



Thompson Falls

Distributed Energy Resources (“DERs”) Montana Public Policy Dilemma



The path to the future ??????

Utilities provide an Essential Service

When you flip the switch, the lights go on. Electricity powers every aspect of modern life, yet we rarely consider the millions of details and dollars involved in the generation, distribution, regulation, and cost of selling—and buying—electricity.

Electric utilities are responsible for delivering electricity to every home, business, and public building in the United States. It's no easy task, especially when outside forces—technology, innovation, and policy and economic changes—make the old ways of doing business obsolete.



Purpose of DER Policy

The need to establish Montana Public Policy that:

1. Properly addresses DERs, including:
 1. Interconnection Standards;
 2. Metering Requirements; and,
 3. The allocation of appropriate costs and benefits between a new and separate class of DER utility customers and customers who do not implement DER (“Nonparticipants”).
2. Provides an alternative form of Regulation that supports DERs (and other things), while not penalizing the Utility and its other non-participating customers.



Safe and Reliable Systems

- For the utility's delivery system, its employees and utility customers.

Reformative

- Change how the utility and its customers interact; and,
- Promote universal agreement for a long-term and sustainable future for DER on a fully integrated utility distribution grid.

Equitable

- Utility costs recovered from all customers, including those with DER, for the services they are receiving from the Utility's systems;
- Properly quantify and reflect costs and benefits and,
- Easily administered.

Measurable and Controllable

- Time of Use Smart metering and systems (e.g. data collection, billing) to separately measure a customers' usage, and the amount of DER generation; and,
- DER systems monitored and controlled by the Utility in order to maintain the safety and reliability of its delivery system.



Revenue-Based Regulation

Utilities are facing a dilemma today

The old business model—one based on selling more and more electricity—doesn't work anymore. As demand for energy declines, it will require the appropriate public policies and business tools to keep utilities financially healthy, in order to continue to provide safe, reliable and cost effective utility services for customers.

Decoupling can partially solve the problem:

While traditional regulation sets prices,
then lets revenues float up or down with consumption,
Decoupling sets revenues, then lets prices
float up or down with consumption.



What's next.....



***When you come to a fork
in the road, take it!***
(by Yogi Berra)



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