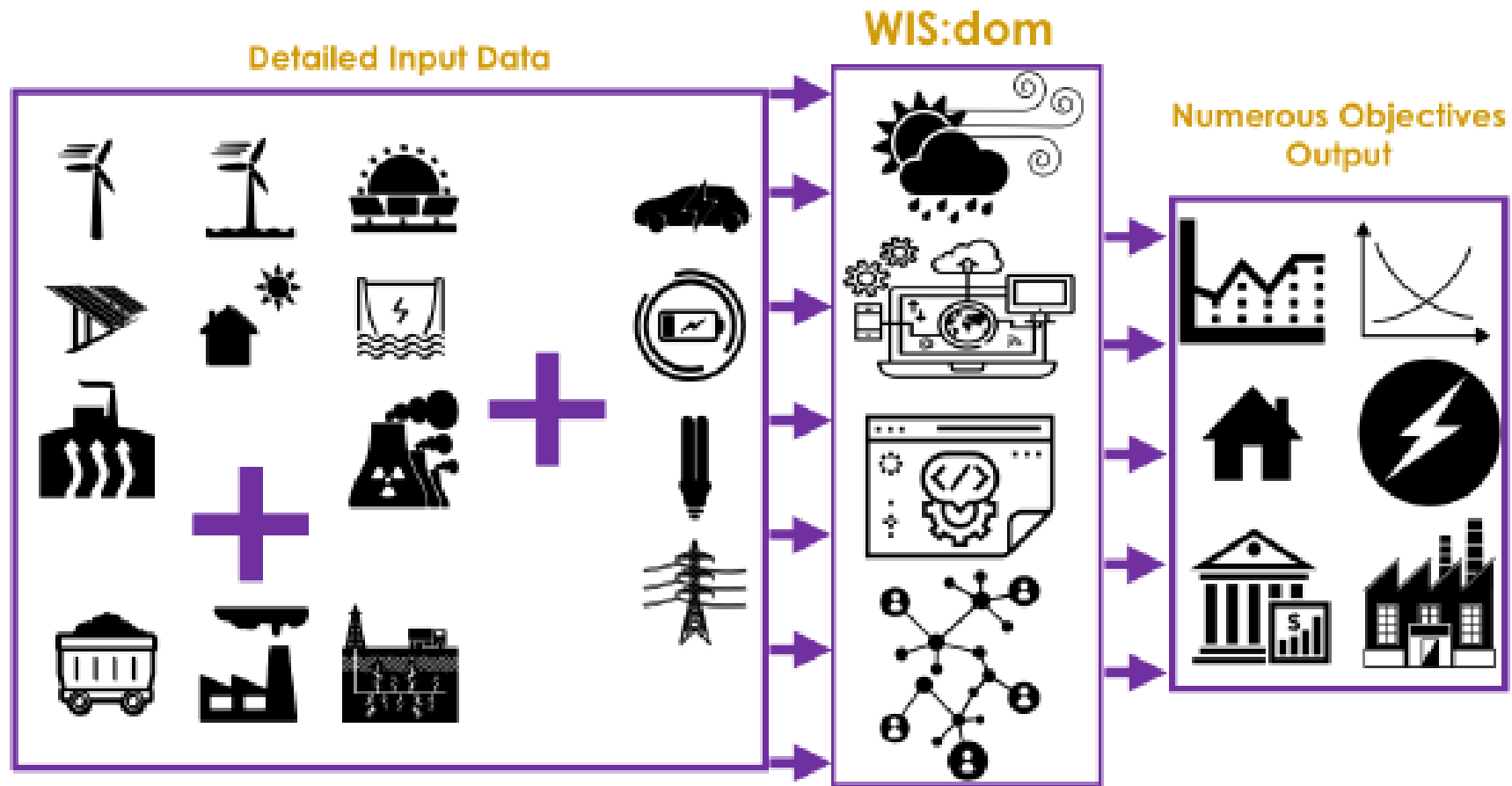
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## 2. More fundamentally, are we focusing planning too narrowly?

- CO PUC Planning:
  - Electric Resource Planning
  - Renewable Energy Standard Compliance Planning
  - DSM Strategic Issues
  - Transportation Electrification
  - Distribution System Planning (starting in 2022)
  - Transmission Plan (filings)
  - Beneficial Electrification (forthcoming)
  - Natural Gas Resource Planning (anticipated)
- Fewer, larger planning proceedings?

# CO-OPTIMIZATION FOR RELIABLE, ROBUST, AND RESILIENT GRID



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