



## NARUC Center for Partnerships & Innovation Webinar Series

### Regulatory Innovation with Stakeholder Involvement

#### Moderator:

- **Wally Nixon**, AR Public Service Commission

#### Speakers:

- **Sharon Allan**, Smart Electric Power Alliance
- **Susan Mora**, Pepco
- **Naza Shelley**, DC Public Service Commission



# Today's Speakers



**Sharon Allan**  
*Chief Innovation Officer*  
SEPA



**Susan Mora**  
*Director, Utility Initiatives*  
Pepco

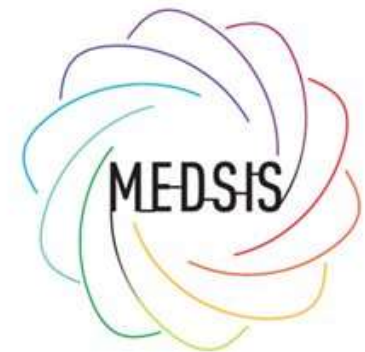


**Naza Shelley**  
*Attorney Advisor*  
DC Public Service Commission



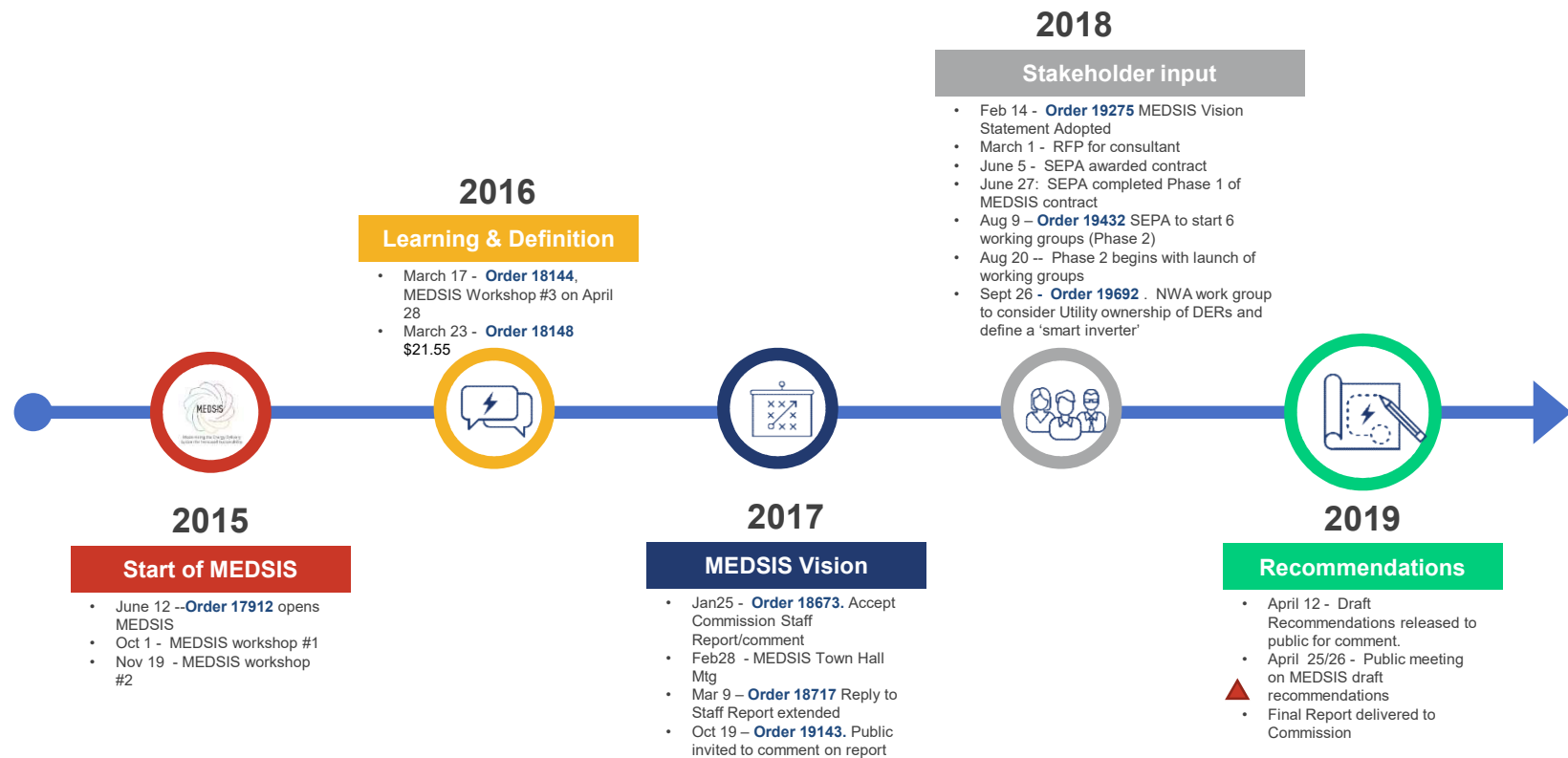
# What is a MEDSIS?

