On the REV Agenda: The Role of Residential Time-Variant Pricing

Hosted By: Environmental Defense Fund, Institute for Policy Integrity at NYU School of Law,

New York State Department of Public Service

Date: March 31st

Location: NYU Law School – Vanderbilt Hall

New York's Reforming the Energy Vision (REV) initiative seeks to advance six critical policy objectives which include enhanced customer knowledge and tools that will support effective management of their total energy bill, market animation and leverage of ratepayer contributions, system-wide efficiency, fuel and resource diversity, system reliability and resiliency, and reduction of carbon emissions. To advance these purposes, the DPS Staff has put forth proposals for a new business model for energy service providers in which distributed energy resources (DER) become a significant tool in the planning and operation of electricity systems, and customers are empowered to optimize their priorities with respect to reliability, cost, and sustainability. Under this vision, a Distributed System Platform Provider (DSP) actively manages and coordinates distributed resources and provides a market in which customers are able to optimize their priorities while providing, and being compensated for, system benefits.

Although wholesale markets already permit large buyers and sellers to attempt to identify optimal market outcomes, and although large retail customers have access to price structures and tools that interface meaningfully with wholesale markets, mass market consumers have largely been left behind so far – small ratepayers know little about the true economic cost of their electric service consumption. Electric users who are not themselves ratepayers (such as tenants in master-metered buildings) know even less. Engaging mass market customers effectively will require new tools, information, and incentives. Price signals reflecting the variable time-dependent value and cost of electric service, and tools for responding to those price signals are essential in improving economic efficiency. Such price signals, which may come from the utility company, the DSP, third party service providers, or some combination of those, have the potential to effectively integrate the participation of mass market customers' in dynamic load management.

The goal of this forum is to reach an understanding about how time-variant pricing contributes to achieving the goals of the REV initiative. The program will begin with an overview of the REV goals, the current status of time-variant pricing in New York and potential challenges to the successful implementation of such designs in the state. This will be followed by an overview of the current state of art rate designs and how these designs can be implemented in the state. This section will be supplemented by the experiences of other energy providers that have implemented some of the most cutting-edge experiments in time-variant pricing

are taking place, with a goal of reaching understandings about how it can contribute to achieving the goals of the REV proceeding and what roles it might play in an "animated" marketplace. Potential obstacles related to the implementation of time variant rate design such as technological constraints, customer acceptance, and regulatory landscape will also be discussed. Throughout the day, presentations will be followed by Q&A periods during which speakers will respond to questions posed by parties listed on the agenda as well as questions provided by audience members to moderators.

I. WELCOME AND OBJECTIVES

8:00 Doors Open – Coffee

8:30 Welcome Comments:

Richard Revesz, Director, Institute for Policy Integrity, NYU Law School

Rory Christian, Director, New York Clean Energy, Environmental Defense Fund

8:35-8:55 New York State Energy Directions:

Richard Kauffman, New York State Chairman of Energy & Finance

8:55-9:15 PSC REV Overview:

Audrey Zibelman, Chair, New York State Public Service Commission

II. TIME-VARIANT PRICING: LESSONS LEARNED

9:15-10:00 Setting the Stage for Time Variant Prices in NY: Ahmad Faruqui

Chair: Burcin Unel

10:00 – 11:00 Lessons learned from implementation of time variant prices (3 utilities- 20 minutes each). Topics covered will include: pilot to tariff roll-out, new business models, customer acceptance, low-income/fixed income customers, AMI/meter investment, costs and benefits, avoided infrastructure investments, recommendations for NY, interplay between dynamic load management and pricing, cyber security/privacy.

- Sacramento Municipal Utility District: Stephen George (Nexant)
- Baltimore Gas and Electric: Wayne Harbaugh (BG&E)
- Commonwealth Edison: David Becker (Elevate Energy)

11:00 - 11:45: Q&A - questions posed by Richard Berkley from PULP, Bob Schimmenti from Con Ed, Rudy Stegemoeller/Marco Padula from DPS, and audience members; responses by the utility and energy provider speakers above.

11:45 – 12:15 Lunch break

III. TIME VARIANT PRICING: ISSUES AND OPTIONS

Chair: Katrina Wyman

12:15 - 2:00 (25 mins each w/ 5-10 min Q&A after each presentation)

- Low-income customers and time variant pricing- issues, concerns, opportunities (Sanem Sergici-Brattle)
- Environmental effects of time variant pricing (Carol Miller- Wayne State)
- Enabling technologies (Suzanne Russo - Pecan Street)

IV. THE FUTURE OF TIME VARIANT PRICING IN NY

Chair: Beia Spiller

2:00-3:00: In light of the discussion and shared experiences of the day, we will address how time variant pricing fits into the NY policy vision embodied in REV and its companion proceedings given our legal and regulatory setting, including our restructured electric industry.

Speakers here will include forward thinking individuals with experience in deregulated states or with market experience who can clearly talk through complicated issues: Ahmad Faruqui (Brattle), Frank Wolak (Stanford), and Tim Brennan (Resources for the Future).

3:00-3:15: Q&A

3:15 – 3:30: Wrap up and closing remarks – Eleanor Stein, Frank Convery, and Richard Revesz

3:30 – 4:00: Social Hour: Coffee and conversation