- It is the comprehensive DC Commission initiative to foster regulatory and technology innovation, with the goal of accelerating the District's transition to a smart, modern, customer-centric, and clean energy system without compromising affordable rates, safety and reliable service.
- Currently in Phase 2, six working groups have been tackling key grid modernization topics, like non-wires alternatives to traditional grid investments, distributed energy resource integration, and alternative ratemaking mechanisms.



Modernizing the Energy Delivery  
System for Increased Sustainability

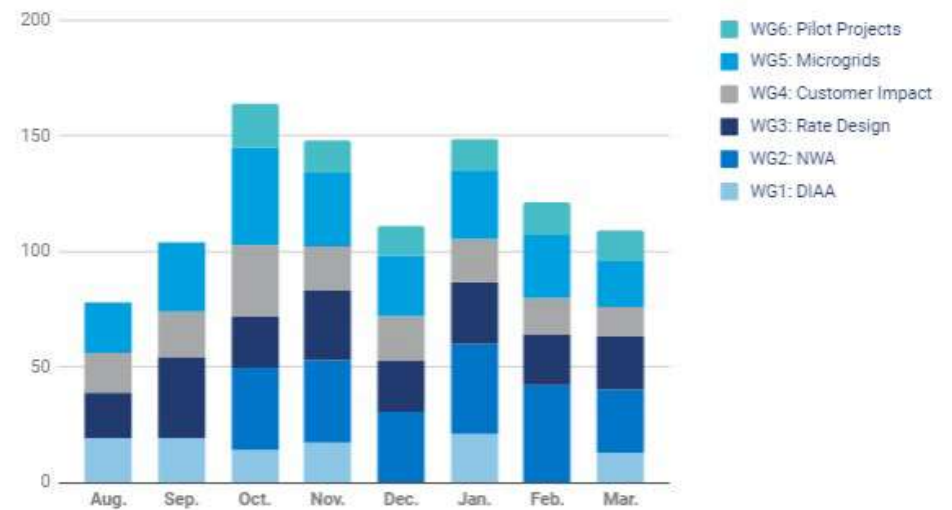
# MEDSIS (Formal Case 1130) Timeline



## Unique Aspects of MEDSIS Stakeholder Working Groups

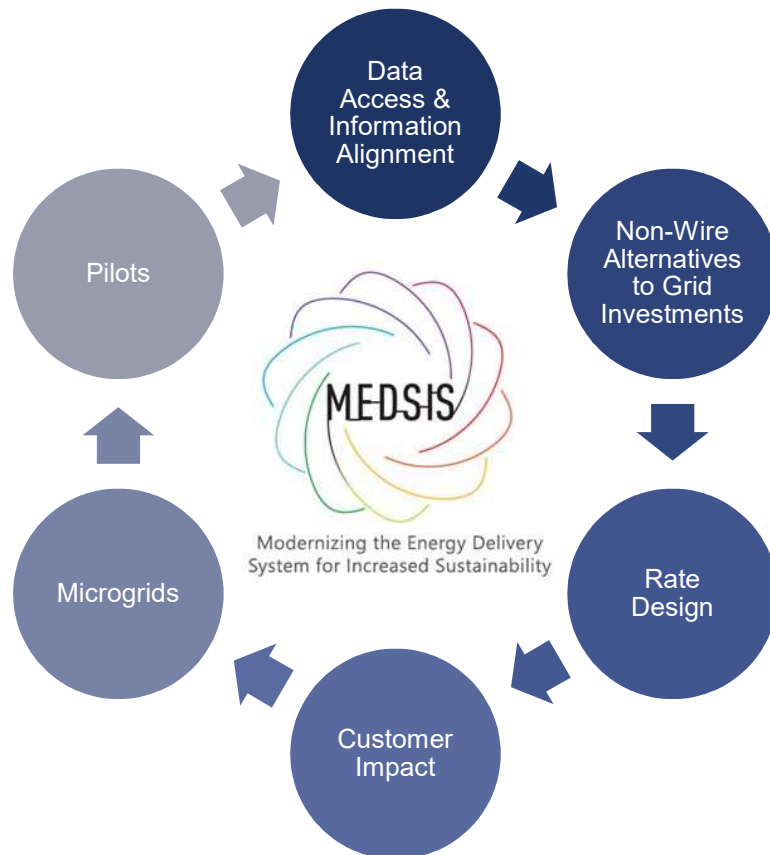
- **Full transparency** – Meetings recorded and posted, workspace captures emails and work products, and meeting minutes are fully documented with stakeholder stated positions
- **Stakeholder Driven** -- Consultant runs the process but the stakeholders are making the recommendations and inputs to the Commission
- **Actionable Outputs** -- Meetings are interactive and not run as a full day of presentations to drive dialogue, proposals, and net out where agreements and disagreements exist to arrive at recommendations
- **High Engagement** -- Over 217 registered interested parties with over 100 participants each month

# Stakeholder Process Diversity & Commitment



# MEDSIS Working Groups

Sampling of a few Charter Outputs



## **DIAA:**

- Identify the guiding principles and measurable objectives for charting out a common framework for MEDSIS in the District.

## **NWA:**

- Develop recommendations for the Commission to consider addressing utility ownership of DERs, including but not limited to energy storage devices.
- Articulate opportunities and make recommendations to the Commission regarding Pepco's distribution system planning process for collaboration to promote NWA consideration.

## **Rate Design**

- Identify alternative regulation and rate designs that advance the MEDSIS vision.

## **Customer Impact:**

- Identify methods to ensure customer engagement and availability of data across all customer groups.

## **Microgrids:**

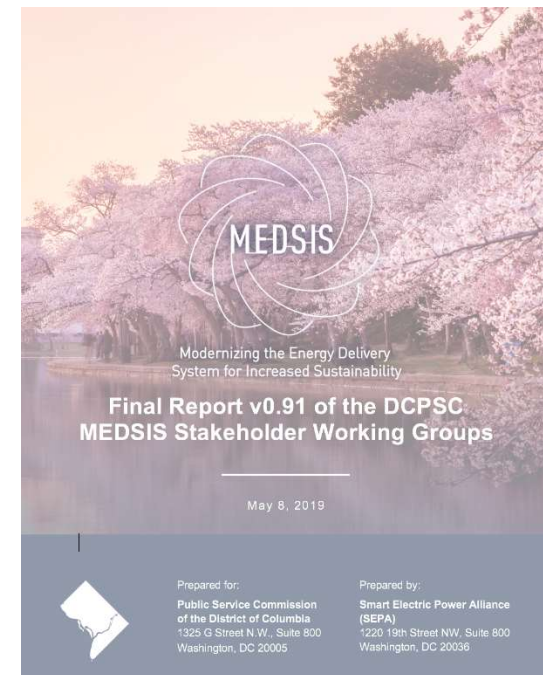
- Determine the adequacy of the Commission's current microgrid regulations to meet the MEDSIS vision and recommend improvements.
- Create a taxonomy that classifies the different types of microgrid applications and business use-cases.

## **Pilots:**

- Define governance for funds
- Define process for awards

# Status of Process

- Held a Public Town Hall Meeting April 25/26
- Draft Version.91 released May 8, 2019
  - Stakeholder comment period open till May 22<sup>nd</sup>
  - 500+ pages
  - 32 Recommendations
  - 10 Learnings
- Final Report will be submitted to the Commission May31
- Town Hall meeting will be held in June 13 5pm-7pm
- Commission intends to rule by end of July







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# Pepco Participation in the Process

- Active in all 6 working groups
- Used opportunity to listen and seek understanding from various stakeholders
- Shared perspective on the potential impacts of various stakeholder concepts with eye to balancing competing forces:
  - Sustainable vs. Affordable
  - Interactive vs. Secure
  - Well-Planned vs. Non-Discriminatory (Competitive)
- Took input to draft a key strawman that the group iterated upon to make it a group recommendation

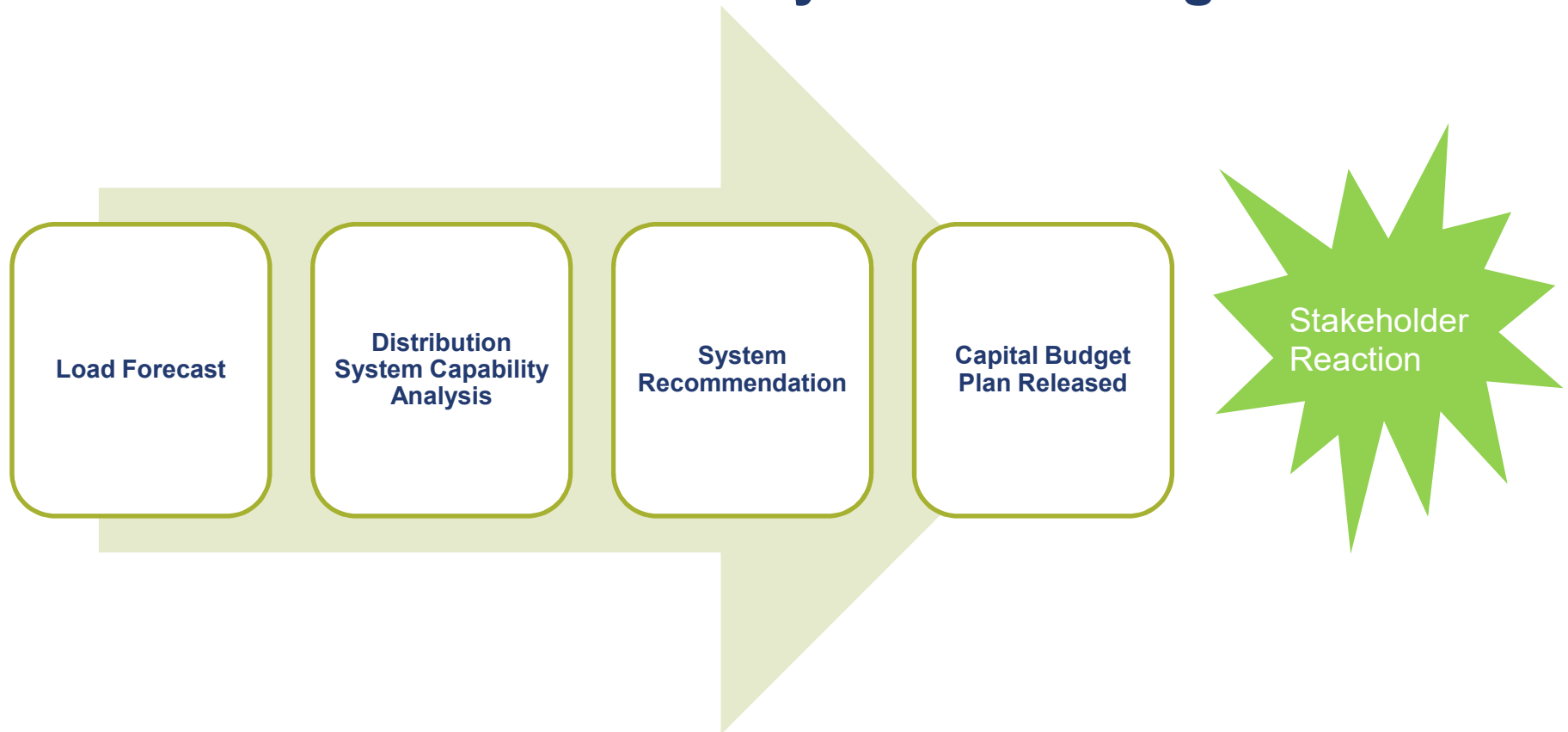
# Foundational Utility Operations and Principles Impacted by Growth DERs

- Load forecasting must consider if/how DER production may offset load growth
- System need identification must include consideration of system stress from DER and ways to increase hosting capacity
- System investment should consider how DER could be used to defer or replace traditional approaches to meeting system needs
- Revenue and regulatory models must account for new utility services to DER-customers, higher utility costs due to more complex planning and operations and Non-Wire Alternatives to system investments
- While resilience may be improved by DERS; utility security, event readiness and response planning become more complex in a DER rich environment
- Customer communications, education, and offerings must evolve
- Interactions with 3<sup>rd</sup> parties– energy supply, customer services

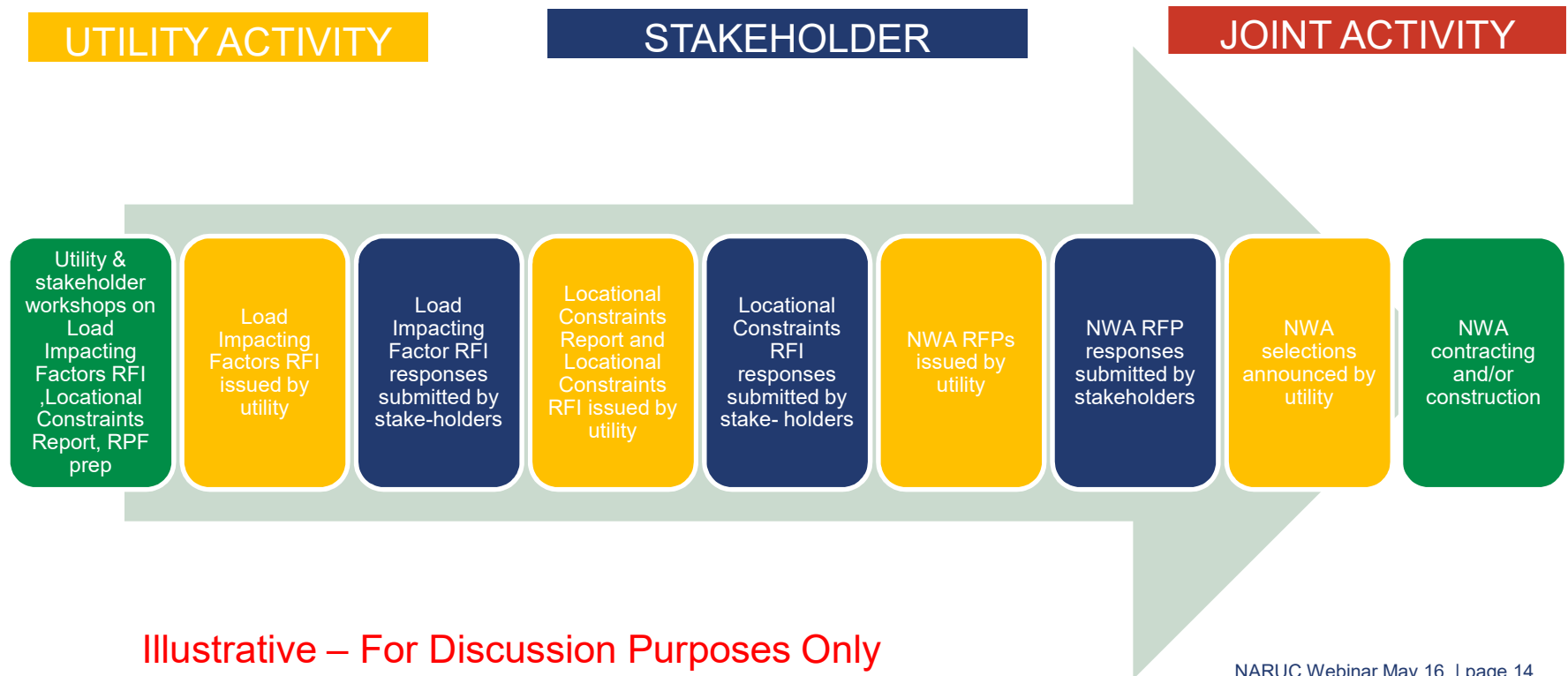
# Distribution System Planning – Key Considerations

- **Customer-focused** means that priorities need to be:
  - First – Reliability
  - Second – Affordability
  - Third -- Delivering on policy goals
- **Stakeholder-informed** means
  - Information flow has to be bi-directional
  - Utility has to be open to both big ideas and specific solutions
- **Utility-driven because utility is accountable for the system and must:**
  - Identify the problem to be solved
  - Consider concepts put forward by internal and external experts
  - Define the specific solution best suited to the system as a whole
  - Manage the risk
  - Control the asset

# PHI's Current Distribution System Planning Process



# MEDSIS Collaborative Distribution System Planning and NWA Consideration Process



## Possible Business Models to Test in Demos/Pilots

Pilot Title	Storage Ownership	Storage Control for Grid Reliability	Storage Operation in Wholesale Markets	Application to Rate Base
Multi-Use 1	Utility	Utility	Utility	Storage investment less revenues from wholesale transactions
Multi-Use 2	Utility	Utility	3 <sup>rd</sup> party	Storage investment less revenues from 3 <sup>rd</sup> party lease for wholesale transactions
3 <sup>rd</sup> Party Ownership	3 <sup>rd</sup> party	Utility	3 <sup>rd</sup> party	Utility payment to 3 <sup>rd</sup> party for priority access to storage for grid reliability
Virtual Powerplant	Customer, utility or 3 <sup>rd</sup> party	Utility via aggregator	3 <sup>rd</sup> party or DSO/utility (if at all)	Utility payment to aggregator for priority access to storage for grid reliability Storage investment or customer rebate if utility owns or helps finance storage units

Illustrative Storage Example – For Discussion Purposes Only

## Slide 15

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Mora, Suzanna E:(PHI), 5/7/2019





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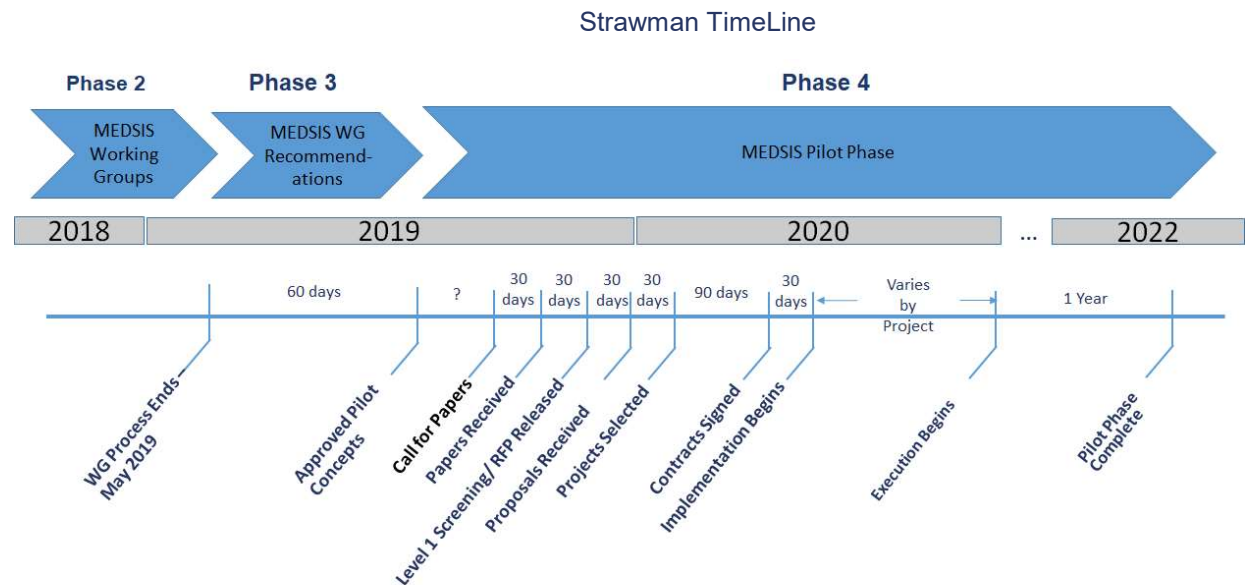
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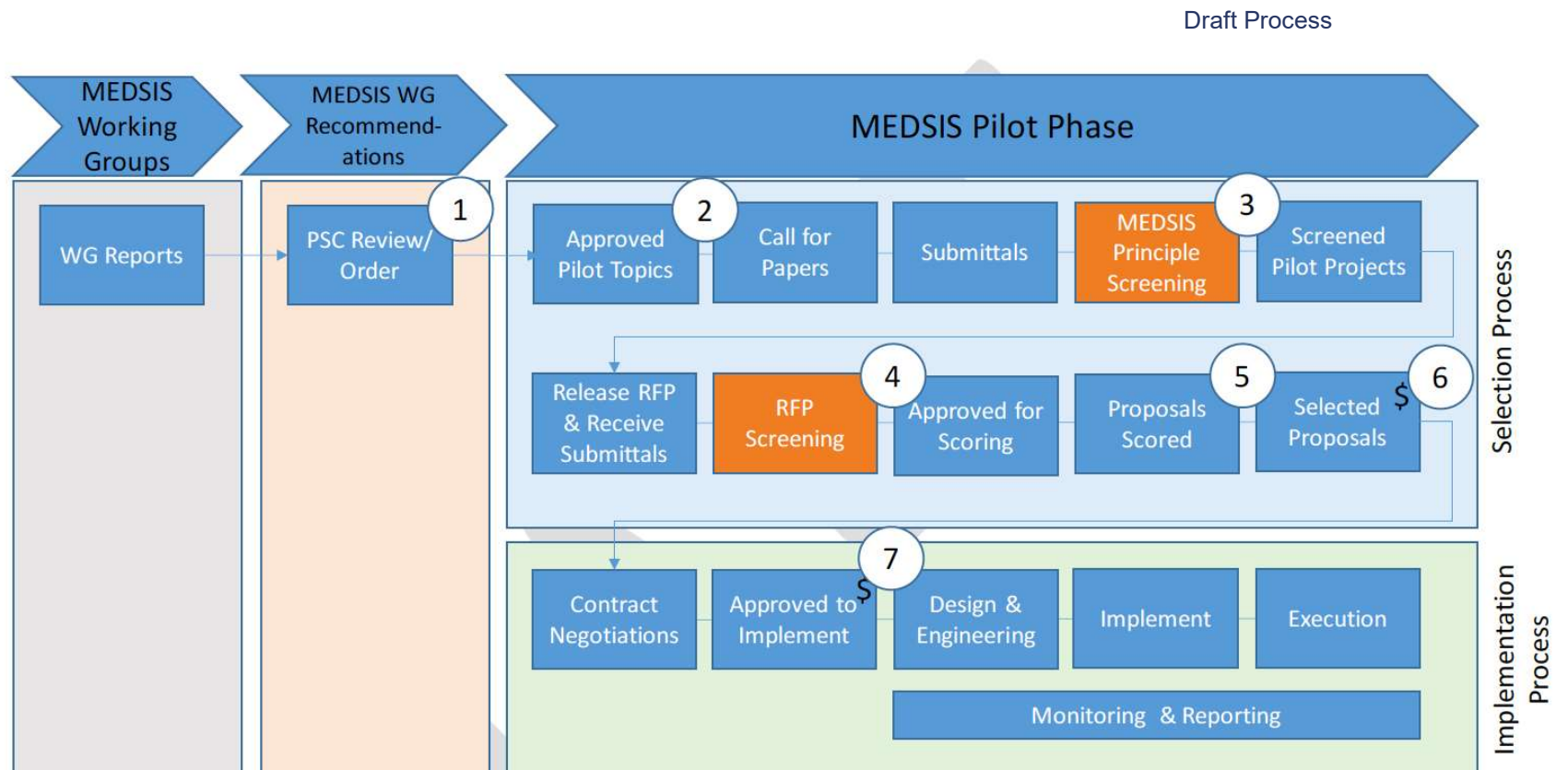


# MEDSIS Next Steps

- The Commission intends to issue an order approximately 60 days after receipt of the Final Report
- Phase 3: Implementation of working group recommendations
- Phase 4: Pilot Phase
  - Approximately \$21M for pilots



# MEDSIS Pilots



# MEDSIS Summary

- Within the MEDSIS Initiative the Commission has issued multiple rulemakings – including adopting definitions for various distributed energy resources.
- The Commission has updated interconnection rules to facilitate more efficient interconnection of DERs like Solar PV.
  - The District currently has over 7000 RPS-qualified solar energy systems with over 4000 of those systems located in the District.
  - The MEDSIS WGs are developing recommendations for the Commission to consider and rule upon
- Commission will issue an order based upon the consideration of recommendations from the stakeholder process.



# Previous and Upcoming CPI Webinars

## 2<sup>nd</sup> Thursdays, 3-4pm ET / 12-1pm PT

**Previous Webinars** – all presentations can be found on our website

- March 14, 2019: **Evolving Approaches to Electricity System Planning**
- April 11, 2019: **Lessons Learned in Applying Performance Incentive Mechanisms**
- May 16, 2019: **Stakeholder Involvement in Integrated Distribution Planning**

**Upcoming Webinars** – join us again!

- June 13, 2019: **Energy Efficiency and Emerging Technology: How State Programs Can Drive Innovation and Deliver Benefits?**
- July 11, 2019: **The 411: Cybersecurity Fundamentals that Drive Infrastructure Resilience**

**Register at: [www.naruc.org/cpi](http://www.naruc.org/cpi)**